

Unaudited Consolidated Financial Statements of

COMMONWEALTH BREWERY LIMITED

Three months ended March 31, 2019

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Consolidated Financial Statements (Unaudited)

Three months ended March 31, 2019

Revenue

Commonwealth Brewery Ltd.'s (CBL) revenue was flat for the first quarter of the year, in comparison to the previous period, despite the loss of four days of sales due to closing in March, to allow for the go live of our new Enterprise Resource Planning (ERP) System. Without this interruption, we estimate that the first quarter top line would have realized moderate growth

Operating Expenses

CBL is preparing itself to become a more streamlined organization that would deliver increased value and efficiencies through our people and processes. Increases in the three principal operating expense lines, compared to the first quarter of 2018, relate to the restructuring and realignment exercise in process, which had an impact of \$1.5 million. In addition, the shift in consumer preferences and re-branding of the Kalik Light portfolio resulted in a net increase of \$1.1 million. These had been anticipated in our plan for 2019. The realization of planned efficiencies are expected have a positive impact in the months to come.

CBL reported a net loss of \$866,258 for the period, mainly driven the timing of promotion/expenses and one-off restructuring/ERP implementation costs. The strategic actions undertaken thus far by CBL were pre-planned and forecasted to yield growth by moderating cost development versus top-line while, continuing to invest in our key brands.

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Financial Position (Unaudited)

March 31, 2019, with corresponding figures for December 31, 2018

(Expressed in Bahamian dollars)

	March 2019	December 2018
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,503,071	9,090,464
Trade receivables, net	5,863,859	4,108,750
Prepaid expenses and other assets	6,045,109	3,620,446
Inventories	27,765,502	34,160,888
Total current assets	41,177,541	50,980,548
Non-current assets:		
Property, plant and equipment	49,624,718	49,170,094
Right of use asset	4,060,741	-
Goodwill	4,487,242	4,487,242
Other intangible assets	211,158	153,431
Total non-current assets	58,383,859	53,810,767
Total assets	\$ 99,561,400	104,791,315
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 21,131,782	23,974,037
Dividends payable	2,674,704	8,325,000
Short-term lease liability	1,503,902	-
Loans and borrowings	15,999,993	15,999,993
Total current liabilities	41,310,381	48,299,030
Non-current liabilities:		
Long-term lease liability	2,583,030	-
Total liabilities	43,893,411	-
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	14,314,900	15,139,196
Total equity	55,667,989	56,492,285
Total liabilities and equity	\$ 99,561,400	104,791,315

COMMONWEALTH BREWERY LIMITED

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

For the three months ended March, 31, 2019, with corresponding figures for the three months ended March 31, 2018

(Expressed in Bahamian dollars)

	March 2019	March 2018
Income:		
Revenue	\$ 32,281,881	32,317,838
Excise	(3,077,928)	(2,968,525)
Net revenue	29,203,953	29,349,313
Operating expenses:		
Raw materials, consumables and services	21,706,353	20,588,909
Personnel costs	6,813,754	5,466,891
Depreciation	1,259,795	701,925
Amortisation	23,119	16,688
Total operating expenses	29,803,021	26,774,413
Other (expense)\income, net	(151,919)	(317,626)
Results from operating activities	(750,987)	2,257,274
Finance expenses	115,271	18,019
Total comprehensive (loss)\income	\$ (866,258)	2,239,255
Basic and diluted earnings per share	\$ (0.03)	0.07

COMMONWEALTH BREWERY LIMITED

Interim Consolidated Statement of Changes in Equity (Unaudited)

For the three months ended March 31, 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
Comprehensive (loss)	—	—	-	-	(866,258)	(866,258)
Balance at March 31, 2019	\$ 150,000	12,377,952	16,351,369	12,473,768	14,272,938	55,667,989

COMMONWEALTH BREWERY LIMITED

Consolidated Statement of Cash Flows (Unaudited)

For the three months ended March 31, 2019, with corresponding figures for the three months ended March 31, 2018

(Expressed in Bahamian dollars)

	2019	2018
Cash flows from operating activities		
Net (loss)/income	\$ (866,258)	2,239,255
Adjustments for:		
Depreciation	1,259,795	701,925
Amortisation	23,119	16,688
Impairment loss recognized on trade receivables	239,033	183,306
(Gain)/Loss on disposal of property, plant and equipment	(2,104)	(8,600)
Finance expense	115,271	18,019
Net cash from operation activities	768,856	3,150,593
Changes in non-cash working capital	(545,261)	3,037,016
Net cash from operations before changes in working capital	223,595	6,187,609
Cash flows from financing activities		
Dividends paid	(5,650,296)	-
Net cash used in financing activities	(5,650,296)	-
Cash flows from investing activities		
Additions to property, plant and equipment	(1,714,419)	(896,173)
Additions to intangible assets	(80,846)	-
Repayment of lease liabilities	(367,531)	-
Proceeds from sale of property, plant and equipment	2,104	8,600
Net cash used in investing activities	(2,160,692)	(887,573)
Net increase/ (decrease) in cash and cash equivalents	(7,587,393)	5,300,036
Cash and cash equivalents, beginning of year	9,090,464	2,617,430
Cash and cash equivalents, end of year	\$ 1,503,071	7,917,466

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.