

**Tempo Beverages Ltd.  
and its Subsidiaries**

**Condensed Consolidated Interim  
Financial Statements**

**For the period ended  
March 31, 2018**

**Condensed Consolidated Interim Financial Statements  
For the Period Ended March 31, 2018 (Unaudited)**

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**Condensed Consolidated Interim Balance Sheet**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	<b>March 31 2018</b>	<b>March 31 2017</b>	<b>December 31 2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current assets</b>			
Cash and cash equivalents	<b>11,971</b>	12,571	12,732
Trade receivables	<b>348,556</b>	303,393	290,962
Other receivables	<b>45,996</b>	35,896	35,214
Derivatives	<b>1,486</b>	-	162
Inventory	<b>278,101</b>	258,296	287,301
Current taxes	<b>2,826</b>	1,119	2,360
<b>Total current assets</b>	<b>688,936</b>	611,275	628,731
<b>Investments and long-term receivables</b>			
Long-term loans, receivables and derivatives	<b>43,471</b>	33,328	41,108
Fixed assets	<b>599,901</b>	526,741	602,312
Intangible assets	<b>36,284</b>	25,588	37,523
Investments in equity accounted investees	<b>5,458</b>	6,648	6,338
Employee benefits	-	707	-
Inventory in process	<b>6,051</b>	5,020	5,790
Deferred taxes	<b>11,384</b>	9,244	11,808
<b>Total long-term assets</b>	<b>702,549</b>	607,276	704,879
<b>Total assets</b>	<b>1,391,485</b>	1,218,551	1,333,610

**Jacques Beer**  
Chairman of the Board  
and CEO

**Amir Borenstein**  
Deputy Chairman of the Board

**Eyal Tregerman**  
CFO

Date financial statements confirmed: May 31, 2018

**Condensed Consolidated Interim Balance Sheet**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	<b>March 31 2018</b>	<b>March 31 2017</b>	<b>December 31 2017</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>Current Liabilities</b>			
Credit from banks and current maturities	<b>237,179</b>	177,117	288,191
Trade payables	<b>218,342</b>	197,797	225,983
Other payables	<b>167,831</b>	185,236	109,238
Derivatives	<b>41</b>	2,740	700
Current maturities of debentures	<b>23,928</b>	24,073	23,856
Current taxes liabilities	<b>15,399</b>	5,425	14,676
<b>Total current liabilities</b>	<b>662,720</b>	592,388	662,644
<b>Long-Term liabilities</b>			
Loans from banks	<b>127,632</b>	56,873	41,579
Other Long-term liabilities and derivatives	<b>2,729</b>	5,360	2,737
Debentures	<b>78,410</b>	101,264	90,353
Deferred tax liabilities	<b>30,664</b>	33,802	31,707
Employee benefits	<b>5,756</b>	1,769	4,545
<b>Total long-term liabilities</b>	<b>245,191</b>	199,068	170,921
<b>Total liabilities</b>	<b>907,911</b>	791,456	833,565
<b>Minority interest</b>	<b>659</b>	632	641
<b>Shareholders' equity</b>			
Share capital	<b>1</b>	1	1
Share premium	<b>147,334</b>	147,334	147,334
Translation reserve	<b>2,331</b>	(30)	914
Retained earnings	<b>333,249</b>	279,158	351,155
<b>Total equity attributable to equity holders of the parent company</b>	<b>482,915</b>	426,463	499,404
<b>Total shareholders' equity</b>	<b>483,574</b>	427,095	500,045
<b>Total liabilities and shareholders' equity</b>	<b>1,391,485</b>	1,218,551	1,333,610

**Condensed Consolidated Interim Statement of Operation**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	For the three months ended March 31		For the year ended December 31
	2018	2017	2017
	(Unaudited)	(Unaudited)	(Audited)
Revenues from sales, net	334,588	312,450	1,334,301
Cost of sales	203,790	185,688	787,984
<b>Gross profit</b>	<b>130,798</b>	126,762	546,317
Selling and marketing expenses	(82,644)	(76,796)	(325,855)
General and administrative expenses	(20,841)	(19,273)	(82,612)
Other income	-	187	992
Other expenses	(1,173)	-	-
<b>Operating profit</b>	<b>26,140</b>	30,880	138,842
Financing income	2,427	1,834	479
Financing expenses	(4,069)	(8,061)	(17,732)
<b>Financing expenses, net</b>	<b>(1,642)</b>	(6,227)	(17,253)
Share of profits of equity accounted investees	820	208	2,388
<b>Profit before tax</b>	<b>25,318</b>	24,861	123,977
Tax on income	(7,211)	(6,732)	(33,803)
<b>Profit for the period</b>	<b>18,107</b>	18,129	90,174
<b>Attributable to:</b>			
Equity holders of the Company	18,089	18,123	90,159
Minority interest	18	6	15
	<b>18,107</b>	18,129	90,174

**Condensed Consolidated Interim Statement of Recognized Income and Expense**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	<b>For the three months ended</b>		<b>For the</b>
	<b>March 31</b>		<b>year ended</b>
	<b>2018</b>	<b>2017</b>	<b>December 31</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
Profit for the period	<b>18,107</b>	18,129	90,174
<b>Other comprehensive income items that after initial recognition in comprehensive income will be transferred to profit or loss</b>			
Foreign currency translation differences of foreign operations	<b>1,417</b>	(30)	914
<b>Components of recognized income never carried to profit and loss</b>			
Defined benefit plan actuarial profit (losses)	<b>5</b>	118	79
<b>Other recognized income and expense for the period</b>	<b>1,422</b>	88	993
<b>Total recognized income and expense for the period</b>	<b>19,529</b>	18,217	91,167
<b>Attributable to:</b>			
Equity holders of the Company	<b>19,511</b>	18,211	91,152
Minority interest	<b>18</b>	6	15
<b>Total recognized income and expense for the period</b>	<b>19,529</b>	18,217	91,167

**Condensed Interim Statement of Changes in Shareholders' Equity**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	Attributable to equity holders of the Company				Minority interest	Total equity	
	Share capital	Share premium	Translation reserve	Retained earnings			Total
<b>For the three months ended March 31, 2018 (Unaudited)</b>							
<b>Balance at January 1, 2018</b>	<b>1</b>	<b>147,334</b>	<b>914</b>	<b>351,155</b>	<b>499,404</b>	<b>641</b>	<b>500,045</b>
Dividend to owners	-	-	-	(36,000)	(36,000)	-	(36,000)
Defined benefit plan actuarial profits	-	-	-	5	5	-	5
Foreign currency translation differences of foreign operations	-	-	1,417	-	1,417	-	1,417
Profit for the period	-	-	-	18,089	18,089	18	18,107
<b>Balance at March 31, 2018</b>	<b>1</b>	<b>147,334</b>	<b>2,331</b>	<b>333,249</b>	<b>482,915</b>	<b>659</b>	<b>483,574</b>
<b>For the three months ended March 31, 2017 (Unaudited)</b>							
<b>Balance at January 1, 2017</b>	<b>1</b>	<b>147,334</b>	<b>-</b>	<b>300,917</b>	<b>448,252</b>	<b>626</b>	<b>448,878</b>
Dividend to owners	-	-	-	(40,000)	(40,000)	-	(40,000)
Defined benefit plan actuarial profits	-	-	-	118	118	-	118
Foreign currency translation differences of foreign operations	-	-	(30)	-	(30)	-	(30)
Profit for the period	-	-	-	18,123	18,123	6	18,129
<b>Balance at March 31, 2017</b>	<b>1</b>	<b>147,334</b>	<b>(30)</b>	<b>279,158</b>	<b>426,463</b>	<b>632</b>	<b>427,095</b>
<b>For the year ended December 31, 2017 (audited)</b>							
<b>Balance at January 1, 2017</b>	<b>1</b>	<b>147,334</b>	<b>-</b>	<b>300,917</b>	<b>448,252</b>	<b>626</b>	<b>448,878</b>
Dividend to owners	-	-	-	(40,000)	(40,000)	-	(40,000)
Foreign currency translation differences of foreign operations	-	-	914	-	914	-	914
Defined benefit plan actuarial profits	-	-	-	79	79	-	79
Profit for the year	-	-	-	90,159	90,159	15	90,174
<b>Balance at December 31, 2017</b>	<b>1</b>	<b>147,334</b>	<b>914</b>	<b>351,155</b>	<b>499,404</b>	<b>641</b>	<b>500,045</b>

**Interim Statements of Cash Flows**

(In Thousands of New Israeli Shekels)

**Reported Amounts**

	For the three months ended March 31		For the year ended December 31
	2018	2017	2017
	(Unaudited)	(Unaudited)	(Audited)
<b>Cash flows from operating activities</b>			
Profit for the period	18,107	18,129	90,174
Adjustments:			
Depreciation and amortization	21,640	19,562	86,696
Revaluation gain	-	-	(701)
Depreciation of intangible assets	2,415	2,299	11,182
Share of profits of equity accounted investees	(820)	(208)	(2,388)
Interest expenses	2,423	3,885	12,239
Capital loss (gain) from sale of fixed assets, net	1,387	(32)	(301)
Taxes on income	7,211	6,732	33,803
	<u>52,363</u>	<u>50,367</u>	<u>230,704</u>
Change in inventory	9,643	6,908	(16,547)
Change in trade receivables and other receivable	(64,908)	(61,947)	(49,455)
Change in trade payables and other payables	13,584	18,671	(5,254)
Changes in liabilities for employee severance benefits	1,218	985	4,096
	<u>(40,463)</u>	<u>(35,383)</u>	<u>(67,160)</u>
Income tax paid	<u>(7,575)</u>	<u>(16,569)</u>	<u>(40,917)</u>
<b>Net cash generated by (used in) current operations</b>	<u>4,325</u>	<u>(1,585)</u>	<u>122,627</u>
<b>Cash flows from investing activities</b>			
Increase in pledged deposit	-	-	(4,197)
Acquisition of equity accounted investee	-	(2,800)	(2,800)
Dividends received	-	3,775	3,775
Proceeds from sale of fixed assets and investment property	294	402	1,970
Acquisition of fixed assets	(18,208)	(12,908)	(136,012)
Investment in intangible assets	(1,019)	(614)	(5,714)
Investment in long-term receivables	(12,766)	(18,203)	(47,916)
Repayment of investment in long-term receivables	5,753	8,042	20,846
<b>Net cash used in investing activities</b>	<u>(25,946)</u>	<u>(22,306)</u>	<u>(170,048)</u>
<b>Cash flows from financing activities</b>			
Short-term credit, net	(62,739)	29,720	135,993
Distributed dividend	-	-	(40,000)
Repayment of debentures	(12,000)	(12,000)	(23,190)
Receipt of long term loans	100,000	-	-
Repayment of long-term loans	(2,220)	(2,084)	(22,307)
Repayment of other long-term liabilities	(35)	(35)	(140)
Interest paid	(2,282)	(2,511)	(13,575)
<b>Net cash generated financing activities</b>	<u>20,724</u>	<u>13,090</u>	<u>36,781</u>
<b>Change in cash and cash equivalents</b>	<u>(897)</u>	<u>(10,801)</u>	<u>(10,640)</u>
<b>Cash and cash equivalents balance at beginning of period</b>	<u>12,732</u>	<u>23,372</u>	<u>23,372</u>
<b>Effect of exchange rate fluctuations on cash and cash equivalents</b>	<u>136</u>	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents balance at ended of period</b>	<u>11,971</u>	<u>12,571</u>	<u>12,732</u>



**Condensed Consolidated Interim Segment Reporting**

(In Thousands of New Israeli Shekels)

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	For the three months ended March 31							
	2018	2017	2018	2017	2018	2017	2018	2017
	(Unaudited)							
Segment revenue	<b>118,726</b>	114,660	<b>66,666</b>	58,158	<b>149,196</b>	139,632	<b>334,588</b>	312,450
Segment profit	<b>19,463</b>	23,974	<b>16,788</b>	13,668	<b>11,903</b>	12,383	<b>48,154</b>	50,025
Unallocated expenses							<b>(22,014)</b>	(19,145)
Operating profit							<b>26,140</b>	30,880
Net financing expenses							<b>(1,642)</b>	(6,227)
Share of profits of equity accounted investees							<b>820</b>	208
Taxes on income							<b>(7,211)</b>	(6,732)
Profit for the period							<b>18,107</b>	18,129

**Condensed Consolidated Interim Segment Reporting**

(In Thousands of New Israeli Shekels)

	<u>Alcohol drinks</u>	<u>Barkan</u>	<u>Non-alcohol drinks</u>	<u>Consolidated</u>
	<b>For the year ended December 31, 2017</b>			
	<b>(Audited)</b>			
Segment revenue	<u>516,165</u>	<u>180,345</u>	<u>637,791</u>	<u>1,334,301</u>
Segment profit	<u>120,983</u>	<u>38,223</u>	<u>61,256</u>	220,462
Unallocated expenses				<u>(81,620)</u>
Operating profit				138,842
Net financing expenses				(17,253)
Share of profits of equity-accounted investees				2,388
Taxes on income				<u>(33,803)</u>
Profit for the period				<u><u>90,174</u></u>