Antigua Brewery Limited

Financial Statements

Year Ended December 31, 2016

Contents

REGISTERED OFFICE

St. John's
Antigua

DIRECTORS

Ramon Franco
Michael Caraballo
Donna Francis
Marcio Juliano

SECRETARY

Hugh Marshall

SOLICITORS

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of
Antigua Brewery Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **Antigua Brewery Limited**, which comprise the statement of financial position as at December 31, 2016, and the statement of changes in equity, statement of profit or loss, and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of **Antigua Brewery Limited** as at December 31, 2016, and its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards for Small and Medium-sized Entities (IFRS for SMEs).

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Company's financial position reflected a net asset deficiency of $14,730,227 (2015 $15,820,228) as of December 31, 2016.

As stated in Note 2, these events and conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in St. Vincent and the Grenadines, and we have fulfilled our ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS for SMEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. "Reasonable assurance' is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, then we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, related safeguards.

The Engagement Partner on the audit resulting in this independent auditors' report is Floyd A. Patterson.

February 17, 2017

Antigua Brewery Limited

Statement of Financial Position
As of December 31, 2016
(in Eastern Caribbean dollars)

	Notes	2016 $	2015 $
ASSETS			
Current Assets			
Cash and cash equivalents	8	407,984	919,349
Trade and other receivables	9	6,282,052	2,445,385
Due from affiliated companies	10	3,197,798	1,990,740
Inventories	11	326,321	116,494
		10,214,155	5,471,968
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current Liabilities			
Trade and other payables	12	2,282,378	1,474,438
Due to affiliated companies	13	4,886,503	2,596,706
Income tax payable		232,515	215,667
		7,401,396	4,286,811
Borrowings	14	17,542,986	17,005,385
		24,944,382	21,292,196
Shareholders' Equity			
Stated capital	15	21,747,075	21,747,075
Accumulated deficit		(36,477,302)	(37,567,303)
		(14,730,227)	(15,820,228)
		10,214,155	5,471,968

The accompanying notes form an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD:-

Ramon Franco
Director

Michael Caraballo
Director

Statement of Changes in Equity
For the Year Ended December 31, 2016
(in Eastern Caribbean dollars)

	Stated Capital $	Accumulated Deficit $	Total $
Balance at December 31, 2014	21,747,075	(38,537,019)	(16,789,944)
Net profit for the year	0	969,716	969,716
Balance at December 31, 2015	21,747,075	(37,567,303)	(15,820,228)
Net profit for the year	0	1,090,001	1,090,001
Balance at December 31, 2016	21,747,075	(36,477,302)	(14,730,227)

The accompanying notes form an integral part of these financial statements.

Antigua Brewery Limited

Statement of Profit or Loss
For the Year Ended December 31, 2016
(in Eastern Caribbean dollars)

	Notes	2016 $	2015 $
Revenue		2,529,156	2,766,105
Other Income	17	0	1,504
Operating Profit before Overheads and Other Expenditure		2,529,156	2,767,609
Other Expenses			
Royalties		323,523	355,408
Security		0	235,818
Other expenses		96,423	189,114
Salaries, wages and related employee benefits	20	116,549	99,237
Legal and professional fees		35,169	42,497
Repairs and maintenance		37,200	58,380
Outside services		0	3,836
Rent		60,175	13,680
Utilities		0	44,304
		669,039	1,042,274
Operating Profit for the Year		1,860,117	1,725,335
Finance costs		(537,601)	(539,952)
Earnings before Income Tax		1,322,516	1,185,383
Income tax	18	(232,515)	(215,667)
Net Profit for the Year		1,090,001	969,716

The accompanying notes form an integral part of these financial statements.

Antigua Brewery Limited

Statement of Cash Flows
For the Year Ended December 31, 2016
(in Eastern Caribbean dollars)

	Notes	2016 $	2015 $
Cash Flows from Operating Activities			
Profit before tax		1,322,516	1,185,383
Adjustments for			
Finance cost		537,601	539,952
Profit before Working Capital Changes		1,860,117	1,725,335
Increase in trade and other receivables		(3,836,667)	(1,196,608)
Increase in due from affiliated companies		(1,207,058)	(430,035)
Increase in inventories		(209,827)	207,329
Increase in borrowings		537,601	539,952
Increase in trade and other payables		807,940	357,617
Increase (decrease) in due to affiliated companies		2,289,797	(123,812)
Cash Generated from Operations		241,903	1,079,778
Finance cost paid		(537,601)	(539,952)
Income tax paid		(215,667)	0
Net Cash Generated from Operating Activities		(511,365)	539,826
Net Increase in Cash and Cash Equivalents		(511,365)	539,826
Cash and Cash Equivalents – Beginning of Year		919,349	379,523
Cash and Cash Equivalents – End of Year	8	407,984	919,349

The accompanying notes form an integral part of these financial statements.

1. Incorporation and General Information

Antigua Brewery Limited is a limited liability company incorporated on May 16, 1991 under the laws of Antigua and Barbuda. The registered office of the Company is located at P.O. Box 241, Crabb's Peninsula, Antigua.

The Company is a 93.01% owned subsidiary of International Brewing Limited, a company incorporated in St. Lucia. International Brewing Limited is a fully owned subsidiary of Cerveceria Nacional Dominicana, S.A, a company incorporated in the Dominican Republic. Tenedora CND, a company incorporated in the Dominican Republic owns 99.66% (2015: 99.64%) shares of Cerveceria Nacional Dominicana, S.A. On May 11, 2013, Ambev Brasil Bebidas, SA (ultimate parent company), acquired majority ownership of Tenedora CND. As at December 31, 2016, Ambev Brasil Bebidas, SA owns 50.8% (2015: 55%) shares of Tenedora CND.

The financial statements for the year ended December 31, 2015 were approved and authorized for issue by the Board of Directors on March 12, 2016.

2. Nature of Operations and Going Concern

Antigua Brewery Limited ("the Company") is engaged in the distribution of aerated beverages and beer brewed under its label and other products under license.

As of reporting date, the statement of financial position reflects a net asset deficiency of $14,730,227 (2015: $15,820,228), which raises doubts about the Company's ability to discharge of its obligations in the ordinary course of business and continue as a going concern.

The company's ability to continue as a going concern is largely dependent on it receiving long-term funding from its immediate and ultimate parent companies.

3. Date of Authorisation for Issue

These financial statements were authorised for issue by the Board of Directors on February 17, 2017.

4. Basis of Preparation

The financial statements of Antigua Brewery Limited have been prepared in accordance with the 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs). They have been prepared under the historical cost convention.

The preparation of financial statements in conformity with the IFRS for SMEs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 7.

5. Summary of Accounting Policies

5.1. Overall considerations

The financial statements have been prepared using the significant accounting policies and measurement bases summarised below.

5.2. Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known cash and which are subject to an insignificant risk of changes in value.

5.3. Financial Instruments

Recognition, Initial Measurement and Derecognition

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transaction costs. Subsequent measurement of financial assets and financial liabilities is described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

5. Summary of Accounting Policies (Cont'd)

5.3. Financial Instruments (Cont'd)

Classification and Subsequent Measurement of Financial Assets

For the purpose of subsequent measurement, financial assets are classified into loans and receivables upon initial recognition.

All financial assets are reviewed for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within the finance costs or finance income, except for impairment of trade receivables which is presented within 'administrative and other expenses'.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of the counterparty and other shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited in the statement of comprehensive income.

Classification and Subsequent Measurement of Financial Liabilities

The Company's financial liabilities include short-term borrowings and trade and other payables. Financial liabilities are measured subsequently at amortised cost using the effective interest method.

5.4 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes purchase price, duties, handling and transportation costs. Cost is determined using the weighted-average method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its net realisable value; the impairment loss is recognised immediately in the statement of comprehensive income.

5.5. Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and impairment, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	50 years
Plant and machinery	5 – 20 years
Office furniture and equipment	5– 10 years
Motor vehicles	5 years

5. Summary of Accounting Policies (Cont'd)

5.5. Property, Plant and Equipment and Depreciation (Cont'd)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 5.7).

Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognized in the statement of comprehensive income within the 'gain/loss on disposal of property, plant and equipment' account.

5.6. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is necessary to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed in the period in which they are incurred and reported in finance costs.

5.7. Impairment of non-financial assets

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's or cash generating unit's carrying amount exceeds its recoverable amount, which is the higher of fair values less costs of disposal and value-in-use. To determine the value-in-use, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risks factors.

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

5.8. Provisions for other liabilities and charges

Provisions for other liabilities and charges are recognised when the Company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Timing or amount of the outflow may still be uncertain. Provisions are not recognized for future operating losses.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values, where the time value of money is material.

No liability is recognized if an outflow of economic resources as a result of present obligation is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

5.8. Equity

Share capital represents the nominal value of shares that have been issued. Incremental costs directly attributable to the issue of new ordinary shares are shown as a deduction, net of tax, from the proceeds.

Retained earnings include all current and prior period retained profits or losses.

All transactions with owners of the Company are recorded separately within equity.

5. Summary of Accounting Policies (Cont'd)

5.9. Revenue

Revenue arises from the sale of goods. It is measured at the fair value of consideration received or receivable, excluding sales taxes, rebates and trade discounts. The Company imports products from St. Vincent and distributes them to a local distributor which sells the products to the ultimate consumer and recognises a commission from the transaction. The Company applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction. The consideration received from these multiple-component transactions is allocated to each separately identifiable component in proportion to its relative fair value.

Commission on sale of goods

Commission on sale of goods is recognised when the Company has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods.

Other income earned by the Company is recognised on the accrual basis.

5.10. Operating expenses

Operating expenses are recognised in profit or loss upon utilisation of the service or as incurred.

5.11. Foreign currency translation

Functional and presentation currency

The financial statements are presented in Eastern Caribbean dollars, which is also the Company's functional currency.

Foreign currency transactions and balances

Foreign currency transactions are translated into the functional currency of the Company, using the exchange rates prevailing at the dates of the transactions (spot exchange rate). Foreign exchange gains and losses resulting from the settlement of such transactions and from the re-measurement of monetary items denominated in foreign currency at year-end exchange rates are recognised in the statement of comprehensive income.

Non-monetary items are not translated at year-end and are measured at historical cost (translated using the exchange rates at the transaction date), except for non-monetary items measured at fair value which are translated using the exchange rates at the date when fair value was determined.

Foreign exchange gains and losses are presented in the statement of comprehensive income within other income.

5.12. Operating leases

The Company leases certain items of property, plant and equipment. Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under operating leases are charged to the statement of comprehensive income on a straight line basis over the period of the lease.

5.13. Income taxes

Tax expense recognized in the statement of comprehensive income comprises the sum of deferred tax and current tax not recognized in other comprehensive income or directly in equity.

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting periods, that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period in Antigua and Barbuda.

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realization, provided those rates are enacted or substantially enacted by the end of the reporting period in Antigua and Barbuda.

Deferred tax assets are recognized to the extent that it is probable that the underlying tax loss or deductible temporary difference will be utilized against future taxable income. This is assessed based on the Company's forecast of future operating results, adjusted for significant non-taxable income and expenses and specific limits on the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Company has a right and intention to set off current tax assets and liabilities from the same taxation authority.

5. Summary of Accounting Policies (Cont'd)

5.13. Income taxes (Cont'd)

Changes in deferred tax assets or liabilities are recognized as a component of tax income or expense in the statement of comprehensive income, except where they relate to items that are recognized in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognized in other comprehensive income or equity, respectively.

6. Financial Instruments Risk

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuseson the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by management under policies approved by the Board of Directors. The Board identifies and evaluates financial risks in close cooperation with the Company's management.

(a) Financial Risk Factors

i) Market Risk

1 Foreign Exchange Risk

Foreign exchange risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates. Substantially all of the Company's transactions, assets and liabilities are denominated in Eastern Caribbean dollars or United States dollars. Therefore, there is no significant exposure to foreign exchange risk.

2 Price Risk

The Company has no investments in equity securities and thus is not exposed to equity securities price risk. The Company is not exposed to commodity price risk.

ii) Interest Risk

3 Cash Flow and Fair Value Interest Rate Risk

The Company's interest rate risk arises from net interest bearing liabilities held with financial institutions and related parties. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The interest bearing liabilities generally have fixed interest rates and as a result there is no significant exposure to the Company as a result of cash flow interest rate risk.

iii) Credit Risk

Credit risk arises from the possibility that counterparties may default on their obligations to the Company. Credit risk arises from cash as well as credit exposures to customers, including outstanding receivables. There is no independent rating of customers and no collateral is held as security for the financial assets. However, management assesses the credit quality of the customer by taking into consideration its financial position, length of relationship, past experience and other factors. Trade receivables and other receivables are monitored on an ongoing basis. Individual risk limits are set based on internal ratings in accordance with limits set by the Board of Directors. No collateral is held as security for the financial assets. With respect to cash, credit risk is mitigated by the short-term and/or liquid nature of its cash financial assets mainly in bank deposits and placements, which are placed with financial institutions of high credit standing.

The Company has made adequate provision for any potential credit losses and the amount of the Company's maximum exposure to credit risk is indicated by the carrying amount of its financial assets. The table below summarizes the Company's maximum exposure to credit risk for the components of the statement of financial position.

Maximum Exposure to Credit Risk

	2016 $	2015
Cash and cash equivalents	406,984	918,349
Trade and other receivables	6,282,052	2,445,385
Due from affiliated companies	3,197,798	1,990,740
	9,886,834	5,354,474

6. Financial Instruments Risk (Cont'd)

(a) Financial Risk Factors (Cont'd)

Geographic

Substantially all of the Company's counterparties are within Antigua and Barbuda.

Industry Sectors

The following table analyses the Company's credit risk exposure at their carrying amounts as categorised by the industry sectors of the counterparties.

	Commercial Companies $	Other $	Financial Institutions $	Related Parties $	Total $
Cash	0	0	406,984	0	406,984
Trade and other receivables	6,277,492	4,560	0	0	6,282,052
Due from affiliated companies	0	0	0	3,197,798	3,197,798
At December 31, 2016	6,277,492	4,560	406,984	3,197,798	9,886,834
At December 31, 2015	2,445,385	0	918,349	1,990,740	5,354,474

iv) Liquidity Risk

Liquidity risk is the risk that the Company is unable to meet its payment obligations associated with its financial liabilities when they fall due.

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Company maintains flexibility in funding by maintaining an available line of credit with a financial institution.

All of the Company's liabilities are contractually or constructively due within twelve months of the reporting date.

(b) Fair Value of Financial Assets and Liabilities

Fair value amounts represent estimates of the consideration that would currently be agreed upon between knowledgeable, willing parties who are under no compulsion to act and is best evidenced by a quoted market value, if one exists. With the exception of cash, none of the company's financial instruments are traded in a formal market. Estimated fair values are assumed to approximate the carrying values of current financial assets and liabilities due to their short-term nature.

(c) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

7. Significant Management Judgement in Applying Accounting Policies and Estimation Uncertainty

When preparing the financial statements, management makes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Impairment of Non-Financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating units based on expected future cash flows and use an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 5.7).

8. Cash and Cash Equivalents

	2016 $	2015 $
Cash on hand	1,000	1,000
Cash at banks	406,984	918,349
	407,984	919,349

9. Trade and Other Receivables

	2016 $	2015 $
Trade receivables	6,277,492	2,471,932
Less: allowance for credit losses	0	(31,107)
	6,277,492	2,440,825
Prepayments	4,560	4,560
	6,282,052	2,445,385

All amounts are short-term. The net carrying value of trade and other receivables is considered a reasonable approximation of fair value.

As at reporting date, no trade receivables were impaired. 2015: $31,107 were impaired and fully provided for. The aging analysis of trade receivables are as follows:

	2016 $	2015 $
Neither past due nor impaired	2,464,587	1,041,212
Greater than 0 days but less than 15 days	1,277,567	736,008
Greater than 15 days but less than 60 days	2,155,046	608,303
Overdue by more than 60 days	384,852	86,409
	6,282,052	2,471,932

The movements in the allowance for credit losses are presented below: -

	2016 $	2015 $
Balance at beginning of year	31,107	167,280
Amounts written off (uncollectible)	(31,107)	(136,173)
Balance at end of year	0	31,107

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The company does not hold any collateral as security.

10. Due from Affiliated Companies

	2016 $	2015 $
International Brewing Limited	23,146	23,146
St. Vincent Brewery Limited	3,174,652	1,967,594
	3,197,798	1,990,740

11. Inventories

	2016 $	2015 $
Goods in transit	326,321	116,494

12. Trade and Other Payables

	2016 $	2015 $
Antigua and Barbuda sales tax payable	26,182	51,626
Trade payables	54,250	5,412
Accrued liabilities and other payables	2,201,946	1,417,400
	2,282,378	1,474,438

13. Due to Affiliated Companies

	2016 $	2015 $
Cerveceria Nacional Dominicana	1,155,859	1,155,859
St. Vincent Brewery Limited	3,730,644	1,440,847
	4,886,503	2,596,706

14. Borrowings

	2016 $	2015 $
Related party loan	13,581,848	13,581,848
Shareholder's loan	2,590,336	2,590,336
Interest	1,370,802	833,201
Total Borrowings	17,542,986	17,005,385

Related party loan represents a one year unsecured revolving loan provided by Cerveceria Nacional Dominicana, S.A. on November 13, 2014, to repay Popular Bank Inc. The loan bears interest at three months LIBOR plus 3%. Interest is payable quarterly.

Shareholder's loan represents advances from International Brewing Limited amounting to US$953,416 at an interest rate of 3.28% (2015: 3.28%) per annum. The amounts are unsecured and have no fixed repayment terms.

The fair value of current borrowings equals their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate. The carrying amounts of the Company's borrowings are denominated in United States currency.

15. Stated Capital

	2016 $	2015 $
Issued and Fully Paid		
93,576,396 shares of no par value each	21,747,075	21,747,075

The company's authorized share capital is unlimited with no par value.

16. Related Party Transactions

	2016 $	2015 $
Purchases and Technical Services Rendered from:		
St. Vincent Brewery Limited	9,816,569	8,187,564
Expenses Recharged to:		
St. Vincent Brewery Limited	1,253,035	747,984
Cerveceria Nacional Dominicana, C.S.A.	0	16,919
	1,235,035	764,903
Interest Charged by:		
International Brewing Limited	30,072	104,174
Cerveceria Nacional Dominicana, C.S.A.	507,529	435,778
	537,601	539,952

St. Vincent Brewery Limited and Dominica Brewery and Beverages Limited are related to the company by virtue of being fellow subsidiaries of International Brewing Limited.

17. Other Income

	2016 $	2015 $
Miscellaneous income	0	1,500
Foreign exchange gain	0	4
	0	1,504

18. Income Tax

During 2009, an exemption was granted from the payment of withholding tax on dividends, technical service fees and interest on foreign borrowings for a period of eight (8) years, expiring in 2017. In addition, exemption was granted from the payment of import duties, levies, customs service charge and environmental tax for all imports of raw and packing materials, merchandising materials, dispensing and cooling equipment, plant and equipment, and spare parts for a period of ten (10) years, expiring in 2019.

Income Tax Expense

Income tax comprises:-

	2016 $	2015 $
Current Tax	232,515	215,667

Income Tax Reconciliation

The effective income tax rate provided in the financial statements varies from the rates specified in the statutes for the following reasons:-

	2016 $	% $	2015 $	% $
Profit for the year before taxation	1,322,516	100.0	1,185,383	100.0
Income tax credit at effective tax rate of 25%	330,629	25.0	296,346	25.0
Tax losses utilised	(232,514)	(17.6)	(215,667)	(18.2)
Expenses permanently disallowed	134,400	10.2	134,988	11.4
Actual Income Tax Charge	232,515	17.6	215,667	18.2

Deferred Tax

As reporting date, a potential deferred tax asset amounting $6,233,456 (2015: $6,962,008) has not been recognized in the financial statements because of uncertainty of its recovery against further taxable profits. The net deferred tax asset is comprised as follows:

	2016 $	2015 $
Tax losses carried forward	6,233,456	6,962,008
Deferred tax asset not recognized	6,233,456	6,962,008
Deferred Tax Asset	0	0

19. Tax Losses

As of reporting date, the Company has tax losses of $24,933,826 (2015: $27,848,033), which are available for loss relief up to a maximum of 50% of future years assessable income. The loss relief expires as follows: -

Assessment Year	Amount $	Expire
2011	2,128,719	2017
2012	8,298,423	2018
2013	4,994,543	2019
2014	2,928,978	2020
2015	6,736,164	2021

During the year, the Company utilized tax losses amounting to $930,059 (2015: $862,668). Tax losses amounting to $1,984,148 (2015: $***********) expired during the year.

20. Salaries, Wages and Related Employee Benefits

	2016 $	2015 $
Salaries and wages	108,860	92,522
Statutory benefits	7,689	6,715
	116,549	99,237