

Unaudited Consolidated Financial Statements of
COMMONWEALTH BREWERY LIMITED

Nine months ended September 30, 2019

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Consolidated Financial Statements (Unaudited)

Nine months ended September 30, 2019

Financial Performance

The net revenue increase for the third quarter out-paced declines in the first half of the year and ended slightly behind the comparative period in 2018 by 0.5% despite operating interruptions due to hurricane Dorian. The third quarter 2019, yielded a continued positive trend in which net revenue grew 2.9% comparatively.

Hurricane Dorian destroyed one of Commonwealth Brewery Limited's eight retail outlets and Distribution Centre, in Freeport, as well as the Company's three retail outlets and the Distribution Centre in Abaco. By the end of September, however, we had reorganized our route to market and resumed distribution on both islands.

Operating expenses year to date September reduced by 0.9%, supported by a continued decline of 3.9% during the quarter, principally driven by the cost alignment measures reported on earlier in the year.

Net Income for the year to September was \$4,981,847, compared to \$5,482,757 in 2018, reflecting the one-off restructuring costs, and stronger revenue performance since the second quarter 2019. Notably net profit for the three-month period ended September 2019, grew \$1,684,583 from a loss position for the comparative period of 2018.

Results this year are continually encouraging and as stated in the quarter two interim accounts, indicate that our cost realignment, infrastructural and work force improvements, together with our continued commercial focus, are producing the desired results. We are cautiously optimistic on our short-term outlook post-Dorian and will continue to adapt or strategy to enhance value to shareholders.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Financial Position (Unaudited)

September 30, 2019, with corresponding figures for December 31, 2018
 (Expressed in Bahamian dollars)

	September 2019	December 2018
Assets		
Current assets:		
Cash and cash equivalents		
Cash and cash equivalents	\$ 6,028,615	9,090,464
Trade receivables, net	6,374,035	4,108,750
Prepaid expenses and other assets	5,196,438	3,620,446
<u>Inventories</u>	<u>29,568,539</u>	<u>34,160,888</u>
Total current assets	47,167,627	50,980,548
Non-current assets:		
Property, plant and equipment	48,940,430	49,170,094
Right of use asset	4,255,986	-
Goodwill	4,487,242	4,487,242
<u>Other intangible assets</u>	<u>1,581,034</u>	<u>153,431</u>
Total non-current assets	59,264,692	53,810,767
Total assets	\$ 106,432,319	104,791,315
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 32,507,083	23,974,037
Short-term lease liability	1,860,670	-
Dividends payable	-	8,325,000
<u>Loans and borrowings</u>	<u>8,539,993</u>	<u>15,999,993</u>
Total current liabilities	42,907,746	48,299,030
Non-current liabilities:		
<u>Long-term lease liability</u>	<u>2,470,038</u>	<u>-</u>
Total liabilities	45,377,784	48,299,030
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	19,701,446	15,139,196
Total equity	61,054,535	56,492,285
Total liabilities and equity	\$ 106,432,319	104,791,315

COMMONWEALTH BREWERY LIMITED

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

For the three months ended September 30, 2019, with corresponding figures for the three months ended September 30, 2018
 (Expressed in Bahamian dollars)

	September 2019	September 2018
Income:		
Revenue	\$ 30,997,816	30,043,634
Excise	(3,154,221)	(2,973,885)
Net revenue	27,843,595	27,069,749
Operating expenses:		
Raw materials, consumables and services	19,042,510	21,210,969
Personnel costs	5,468,759	5,220,274
Depreciation	1,397,600	571,838
Amortisation	19,465	(11,645)
Total operating expenses	25,928,334	26,991,436
Other income/ (expense), net	(70,069)	(35,517)
Results from operating activities	1,845,192	42,796
Finance expenses	164,184	46,370
Total comprehensive income/ (loss)	\$ 1,681,008	(3,574)
Basic and diluted earnings per share	\$ 0.06	0.00

COMMONWEALTH BREWERY LIMITED

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

For the nine months ended September 30, 2019, with corresponding figures for the nine months ended September 30, 2018
 (Expressed in Bahamian dollars)

	September 2019	September 2018
Income:		
Revenue	\$ 98,220,427	98,517,520
Excise	(9,540,613)	(9,389,047)
Net revenue	88,679,814	89,128,473
Operating expenses:		
Raw materials, consumables and services	62,400,186	65,166,533
Personnel costs	17,433,700	15,977,642
Depreciation	3,995,816	1,969,669
Amortisation	68,333	21,731
Total operating expenses	83,898,035	83,135,575
Other income/ (expense), net	200,068	(510,141)
Results from operating activities	4,981,847	5,482,757
Finance expenses	443,335	121,304
Total comprehensive income	\$ 4,538,512	5,361,453
Basic and diluted earnings per share	\$ 0.15	0.18

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Changes in Equity (Unaudited)

For the nine months ended September 30, 2019

(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 31, 2018	150,000	12,377,952	16,351,369	12,473,768	15,139,196	56,492,285
Share based compensation	—	—	—	—	23,738	23,738
Comprehensive income	—	—	—	—	4,538,512	4,538,512
Balance at September 30, 2019	\$ 150,000	12,377,952	16,351,369	12,473,768	19,701,446	61,054,535

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Cash Flows (Unaudited)

For the nine months ended September 30 2019, with corresponding figures for the nine months ended September 30, 2018
 (Expressed in Bahamian dollars)

	2019	2018
Cash flows from operating activities		
Net income	\$ 4,538,512	5,361,453
Adjustments for:		
Depreciation	3,995,816	1,969,669
Amortisation	68,333	21,731
Impairment loss recognized on trade receivables	3,381	246,677
(Gain)/Loss on disposal of property, plant and equipment	(7,360)	(34,100)
Finance expense	443,335	121,304
Net cash from operation activities	9,042,017	7,686,734
Changes in non-cash working capital	9,379,197	1,833,789
Net cash from operations before changes in working capital	18,421,214	9,520,523
Cash flows from financing activities		
Interest paid	(443,335)	(136,603)
Dividends paid	(8,325,000)	(8,400,000)
Repayment of loans and borrowings	(7,460,000)	-
Proceeds from loans and borrowings	-	1,530,301
Net cash used in financing activities	(16,228,335)	(7,006,302)
Cash flows from investing activities		
Additions to property, plant and equipment	(2,601,237)	(3,872,425)
Additions to intangible assets	(1,495,936)	-
Repayment of lease liabilities	(1,164,915)	-
Proceeds from sale of property, plant and equipment	7,360	202,483
Net cash used in investing activities	(5,254,728)	(3,669,942)
Net increase/ (decrease) in cash and cash equivalents	(3,061,849)	(1,155,721)
Cash and cash equivalents, beginning of year	9,090,464	2,617,430
Cash and cash equivalents, end of year	\$ 6,028,615	1,461,709

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.