

Unaudited Consolidated Financial Statements of

**COMMONWEALTH BREWERY LIMITED**

Nine months ended September 30, 2017

## **COMMONWEALTH BREWERY LIMITED**

Management comments on Interim Consolidated Financial Statements (Unaudited)

Nine months ended September 30, 2017

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Commonwealth Brewery Limited's performance for the third quarter of the year showed an 8.4% increase in revenue compared to the same period of the previous year. This is in line with the Company's strategy to grow top line while placing focus on brands and relationships that contribute to the Company's goal.

During the quarter, the Company completed the final settlement of the Insurance Claim relating to damages and losses incurred to due to Hurricane Matthew in 2016. As a result, the quarter is representative of expenses and other income incurred directly attributable to restoration efforts. Included in Other (expenses)/income, is a specific provision totaling \$1.2 million in relation to an on-going tax matter. The Company has taken the conservative approach to recognize a full provision of this item pending its outcome.

Expenses relating to normal operations, excluding the impact mentioned above, increased by 12% in the quarter. New product introductions and increased logistics costs contributed to the increase in Raw materials, consumables and services costs.

The increase in cost was partially offset by the Insurance proceeds received during the final settlement, recognized in Other (expenses)/income.

The factors mentioned above resulted in a Net Profit of \$12.2 million for the nine months ended September 30, 2017, and earnings per share of 41¢ compared to 35¢ for the same period in 2016.

# COMMONWEALTH BREWERY LIMITED

## Consolidated Statement of Financial Position (Unaudited)

September 30, 2017, with corresponding figures for December 31, 2016

(Expressed in Bahamian dollars)

	September 2017	December 2016
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 3,220,932	9,853,627
Trade receivables, net	2,406,851	2,864,600
Prepaid expenses and other assets	3,756,320	4,514,802
Inventories	28,258,302	22,289,872
Total current assets	37,642,405	39,522,901
<b>Non-current assets:</b>		
Property, plant and equipment	36,547,500	36,858,468
Goodwill	4,487,242	4,487,242
Other intangible assets	208,539	258,603
Total non-current assets	41,243,281	41,604,313
Total assets	\$ 78,885,686	81,127,214
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 12,760,653	17,383,230
Dividends payable	3,299,905	-
<b>Non-current liabilities:</b>		
Loans and borrowings	\$ 5,999,993	5,999,993
Total liabilities	22,060,551	23,383,223
<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	7,096,254	7,096,254
Retained earnings	20,849,560	21,768,416
Total equity	56,825,135	57,743,991
Total liabilities and equity	\$ 78,885,686	81,127,214

## COMMONWEALTH BREWERY LIMITED

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

For the three months ended September 30, 2017, with corresponding figures for the three months ended September 30, 2016

(Expressed in Bahamian dollars)

	September 2017	September 2016
<b>Income:</b>		
Revenue	\$ 31,095,893	28,680,523
<b>Operating expenses:</b>		
Raw materials, consumables and services	26,152,385	19,767,825
Personnel costs	5,827,359	4,827,702
Depreciation	764,334	796,150
Amortisation	16,688	7,733
Total operating expenses	32,760,766	25,399,410
Other (expense)/income, net	6,328,293	(68,298)
Results from operating activities	4,663,420	3,212,815
Finance expenses	-	29,554
Total comprehensive income	\$ 4,663,420	3,183,261
Basic and diluted earnings per share	\$ 0.16	0.11

## COMMONWEALTH BREWERY LIMITED

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

For the nine months ended September 30, 2017, with corresponding figures for the nine months ended September 30, 2016

(Expressed in Bahamian dollars)

	September 2017	September 2016
<b>Income:</b>		
Revenue	\$ 97,610,434	87,372,358
<b>Operating expenses:</b>		
Raw materials, consumables and services	73,468,962	60,204,121
Personnel costs	15,704,703	14,127,073
Depreciation	2,348,723	2,394,546
Amortisation	50,064	23,199
Total operating expenses	91,572,452	76,748,939
Other (expense)/income, net	6,211,323	(83,993)
Results from operating activities	12,249,305	10,539,426
Finance expenses	7,837	32,224
Total comprehensive income	\$ 12,241,468	10,507,202
Basic and diluted earnings per share	\$ 0.41	0.35

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

For the nine months ended September 30, 2017  
(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 30, 2016	150,000	12,377,952	16,351,369	7,096,254	21,768,416	57,743,991
Comprehensive income	-	-	-	-	12,241,468	12,241,468
Long Term Incentive Plan	-	-	-	-	39,676	39,676
Dividends declared	-	-	-	-	(13,200,000)	(13,200,000)
Balance at September 30, 2017	\$ 150,000	12,377,952	16,351,369	7,096,254	20,849,560	56,825,135

# COMMONWEALTH BREWERY LIMITED

## Consolidated Statement of Cash Flows (Unaudited)

For the nine months ended September 30, 2017, with corresponding figures for the nine months ended September 30, 2016

(Expressed in Bahamian dollars)

	2017	2016
<b>Cash flows from operating activities</b>		
Net income	\$ 12,241,468	10,507,201
Adjustments for:		
Depreciation	2,348,723	2,394,546
Amortisation	50,064	23,199
Bad debt expense	195,768	30,000
(Gain)/Loss on disposal of property, plant and equipment	630,794	(1,000)
Finance expense	7,837	32,226
Net cash from operation activities	15,474,624	12,986,171
Changes in non-cash working capital	(6,540,279)	(800,618)
Net cash from operations before changes in working capital	8,934,375	12,185,553
<b>Cash flows from financing activities</b>		
Interest paid	(84,383)	(32,261)
Dividends paid	(12,825,000)	(10,800,000)
Net cash used in financing activities	(12,909,383)	(10,832,261)
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(2,657,687)	(2,200,920)
Interest received	-	36
Proceeds from sale of property, plant and equipment	600	1,000
Net cash used in investing activities	(2,657,087)	(2,199,883)
Net increase/ (decrease) in cash and cash equivalents	(6,632,695)	(846,592)
Cash and cash equivalents, beginning of year	9,853,627	1,345,882
Cash and cash equivalents, end of period	\$ 3,220,932	499,290

## **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.