

Unaudited Consolidated Financial Statements of

**COMMONWEALTH BREWERY LIMITED**

Six months ended June 30, 2018

**COMMONWEALTH BREWERY LIMITED**

Management comments on Interim Consolidated Financial Statements (Unaudited)

Six months ended June 30, 2018

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Revenue increased by 2.9% for the first six months of the period and remained flat during the second quarter when compared to the same period last year. Revenue growth for the second quarter was impacted by a shift in consumer spending habits and preferences. The shift towards wines and spirit purchases contributed to the increase along with the continued growth in the tobacco business.

The increase in Operating expenses was driven by higher product cost due to the change in consumer preferences as stated above. As consumers purchase greater volumes of wines and spirits in comparison to beer this drives the increase in Operating Expenses. Although the impact to this change positively affects top-line growth, it conversely reduces the Gross profit for the Company as imported goods increases the Cost of Goods sold compared to locally produced goods. As stated in the previous quarter, increase investment in retail stores, the restructuring of the Commercial department and the addition of temporary staff for the new systems implementation have contributed to the increase in Personnel expenses of 8.2% for the year. This along with a more aggressive approach to maintain market share and promote our brands have ultimately resulted in an increase of 5.1% to Operating Expenses for the year.

All the factors mentioned consequently resulted in an overall decrease to Net income of 41% compared to the same period last year. Earnings per share for the six months ended June 30, 2018 amounted to \$0.18 in comparison to \$0.25 in the previous period.

**COMMONWEALTH BREWERY LIMITED**

Consolidated Statement of Financial Position (Unaudited)

June 30, 2018, with corresponding figures for December 31, 2017

(Expressed in Bahamian dollars)

	June 2018	December 2017
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 695,374	2,617,430
Trade receivables, net	4,686,228	4,642,730
Prepaid expenses and other assets	5,665,904	3,828,791
Inventories	32,860,459	27,532,917
Total current assets	43,907,965	38,621,868
<b>Non-current assets:</b>		
Property, plant and equipment	46,056,101	45,302,063
Goodwill	4,487,242	4,487,242
Other intangible assets	158,474	191,851
Total non-current assets	50,701,817	49,981,156
Total assets	\$ 94,609,782	88,603,024
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 24,707,924	15,732,626
Dividends payable	8,325,000	5,624,905
Loans and borrowings	5,999,993	5,999,993
Total Liabilities	39,032,917	27,357,524
<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	14,223,776	19,892,411
Total equity	55,576,865	61,245,500
Total liabilities and equity	\$ 94,609,782	88,603,024

**COMMONWEALTH BREWERY LIMITED**

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

For the three months ended June 30, 2018 with corresponding figures for the three months ended June 30, 2017

(Expressed in Bahamian dollars)

	June 2018	June 2017
<b>Income:</b>		
Revenue	\$ 36,156,048	36,258,479
<b>Operating expenses:</b>		
Raw materials, consumables and services	26,813,724	25,436,015
Personnel costs	5,290,477	4,923,440
Depreciation	695,906	781,662
Amortisation	16,688	16,688
Total operating expenses	32,816,795	31,157,805
Other (expense)/income, net	(156,998)	(63,328)
Results from operating activities	3,182,255	5,037,346
Finance expenses	56,914	5
Total comprehensive income	\$ 3,125,341	5,037,341
Basic and diluted earnings per share	\$ 0.11	0.17

**COMMONWEALTH BREWERY LIMITED**

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

For the six months ended June 30, 2018 with corresponding figures for the six months ended June 30, 2017  
(Expressed in Bahamian dollars)

	June 2018	June 2017
<b>Income:</b>		
Revenue	\$ 68,473,886	66,514,541
<b>Operating expenses:</b>		
Raw materials, consumables and services	50,371,158	47,316,577
Personnel costs	10,757,368	9,877,344
Depreciation	1,397,831	1,584,389
Amortisation	33,376	33,376
Total operating expenses	62,559,733	58,811,686
Other (expense)/income, net	(474,624)	(116,970)
Results from operating activities	5,439,529	7,585,885
Finance expenses	74,933	7,837
Total comprehensive income	\$ 5,364,596	7,578,048
Basic and diluted earnings per share	\$ 0.18	0.25

**COMMONWEALTH BREWERY LIMITED**  
Interim Consolidated Statement of Changes in Equity (Unaudited)

For the six months ended June 30, 2018  
(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 30, 2017	150,000	12,377,952	16,351,369	12,473,768	19,892,411	61,245,500
Comprehensive income	—	—	—	—	5,364,595	5,364,595
Long Term Incentive Plan	—	—	—	—	66,770	66,770
Dividends declared	—	—	—	—	(11,100,000)	(11,100,000)
Balance at June 30, 2018	\$ 150,000	12,377,952	16,351,369	12,473,768	14,223,776	55,576,865

# COMMONWEALTH BREWERY LIMITED

## Consolidated Statement of Cash Flows (Unaudited)

For the six months ended June 30, 2018, with corresponding figures for the six months ended June 30 2017

(Expressed in Bahamian dollars)

	2018	2017
<b>Cash flows from operating activities</b>		
Net income	\$ 5,364,595	7,578,048
Adjustments for:		
Depreciation	1,397,831	1,584,389
Amortisation	33,376	33,376
Bad debt expense	272,196	276,294
(Gain)/Loss on disposal of property, plant and equipment	(40,100)	(1,904)
Finance expense	74,933	55,295
Net cash from operation activities	7,102,832	9,525,498
Changes in non-cash working capital	1,558,391	1,738,232
Net cash from operations before changes in working capital	8,661,223	11,263,730
<b>Cash flows from financing activities</b>		
Interest paid	(71,606)	(55,295)
Dividends paid	(8,399,905)	(6,225,000)
Net cash used in financing activities	(8,471,511)	(6,280,295)
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(2,143,268)	(714,319)
Proceeds from sale of property, plant and equipment	31,500	600
Net cash used in investing activities	(2,111,768)	(713,719)
Net increase/ (decrease) in cash and cash equivalents	(1,922,056)	4,269,716
Cash and cash equivalents, beginning of year	2,617,430	1,545,353
Cash and cash equivalents, end of period	\$ 695,374	5,815,069

**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.