

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Financial Statements (Unaudited)

Nine months ended September 30, 2016

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Consolidated Financial Statements (Unaudited)

Nine months ended September 30, 2016

Revenue declined 4.6% in the third quarter compared to the same period last year despite flat sales volume reflecting a continuation of the conservative shift in consumer spending noted in the first half of the year.

Operating expenses declined by 5.8% driven by lower raw materials, consumables and services costs in line with Mix development.

Net income consequently decreased 10% compared to the same period last year. Earnings per share for the nine months ended September 2016 amounted to \$ 0.35.

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)

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

(Expressed in Bahamian dollars)

	September 2016	December 2015
Assets		
Current Assets:		
Cash and cash equivalents	499,290	1,345,882
Trade receivables	3,731,209	3,370,708
Prepaid expenses and other assets	4,451,017	2,883,761
Inventories	22,314,866	19,893,831
Total current assets	30,996,382	27,494,030
Non-current Assets:		
Goodwill	4,487,242	4,487,242
Property, plant and equipment - net	36,363,274	36,556,901
Intangible assets	90,219	113,418
Total non-current assets	40,940,735	41,157,561
Total assets	71,937,117	68,651,591
Liabilities and Equity		
Current Liabilities:		
Accounts payable and accrued expenses	16,905,621	13,327,296
Total current liabilities	16,905,621	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	19,055,921	19,348,720
Total equity	55,031,496	55,324,295
Total liabilities and equity	71,937,117	68,651,591

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Comprehensive Income (Unaudited)

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

(Expressed in Bahamian dollars)

	Note(s)	September 2016	September 2015
Revenue		28,680,523	30,021,371
Other income		(68,298)	3,436
Total income		28,612,225	30,024,807
Operating expenses:			
Raw materials, consumables and services		19,767,825	20,931,350
Personnel costs		4,827,702	4,514,062
Depreciation		796,150	811,740
Amortisation		7,733	9,400
Total operating expenses		25,399,410	26,266,282
Results from operating activities		3,212,815	3,758,525
Finance cost		(29,554)	(4,210)
Net finance cost		(29,554)	(4,210)
Net income and total comprehensive income		3,183,261	3,754,315
Basic and diluted earnings per share		0.11	0.13

(Unaudited)

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Comprehensive Income (Unaudited)

For the nine months ended September 30, 2016, with corresponding figures for the nine months ended September 30, 2015

(Expressed in Bahamian dollars)

	Note(s)	September 2016	September 2015
Revenue		87,372,358	91,004,628
Other income		(83,993)	491,769
Total income		87,288,365	91,496,397
Operating expenses:			
Raw materials, consumables and services		60,204,121	63,880,994
Personnel costs		14,127,073	13,514,182
Depreciation		2,394,546	2,349,534
Amortisation		23,199	34,866
Total operating expenses		76,748,939	79,779,576
Results from operating activities		10,539,425	11,716,821
Finance cost		(32,224)	(4,210)
Net finance cost		(32,224)	(4,210)
Net income and total comprehensive income		10,507,201	11,712,611
Basic and diluted earnings per share		0.35	0.39

(Unaudited)

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended September 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					10,507,201	10,507,201
LTIP						
Dividends declared/paid					(10,800,000)	(10,800,000)
Balance at September 30, 2016	150,000	12,377,952	16,351,369	7,096,254	19,055,921	55,031,496

(Unaudited)

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Cash Flows (Unaudited)

For the nine months ended September 30, 2016, with corresponding figures for the nine months ended September 30, 2015

(Expressed in Bahamian dollars)

	Note(s)	2016	2015
Cash flows from operating activities			
Net income and total comprehensive income		10,507,201	11,712,611
Adjustments for:			
Depreciation		2,394,546	2,349,534
Amortisation		23,199	34,866
Bad debt		30,000	
Loss/(gain) on disposal of PPE		(1,000)	-
Interest received		(36)	
Interest paid		32,261	4,210
Net cash from operations before changes in working capital		12,986,171	14,101,221
Changes in non-cash working capital		(800,618)	(10,679,651)
Net cash from operating activities		12,185,553	3,421,570
Cash Flows from financing activities			
Repayments of bank loans			
Proceeds from issue of share capital			
Interest paid		(32,261)	(4,210)
Dividends paid		(10,800,000)	(10,800,000)
Net Cash used in financing activities		(10,832,261)	(10,804,210)
Cash flows from investing activities			
Additions to property, plant and equipment		(2,200,920)	(1,485,863)
Proceeds from sale of property, plant and equipment		1,000	-
Interest received		36	-
Net cash used in investing activities		(2,199,883)	(1,285,863)
Net increase in cash and cash equivalents		(846,592)	(8,868,503)
Cash and cash equivalents, beginning of year		1,345,882	7,125,222
Cash and cash equivalents, end of period		499,290	(1,743,281)

(Unaudited)

COMMONWEALTH BREWERY LIMITED

Notes to Interim Consolidated Financial Statements (Unaudited)

Nine months ended September 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.