

Unaudited Consolidated Financial Statements of

COMMONWEALTH BREWERY LIMITED

Three months ended March 31, 2018

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Consolidated Financial Statements (Unaudited)

Three months ended March 31, 2018

Revenue increased by 6% for the first quarter compared to the same period last year, which was a result of increased sales volumes on our core brands.

Operating expenses increased in aggregate by 7% because of higher cost of raw and packaging materials as well as finished products brought in for resale. The addition of several retail stores, the restructuring of the Commercial department and the additional staff for a new ERP system implementation have contributed to the increase in Personnel expenses of 10.4% and the overall increase to Operating expenses.

The Company partners with global suppliers to leverage economies of scale in procuring raw and packaging materials as well as finished products brought in for resale. This gives rise to an exposure to foreign exchange gains and losses when settling outstanding invoices. Due to the fluctuations in USD/EUR rate during the period between procuring the goods and payment, the Company realised a total exchange loss of \$200K. This along with other non-core expenses helps to explain the change from other income to expenses during the period.

Net income consequently decreased 17% compared to the same period last year. Earnings per share for the three months ended March 2018 amounted to \$ 0.07 in comparison to \$0.09 in the previous period.

Net cash from operating activities increased by \$5.3 million primarily due to the shift in net working capital of +\$3 million when compared to the previous period.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Financial Position (Unaudited)

March 31, 2018, with corresponding figures for December 31, 2017

(Expressed in Bahamian dollars)

	March 2018	December 2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 7,917,466	2,617,430
Trade receivables, net	4,106,228	4,642,730
Prepaid expenses and other assets	4,506,375	3,828,791
Inventories	28,307,628	27,532,917
Total current assets	44,837,697	38,621,868
Non-current assets:		
Property, plant and equipment	45,496,310	45,302,063
Goodwill	4,487,242	4,487,242
Other intangible assets	175,162	191,851
Total non-current assets	50,158,714	49,981,156
Total assets	\$ 94,996,411	88,603,024
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 19,886,758	15,732,626
Dividends payable	5,624,905	5,624,905
Loans and borrowings	5,999,993	5,999,993
Total liabilities	31,511,656	27,357,524
Equity:		
Share capital	150,000	150,000
Share premium	12,377,952	12,377,952
Contributed surplus	16,351,369	16,351,369
Revaluation surplus	12,473,768	12,473,768
Retained earnings	22,131,666	19,892,411
Total equity	63,484,755	61,245,500
Total liabilities and equity	\$ 94,996,411	88,603,024

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income (Unaudited)

For the three months ended March, 31, 2018, with corresponding figures for the three months ended March 31, 2017

(Expressed in Bahamian dollars)

	March 2018	March 2017
Income:		
Revenue	\$ 32,317,838	30,256,062
Operating expenses:		
Raw materials, consumables and services	23,557,434	21,904,581
Personnel costs	5,466,891	4,951,822
Depreciation	701,925	802,727
Amortisation	16,688	16,688
Total operating expenses	29,742,938	27,675,820
Other (expense)\income, net	(317,626)	53,642
Results from operating activities	2,257,274	2,633,884
Finance expenses	18,019	7,833
Total comprehensive income	\$ 2,239,255	2,626,052
Basic and diluted earnings per share	\$ 0.07	0.09

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Changes in Equity (Unaudited)

For the three months ended March 31, 2018

(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 31, 2017	150,000	12,377,952	16,351,369	12,473,768	19,892,411	61,245,500
Comprehensive income	—	—	—	—	2,239,255	2,239,255
Balance at March 31, 2018	\$ 150,000	12,377,952	16,351,369	12,473,768	22,131,666	63,484,755

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Cash Flows (Unaudited)

For the three months ended March 31, 2018, with corresponding figures for the three months ended March 31, 2017

(Expressed in Bahamian dollars)

	2018	2017
Cash flows from operating activities		
Net income	\$ 2,239,255	2,626,052
Adjustments for:		
Depreciation	701,925	802,727
Amortisation	16,688	16,688
Impairment loss recognized on trade receivables	183,306	-
(Gain)/Loss on disposal of property, plant and equipment	(8,600)	-
Finance expense	18,019	7,833
Net cash from operation activities	3,150,593	3,453,300
Changes in non-cash working capital	3,037,016	(6,368,076)
Net cash from operations before changes in working capital	6,187,609	(2,914,775)
Cash flows from financing activities		
Interest paid	-	(7,833)
Net cash used in financing activities	-	(7,833)
Cash flows from investing activities		
Additions to property, plant and equipment	(896,173)	(386,723)
Proceeds from sale of property, plant and equipment	8,600	600
Net cash used in investing activities	(887,573)	(386,123)
Net increase/ (decrease) in cash and cash equivalents	5,300,036	(3,308,731)
Cash and cash equivalents, beginning of year	2,617,430	9,853,627
Cash and cash equivalents, end of year	\$ 7,917,466	6,544,896

1. Accounting Policies

These interim financial statements are prepared in accordance with International Financial Reporting Standards (“IFRS”) for interim financial information. Accordingly, they do not include all of the information and footnotes required by IFRS for consolidated financial statements. In the opinion of management, these unaudited consolidated financial statements reflect all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company’s financial position and results of operations as at the end of and for the periods presented. All significant intercompany accounts and transactions have been eliminated from these unaudited consolidated financial statements.