

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Financial Statements (Unaudited)

Six months ended June 30, 2016

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Consolidated Financial Statements (Unaudited)

Six months ended June 30, 2016

Revenue declined 4.5% in the second quarter compared to the same period last year despite flat sales volume reflecting reflecting a continuation of the conservative shift in consumer spending noted at the end of the first quarter.

Operating expenses declined by 4%, driven by lower raw materials, consumables and services costs reflective of the relatively weak market for operating inputs.

Net income consequently decreased 8% compared to the first six months of 2015. Earnings per share for the 6 months ended June 2016 amounted to \$ 0.24, which is three cents below the level of the first half of 2015.

On April 28th, 2016 the board of directors declared a final dividend of \$0.36 per share related to 2015. This amount was paid on May 25th, 2016 to shareholders of record on May 12th 2016.

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Financial Position (Unaudited)

June 30, 2016 with corresponding figures for December 31, 2015

(Expressed in Bahamian dollars)

	June 2016	December 2015
Assets		
Current Assets:		
Cash and cash equivalents	1,545,353	1,345,882
Trade receivables	4,186,085	3,370,708
Prepaid expenses and other assets	4,706,933	2,883,761
Inventories	22,533,526	19,893,831
Total current assets	32,971,897	27,494,030
Non-current Assets:		
Goodwill	4,487,242	4,487,242
Property, plant and equipment - net	36,148,218	36,556,901
Intangible assets	97,952	113,418
Total non-current assets	40,733,412	41,157,561
Total assets	73,705,309	68,651,591
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses	21,857,074	13,327,296
Total current liabilities	21,857,074	13,327,296
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	7,096,254	7,096,254
Retained earnings	15,872,660	19,348,720
Total equity	51,848,235	55,324,295
Total liabilities and equity	73,705,309	68,651,591

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the three months ended June, 30, 2016, with corresponding figures for the three months ended June 30, 2015

(Expressed in Bahamian dollars)

	Note(s)	June 2016	June 2015
Revenue		31,172,676	32,409,891
Other income		9,500	180,781
Total income		31,182,176	32,590,672
Operating expenses:			
Raw materials, consumables and services		21,308,349	22,491,674
Personnel costs		4,714,722	4,611,137
Depreciation		800,733	788,355
Amortisation		7,733	12,733
Total operating expenses		26,831,537	27,903,899
Results from operating activities		4,350,639	4,686,773
Finance cost		2,859	-
Net finance cost		2,859	-
Net income and total comprehensive income		4,347,780	4,686,773
Basic and diluted earnings per share		0.14	0.16

(Unaudited)

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the six months ended June, 30, 2016, with corresponding figures for the six months ended June 30, 2015

(Expressed in Bahamian dollars)

	Note(s)	June 2016	June 2015
Revenue		58,691,835	60,983,257
Other income		(15,696)	488,333
Total income		58,676,139	61,471,590
Operating expenses:			
Raw materials, consumables and services		40,436,296	42,949,644
Personnel costs		9,299,371	9,000,120
Depreciation		1,598,396	1,538,064
Amortisation		15,466	25,466
Total operating expenses		51,349,529	53,513,294
Results from operating activities		7,326,610	7,958,296
Finance cost		2,670	-
Net finance cost		2,670	-
Net income and total comprehensive income		7,323,940	7,958,296
Basic and diluted earnings per share		0.24	0.27

(Unaudited)

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended June 30, 2016

(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 31, 2015	150,000	12,377,952	16,351,369	7,096,254	19,348,720	55,324,295
Total comprehensive income					7,323,940	7,323,940
LTIP						
Dividends declared/paid					(10,800,000)	(10,800,000)
Balance at June 30, 2016	150,000	12,377,952	16,351,369	7,096,254	15,872,660	15,872,660

(Unaudited)

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Cash Flows (Unaudited)

For the six months ended June 30, 2016, with corresponding figures for the six months ended June 30, 2015

(Expressed in Bahamian dollars)

	Note(s)	2016	2015
Cash flows from operating activities			
Net income and total comprehensive income		7,323,940	7,958,791
Adjustments for:			
Depreciation		1,598,396	1,538,064
Amortisation		15,466	25,466
Loss/(gain) on disposal of PPE		(1,000)	-
Interest received		(36)	-
Interest paid		2,706	-
Net cash from operations before changes in working capital		8,939,472	9,521,826
Changes in non-cash working capital		3,251,381	(8,984,051)
Net cash from operating activities		12,190,853	537,775
Cash Flows from financing activities			
Repayments of bank loans			
Proceeds from issue of share capital			
Interest paid		(2,706)	-
Dividends paid		(10,800,000)	(10,800,000)
Net Cash used in financing activities		(10,802,706)	(10,800,000)
Cash flows from investing activities			
Additions to property, plant and equipment		(1,189,712)	(877,203)
Proceeds from sale of property, plant and equipment		1,000	-
Interest received		36	-
Net cash used in investing activities		(1,188,676)	(877,203)
Net increase in cash and cash equivalents		199,471	(11,139,428)
Cash and cash equivalents, beginning of year		1,345,882	7,125,222
Cash and cash equivalents, end of period		1,545,353	(4,014,206)

(Unaudited)

COMMONWEALTH BREWERY LIMITED

Notes to Interim Consolidated Financial Statements (Unaudited)

Six months ended June 30, 2016

(Expressed in Bahamian dollars)

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.

2. Dividends Declared

On April 26, 2016 the Board of Directors of the Company declared a final dividend of \$0.36 per share related to 2015 to be paid to the shareholders of record on May 12, 2016. The total declared amounted to \$10,800,000 with a payment date of May 25, 2016.