

Unaudited Consolidated Financial Statements of

**COMMONWEALTH BREWERY LIMITED**

Six months ended June 30, 2019

# **COMMONWEALTH BREWERY LIMITED**

Management comments on Interim Consolidated Financial Statements (Unaudited)

Six months ended June 30, 2019

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## **Financial Performance**

Top line revenue for the first half of 2019 was up marginally (0.4%) after adjusting for sales of approximately \$1.5 million in advance of the VAT increase in 1<sup>st</sup> July 2018, over the comparative period in 2018.

By comparison, Operating Expenses to June 2019 were up 2.5%, but declined by 4.95% in the second quarter 2019, reflecting the implementation, principally during the first quarter, of cost realignment measures announced at the end of 2018.

Net Income to June 2019 was \$3,255,578, compared to \$5,364,596 in 2018, reflecting the above one-off restructuring costs.

The second quarter 2019 net results of \$4,121,836, up 31.9%, compared to 2018, is an encouraging indication that our cost realignment, infrastructural and manpower improvements, together with our continued commercial focus, are beginning to produce the desired results, despite the on-going absence of significant broad economic growth.

# COMMONWEALTH BREWERY LIMITED

## Consolidated Statement of Financial Position (Unaudited)

June 30, 2019, with corresponding figures for December 31, 2018

(Expressed in Bahamian dollars)

	June 2019	December 2018
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 4,643,959	9,090,464
Trade receivables, net	6,728,046	4,108,750
Prepaid expenses and other assets	5,771,698	3,620,446
Inventories	28,742,625	34,160,888
Total current assets	45,886,328	50,980,548
<b>Non-current assets:</b>		
Property, plant and equipment	49,411,392	49,170,094
Right of use asset	3,713,003	-
Goodwill	4,487,242	4,487,242
Other intangible assets	1,118,565	153,431
Total non-current assets	58,730,202	53,810,767
Total assets	\$ 104,616,530	104,791,315
<b>Liabilities and equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued expenses	\$ 29,482,788	23,974,037
Short-term lease liability	1,488,773	-
Dividends payable	-	8,325,000
Loans and borrowings	11,598,830	15,999,993
Total current liabilities	42,570,391	48,299,030
<b>Non-current liabilities:</b>		
Long-term lease liability	2,274,537	-
Total liabilities	44,844,928	48,299,030
<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	18,418,513	15,139,196
Total equity	59,771,602	56,492,285
Total liabilities and equity	\$ 104,616,530	104,791,315

## COMMONWEALTH BREWERY LIMITED

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

For the three months ended June 30, 2019, with corresponding figures for the three months ended June 30, 2018

(Expressed in Bahamian dollars)

	June 2019	June 2018
<b>Income:</b>		
Revenue	\$ 34,940,730	36,156,048
Excise	(3,308,465)	(3,615,260)
Net revenue	31,632,265	32,540,788
<b>Operating expenses:</b>		
Raw materials, consumables and services	21,253,247	23,198,464
Personnel costs	5,151,187	5,290,477
Depreciation	1,338,422	695,906
Amortisation	25,749	16,688
Total operating expenses	27,768,605	29,201,535
Other income/(expense), net	422,055	(156,998)
Results from operating activities	4,285,715	3,182,255
Finance expenses	163,879	56,914
Total comprehensive (loss)/income	\$ 4,121,836	3,125,341
Basic and diluted earnings per share	\$ 0.14	0.11

## COMMONWEALTH BREWERY LIMITED

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

For the six months ended June 30, 2019, with corresponding figures for the six months ended June 30, 2018

(Expressed in Bahamian dollars)

	June 2019	June 2018
<b>Income:</b>		
Revenue	\$ 67,222,610	68,473,886
Excise	(6,386,392)	(6,415,162)
Net revenue	60,836,218	62,058,724
<b>Operating expenses:</b>		
Raw materials, consumables and services	42,959,601	43,955,996
Personnel costs	11,964,940	10,757,368
Depreciation	2,598,217	1,397,831
Amortisation	48,868	33,376
Total operating expenses	57,571,626	56,144,571
Other income\expense, net	270,136	(474,624)
Results from operating activities	3,534,728	5,439,529
Finance expenses	279,150	74,933
Total comprehensive (loss)/income	\$ 3,255,578	5,364,596
Basic and diluted earnings per share	\$ 0.11	0.18

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

For the six months ended June 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	—	—	-	-	23,739	23,739
Comprehensive income	—	—	-	-	3,255,578	3,255,578
Balance at June 30, 2019	\$ 150,000	12,377,952	16,351,369	12,473,768	18,418,513	59,771,602

# COMMONWEALTH BREWERY LIMITED

## Consolidated Statement of Cash Flows (Unaudited)

For the six months ended June 30 2019, with corresponding figures for the six months ended June 30, 2018

(Expressed in Bahamian dollars)

	2019	2018
<b>Cash flows from operating activities</b>		
Net (loss)/income	\$ 3,255,578	5,364,595
Adjustments for:		
Depreciation	2,598,217	1,397,831
Amortisation	48,868	33,376
Impairment loss recognized on trade receivables	3,381	272,196
(Gain)/Loss on disposal of property, plant and equipment	(2,104)	(40,100)
Finance expense	279,150	74,933
Net cash from operation activities	6,183,090	7,102,831
Changes in non-cash working capital	6,227,131	1,558,391
Net cash from operations before changes in working capital	12,410,221	8,661,222
<b>Cash flows from financing activities</b>		
Interest paid	(279,150)	(71,606)
Dividends paid	(8,325,000)	(8,399,905)
Repayment of loans and borrowings	(4,401,163)	-
Net cash used in financing activities	(13,005,313)	(8,471,511)
<b>Cash flows from investing activities</b>		
Additions to property, plant and equipment	(2,125,817)	(2,143,268)
Additions to intangible assets	(1,014,002)	-
Repayment of lease liabilities	(713,698)	-
Proceeds from sale of property, plant and equipment	2,104	31,500
Net cash used in investing activities	(3,851,413)	(2,111,768)
Net increase/ (decrease) in cash and cash equivalents	(4,446,505)	(1,922,057)
Cash and cash equivalents, beginning of year	9,090,464	2,617,430
Cash and cash equivalents, end of year	\$ 4,643,959	695,373

## **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.