

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 1st 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	\$ 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
Total assets	\$ 107,193,013	104,791,315
<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	-
Total liabilities	40,312,064	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	25,527,860	15,139,196
Total equity	66,880,949	56,492,285
Total liabilities and equity	\$ 107,193,013	104,791,315

## 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
Total comprehensive income	\$ 6,589,867	1,159,507
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
Total comprehensive income	\$ 10,355,705	6,317,411
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 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	—	—	-	-	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.