

Unaudited Consolidated Financial Statements of  
**COMMONWEALTH BREWERY LIMITED**

Twelve months ended December 31, 2019

# **COMMONWEALTH BREWERY LIMITED**

Management comments on Consolidated Financial Statements (Unaudited)

Twelve months ended December 31, 2019

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## **Financial Position Highlights**

Overall, Commonwealth Brewery Ltd.'s (CBL's) financial position improved during 2019, as the Company continued its focus on its cash conversion cycle, and its capital investments programme.

The Company continues its commitment to invest in technology to enhance its service offerings to customers while improving efficiencies. CBL implemented a new Enterprise Resource Planning system that went live on 1<sup>st</sup> April 2019. This investment of over \$2.3M will facilitate improvements of our service offerings and provide more efficient information to take advantage of market opportunities. CBL will continue to invest in systems and tools that will modernize the Company's capabilities and enhance the customer experience.

## **Financial Performance**

CBL experienced a significant improvement in Net Revenue during the fourth quarter – up 38% compared to the fourth quarter 2018 – and compared to the Net Revenue performance for the first nine months of the year, which declined by 0.5% compared to the first nine months of 2018.

Despite this strong performance during the fourth quarter 2019, Net Revenue for the year as a whole was down marginally, by 0.84% compared to 2018, reflecting the continued sluggishness of the economy, and increased competitiveness in the Bahamas beverage market.

Total Comprehensive Income for the twelve month period, however, at \$10,355,705, was significantly up – by 63.9% compared to 2018, as a result of the positive Operating Results for the first nine months of the year – reported-on during last October – and a significant insurance receipt of \$6 million, realized during the fourth quarter, with respect to hurricane Dorian- related business interruption and infrastructure repair and replacement recoveries.

CBL remains cautiously optimistic on the outlook post-Dorian, and continues to invest in technology, people and the community as the backbone of our long-term strategy to increase shareholder value.

## **Accounting Standard Change**

Effective 1<sup>st</sup> January 2019, Commonwealth Brewery Limited (CBL) has adopted the new requirements prescribed under IFRS 16 – Leases as promulgated by the International Accounting Standards Board. This new standard has changed CBL's lease accounting procedures. The standard required the company to recognize an asset and corresponding liability based on the obligations, consideration and terms of each contractual lease where the benefits extend over multiple accounting periods.

# COMMONWEALTH BREWERY LIMITED

## Consolidated Statement of Financial Position (Unaudited)

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

|                                       | December 2019         | December 2018      |
|---------------------------------------|-----------------------|--------------------|
| <b>Assets</b>                         |                       |                    |
| <b>Current assets:</b>                |                       |                    |
| Cash and cash equivalents             |                       |                    |
| Cash and cash equivalents             | \$ 5,273,697          | 9,090,464          |
| Trade receivables, net                | 7,861,225             | 4,108,750          |
| Prepaid expenses and other assets     | 4,668,832             | 3,620,446          |
| Inventories                           | 28,748,459            | 34,160,888         |
| Total current assets                  | 46,552,213            | 50,980,548         |
| <b>Non-current assets:</b>            |                       |                    |
| Property, plant and equipment         | 50,017,994            | 49,170,094         |
| Right of use asset                    | 3,815,833             | -                  |
| Goodwill                              | 4,487,242             | 4,487,242          |
| Other intangible assets               | 2,319,731             | 153,431            |
| Total non-current assets              | 60,640,800            | 53,810,767         |
| <b>Total assets</b>                   | <b>\$ 107,193,013</b> | <b>104,791,315</b> |
| <b>Liabilities and equity</b>         |                       |                    |
| <b>Current liabilities:</b>           |                       |                    |
| Accounts payable and accrued expenses | \$ 28,565,699         | 23,974,037         |
| Short-term lease liability            | 1,854,766             | -                  |
| Dividends payable                     | -                     | 8,325,000          |
| Loans and borrowings                  | 7,836,255             | 15,999,993         |
| Total current liabilities             | 38,256,720            | 48,299,030         |
| <b>Non-current liabilities:</b>       |                       |                    |
| Long-term lease liability             | 2,055,344             | -                  |
| <b>Total liabilities</b>              | <b>40,312,064</b>     | <b>48,299,030</b>  |
| <b>Equity:</b>                        |                       |                    |
| 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                     | 25,527,860            | 15,139,196         |
| <b>Total equity</b>                   | <b>66,880,949</b>     | <b>56,492,285</b>  |
| <b>Total liabilities and equity</b>   | <b>\$ 107,193,013</b> | <b>104,791,315</b> |

# COMMONWEALTH BREWERY LIMITED

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

For the three months ended December 31, 2019, with corresponding figures for the three months ended December 31, 2018  
 (Expressed in Bahamian dollars)

|   | December 2019       | December 2018    |
|---|---------------------|------------------|
| <b>Income:</b>                          |                     |                  |
| Revenue                                 | \$ 35,920,491       | 26,332,106       |
| Excise                                  | (3,942,755)         | (3,175,270)      |
| Net revenue                             | 31,977,736          | 23,156,836       |
| <b>Operating expenses:</b>              |                     |                  |
| Raw materials, consumables and services | 23,464,998          | 14,422,400       |
| Personnel costs                         | 6,258,858           | 6,424,634        |
| Depreciation                            | 1,445,433           | 685,582          |
| Amortisation                            | 93,624              | 16,688           |
| Total operating expenses                | 31,262,913          | 21,549,304       |
| Other income/ (expense), net            | 6,168,324           | (398,225)        |
| Results from operating activities       | 6,883,147           | 1,209,307        |
| Finance expenses                        | 293,280             | 49,800           |
| <b>Total comprehensive income</b>       | <b>\$ 6,589,867</b> | <b>1,159,507</b> |
| Basic and diluted earnings per share    | \$ 0.22             | 0.04             |

# COMMONWEALTH BREWERY LIMITED

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

For the twelve months ended December 31, 2019, with corresponding figures for the twelve months ended December 31, 2018  
 (Expressed in Bahamian dollars)

|   | December 2019        | December 2018    |
|---|----------------------|------------------|
| <b>Income:</b>                          |                      |                  |
| Revenue                                 | \$ 134,140,916       | 134,238,674      |
| Excise                                  | (13,483,368)         | (12,564,318)     |
| Net revenue                             | 120,657,548          | 121,674,356      |
| <b>Operating expenses:</b>              |                      |                  |
| Raw materials, consumables and services | 86,637,857           | 89,977,980       |
| Personnel costs                         | 23,692,558           | 22,402,276       |
| Depreciation                            | 5,441,249            | 2,655,251        |
| Amortisation                            | 161,956              | 38,419           |
| Total operating expenses                | 115,933,620          | 115,073,926      |
| Other income/ (expense), net            | 6,368,392            | (111,916)        |
| Results from operating activities       | 11,092,320           | 6,488,514        |
| Finance expenses                        | 736,615              | 171,103          |
| <b>Total comprehensive income</b>       | <b>\$ 10,355,705</b> | <b>6,317,411</b> |
| Basic and diluted earnings per share    | \$ 0.35              | 0.21             |

## COMMONWEALTH BREWERY LIMITED

### Consolidated Statement of Changes in Equity (Unaudited)

For the twelve months ended December 31, 2019

(Expressed in Bahamian dollars)

|                              | Share<br>capital | Share<br>premium | Contributed<br>surplus | Revaluation<br>surplus | Retained<br>earnings | Total<br>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     | —                | —                | —                      | —                      | 32,959               | 32,959          |
| Comprehensive income         | —                | —                | —                      | —                      | 10,355,705           | 10,355,705      |
| Balance at December 31, 2019 | \$ 150,000       | 12,377,952       | 16,351,369             | 12,473,768             | 25,527,860           | 66,880,949      |

# COMMONWEALTH BREWERY LIMITED

## Consolidated Statement of Cash Flows (Unaudited)

For the twelve months ended December 31 2019, with corresponding figures for the twelve months ended December 31, 2018  
 (Expressed in Bahamian dollars)

|  | 2019          | 2018        |
|--|---------------|-------------|
| <b>Cash flows from operating activities</b>          |               |             |
| Net income   | \$ 10,355,705 | 6,317,411   |
| Adjustments for:                                     |               |             |
| Depreciation   | 5,441,249     | 2,655,251   |
| Amortisation   | 161,956       | 38,419      |
| Impairment loss recognized on trade receivables      | 387,806       | 177,004     |
| Reversal of impairment on trade receivables          | -             | (38,419)    |
| Loss on disposal of property, plant and equipment    | 95,702        | 186,680     |
| Finance expense                                      | 736,615       | 171,103     |
| Net cash from operation activities                   | 17,179,033    | 9,507,449   |
| Changes in non-cash working capital                  | 4,942,662     | 2,217,180   |
| Net cash from operating activities                   | 22,121,695    | 11,724,629  |
| <b>Cash flows from financing activities</b>          |               |             |
| Interest paid  | (736,615)     | (141,633)   |
| Dividends paid                                       | (8,325,000)   | (8,400,000) |
| Repayment of loans and borrowings                    | (8,163,738)   | -           |
| Proceeds from loans and borrowings                   | -             | 10,000,000  |
| Net cash used in financing activities                | (17,225,353)  | 1,458,367   |
| <b>Cash flows from investing activities</b>          |               |             |
| Additions to property, plant and equipment           | (4,676,523)   | (6,738,062) |
| Additions to intangible assets                       | (2,328,257)   | -           |
| Repayment of lease liabilities                       | (1,612,627)   | -           |
| Proceeds from sale of property, plant and equipment  | (95,702)      | 28,100      |
| Net cash used in investing activities                | (8,713,109)   | (6,709,962) |
| Net (decrease)/increase in cash and cash equivalents | (3,816,767)   | 6,473,034   |
| Cash and cash equivalents, beginning of year         | 9,090,464     | 2,617,430   |
| Cash and cash equivalents, end of year               | \$ 5,273,697  | 9,090,464   |

## **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.