

Unaudited Financial Statements of

COMMONWEALTH BREWERY LIMITED

Three months ended March 31, 2020

COMMONWEALTH BREWERY LIMITED

Management comments on Interim Financial Statements (Unaudited)

Three months ended March 31, 2020

Financial Update

Commonwealth Brewery Ltd. (CBL) revenue decreased by 14% during the first quarter of the year compared to the same period last year. This decrease was expected as during the month of March it was announced by the government of the Bahamas that there would be a nationwide ban on the sale of alcohol and a closure of all of our operations due to the COVID 19 pandemic. Adjusting for sales before the emergency power orders, CBL was on par with revenue over the comparative period last year.

Operating expenses have decreased by over \$4 million or 17% in 2020 over the same period in 2019. This was mainly due to a decrease in personnel expenses and raw materials, consumables, and services so far for the year. The decrease in personnel expenses was expected as the company performed a restructuring exercise of its Commercial division during the first quarter in 2019, which led to a one off spike in personnel expenses of \$1.5 million. On the other hand, various factors contribute to the decline in raw materials, consumables, and services. These include a decline in electricity costs due to the closure of our Abaco and Freeport warehouses after Hurricane Dorian and the closure of our retail stores as mentioned previously. Additionally, CBL has continued to implement strategies to cut costs across the board mainly in travel, lower security costs, and more efficient use of machinery and equipment over the same period last year.

Accordingly, although CBL reported a net loss of \$138K in the first quarter of 2020, the company's results from operating activities improved by \$790K compared to the same period in 2019. This is encouraging, and illustrates that our realignment strategies are working. Before the COVID 19 pandemic affected our operations, CBL was on track to record a net profit in this quarter. Management will continue to align and implement strategies to curb the negative impact of COVID 19 on our operations.

COMMONWEALTH BREWERY LIMITED

Statement of Financial Position (Unaudited)

March 31, 2020, with corresponding figures for December 31, 2019

(Expressed in Bahamian dollars)

	March 2020	December 2019
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,790,959	5,979,119
Trade receivables, net	4,422,536	6,866,047
Prepaid expenses and other assets	4,972,584	5,575,456
Inventories	30,490,087	28,748,459
Total current assets	41,676,166	47,169,081
Non-current assets:		
Property, plant and equipment	49,581,568	49,744,732
Right of use asset	7,765,781	6,290,324
Goodwill	4,487,242	4,487,242
Other intangible assets	2,243,335	2,319,731
Total non-current assets	64,077,926	62,842,029
Total assets	\$ 105,754,092	110,011,110
Liabilities and equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 24,309,462	28,909,306
Dividends payable	-	-
Short-term lease liability	2,441,092	1,854,766
Loans and borrowings	6,814,460	7,836,255
Total current liabilities	33,565,014	38,600,327
Non-current liabilities:		
Long-term lease liability	5,446,554	4,529,834
Total liabilities	39,011,568	43,130,161
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	25,389,435	25,527,860
Total equity	66,742,524	66,880,949
Total liabilities and equity	\$ 105,754,092	110,011,110

COMMONWEALTH BREWERY LIMITED

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

For the three months ended March 31, 2020, with corresponding figures for the three months ended March 31, 2019

(Expressed in Bahamian dollars)

	March 2020	March 2019
Income:		
Revenue	\$ 28,609,592	32,281,881
Excise	(2,916,031)	(3,077,928)
Net revenue	25,693,561	29,203,953
Operating expenses:		
Raw materials, consumables and services	18,604,289	21,706,353
Personnel costs	5,264,724	6,813,754
Depreciation	1,501,012	1,259,795
Amortisation	96,140	23,119
Total operating expenses	25,466,165	29,803,021
Other expense, net	192,953	151,919
Results from operating activities	34,443	(750,987)
Finance expenses	172,868	115,271
Total comprehensive (loss)	\$ (138,425)	(866,258)
Basic and diluted earnings per share	\$ (0.005)	(0.03)

COMMONWEALTH BREWERY LIMITED

Interim Statement of Changes in Equity (Unaudited)

For the three months ended March 31, 2020

(Expressed in Bahamian dollars)

	Share capital	Share premium	Contributed surplus	Revaluation surplus	Retained earnings	Total equity
Balance at December 31, 2019	150,000	12,377,952	16,351,369	12,473,768	25,527,860	66,880,949
Comprehensive (loss)	—	—	-	-	(138,425)	(138,425)
Balance at March 31, 2020	\$ 150,000	12,377,952	16,351,369	12,473,768	25,389,435	66,742,524

COMMONWEALTH BREWERY LIMITED

Statement of Cash Flows (Unaudited)

For the three months ended March 31, 2020, with corresponding figures for the three months ended March 31, 2019

(Expressed in Bahamian dollars)

	2020	2019
Cash flows from operating activities		
Net (loss)	\$ (138,425)	(866,258)
Adjustments for:		
Depreciation	1,501,012	1,259,795
Amortisation	96,140	23,119
Impairment loss recognized on trade receivables	482,118	239,033
(Gain) on disposal of property, plant and equipment	(20,500)	(2,104)
Finance expense	172,868	115,271
Net cash from operation activities	2,093,213	768,856
Changes in non-cash working capital	726,429	(545,261)
Net cash from operations before changes in working capital	2,819,642	223,595
Cash flows from financing activities		
Dividends paid	-	(5,650,296)
Repayment of loans and borrowings	(1,021,795)	-
Interest paid	(172,868)	-
Net cash used in financing activities	(1,194,663)	(5,650,296)
Cash flows from investing activities		
Additions to property, plant and equipment	(793,352)	(1,714,419)
Additions to intangible assets	(19,743)	(80,846)
Repayment of lease liabilities	(544,496)	(367,531)
Proceeds from sale of property, plant and equipment	20,500	2,104
Net cash used in investing activities	(1,337,091)	(2,160,692)
Net increase/ (decrease) in cash and cash equivalents	287,888	(7,587,393)
Cash and cash equivalents, beginning of year	1,503,071	9,090,464
Cash and cash equivalents, end of year	\$ 1,790,959	1,503,071

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.