

**Tempo Beverages Ltd.  
and its Subsidiaries**

**Condensed Consolidated Interim  
Financial Statements**

**For the period ended September 30, 2018**

**Condensed Consolidated Interim Financial Statements  
For the Period Ended September 30, 2018 (Unaudited)**

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**Condensed Consolidated Interim Statement of Financial Position****Reported Amounts**

	September 30 2018 <u>(Unaudited)</u>	September 30 2017 <u>(Unaudited)</u>	December 31 2017 <u>(Audited)</u>
	<u>NIS in thousands</u>		
<b>Assets</b>			
Cash and cash equivalents	<b>18,611</b>	20,892	12,732
Trade receivables	<b>391,849</b>	392,215	290,962
Other receivables	<b>36,252</b>	25,346	35,214
Derivative instruments	<b>602</b>	-	162
Inventory	<b>325,763</b>	278,851	287,301
Current tax assets	<b>2,264</b>	1,984	2,360
<b>Total current assets</b>	<b>775,341</b>	719,288	628,731
Loans, other receivables and derivatives	<b>39,567</b>	41,776	41,108
Fixed assets	<b>644,233</b>	569,469	602,312
Intangible assets	<b>33,878</b>	40,431	37,523
Investments in equity accounted investees	<b>32,949</b>	5,924	6,338
Inventory in process	<b>4,965</b>	6,864	5,790
Deferred tax assets	<b>10,253</b>	11,356	11,808
<b>Total non-current assets</b>	<b>765,845</b>	675,820	704,879
<b>Total assets</b>	<b>1,541,186</b>	1,395,108	1,333,610

**Condensed Consolidated Interim Statement of Financial Position (cont'd)****Reported Amounts**

	September 30 2018 <u>(Unaudited)</u>	September 30 2017 <u>(Unaudited)</u>	December 31 2017 <u>(Audited)</u>
	<u>NIS in thousands</u>		
<b>Liabilities</b>			
Bank overdraft	351,422	302,324	288,191
Trade payables	267,274	247,036	225,983
Other payables	139,001	130,548	109,238
Derivative instruments	-	424	700
Current maturity of debentures	23,928	24,073	23,856
Current taxes liabilities	929	16,346	14,676
<b>Total current liabilities</b>	<b>782,554</b>	720,751	662,644
Liabilities to banks	112,421	46,846	41,579
Other Long-term liabilities and derivatives	3,008	2,768	2,737
Debentures	78,548	101,446	90,353
Deferred tax liabilities	27,769	34,786	31,707
Employee benefits	8,236	4,621	4,545
<b>Total non-current liabilities</b>	<b>229,982</b>	190,467	170,921
<b>Total liabilities</b>	<b>1,012,536</b>	911,218	833,565
<b>Equity</b>			
<b>Non-controlling interests</b>	<b>626</b>	641	641
Share capital	1	1	1
Share premium	147,334	147,334	147,334
Translation reserve	1,351	914	914
Retained earnings	379,338	335,000	351,155
<b>Total equity attributable to owners of the company</b>	<b>528,024</b>	483,249	499,404
<b>Total equity</b>	<b>528,650</b>	483,890	500,045
<b>Total liabilities and equity</b>	<b>1,541,186</b>	1,395,108	1,333,610

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

\_\_\_\_\_  
**Amir Bornstien**  
**Deputy Chairman**  
**of the Board**

\_\_\_\_\_  
**Eyal Tregerman**  
**CFO**

Date financial statements confirmed: November 29, 2018

**Condensed Consolidated Interim Income Statement****Reported Amounts**

	<u>For the nine months ended</u>		<u>For the three months ended</u>		<u>For the</u>
	<u>September 30</u>		<u>September 30</u>		<u>year ended</u>
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>December 31</u>
	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>(Unaudited)</u>	<u>2017</u>
	<u>NIS in thousands</u>				<u>(Audited)</u>
Revenues from sales, net	<b>1,060,819</b>	1,030,735	<b>393,282</b>	388,802	1,334,301
Cost of sales	<b>642,164</b>	604,694	<b>238,209</b>	227,140	787,984
<b>Gross profit</b>	<b>418,655</b>	426,041	<b>155,073</b>	161,662	546,317
Selling and marketing expenses	<b>(261,129)</b>	(252,550)	<b>(92,346)</b>	(90,815)	(325,855)
General and administrative expenses	<b>(63,316)</b>	(62,011)	<b>(22,461)</b>	(22,412)	(82,612)
Other income	<b>148</b>	1,905	<b>298</b>	679	992
Other expenses	<b>(1,631)</b>	-	-	-	-
<b>Operating profit</b>	<b>92,727</b>	113,385	<b>40,564</b>	49,114	138,842
Financing income	<b>3,094</b>	1,729	<b>3,853</b>	288	479
Financing expenses	<b>(11,032)</b>	(15,351)	<b>(359)</b>	(5,767)	(17,732)
<b>Financing expenses, net</b>	<b>(7,938)</b>	(13,622)	<b>(3,494)</b>	(5,479)	(17,253)
Share of profits of equity-Accounted investees	<b>2,811</b>	1,974	<b>815</b>	1,352	2,388
<b>Profit before taxes on income</b>	<b>87,600</b>	101,737	<b>37,885</b>	44,987	123,977
Taxes on income	<b>(23,159)</b>	(27,585)	<b>(9,448)</b>	(12,428)	(33,803)
<b>Profit for the period</b>	<b>64,441</b>	74,152	<b>28,437</b>	32,559	90,174
<b>Attributable to:</b>					
Owners of the Company	<b>64,456</b>	74,137	<b>28,449</b>	32,558	90,159
Non-controlling interests	<b>(15)</b>	15	<b>(12)</b>	1	15
	<b>64,441</b>	74,152	<b>28,437</b>	32,559	90,174

**Condensed Consolidated Interim Statement of Comprehensive Income**

## Reported Amounts

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2018	2017	2018	2017	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	2017
	NIS in thousands				(Audited)
<b>Profit for the period</b>	<b>64,441</b>	74,152	<b>28,437</b>	32,559	90,174
Foreign currency translation differences of foreign operations	437	914	(342)	777	914
Defined benefit plan actuarial gains (losses)	(273)	(54)	(75)	(31)	79
<b>Other comprehensive income (losses)</b>	<b>164</b>	860	<b>(417)</b>	746	993
<b>Total comprehensive income for the period</b>	<b>64,605</b>	75,012	<b>28,020</b>	33,305	91,167
<b>Attributable to:</b>					
Owners of the Company	64,620	74,997	28,032	33,304	91,152
Non-controlling interests	(15)	15	(12)	1	15
<b>Total comprehensive income for the period</b>	<b>64,605</b>	75,012	<b>28,020</b>	33,305	91,167

### Condensed Consolidated Interim Statement of Changes in Equity

#### Reported Amounts

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
	NIS in thousands						
<b>For the nine months ended September 30, 2018 (unaudited)</b>							
<b>Balance as 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)
Actuarial losses from defined benefit plan	-	-	-	(273)	(273)	-	(273)
Profit for the period	-	-	-	64,456	64,456	(15)	64,441
Foreign currency translation differences of foreign operation	-	-	437	-	437	-	437
<b>Balance as at September 30, 2018</b>	<b>1</b>	<b>147,334</b>	<b>1,351</b>	<b>379,338</b>	<b>528,024</b>	<b>626</b>	<b>528,650</b>
<b>For the nine months ended September 30, 2017 (unaudited)</b>							
<b>Balance as 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)
Actuarial losses from defined benefit plan	-	-	-	(54)	(54)	-	(54)
Profit for the period	-	-	-	74,137	74,137	15	74,152
Foreign currency translation differences of foreign operation	-	-	914	-	914	-	914
<b>Balance as at September 30, 2017</b>	<b>1</b>	<b>147,334</b>	<b>914</b>	<b>335,000</b>	<b>483,249</b>	<b>641</b>	<b>483,890</b>

### Condensed Consolidated Interim Statement of Changes in Equity

#### Reported Amounts

	Attributable to Owners of the Company					Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve	Retained earnings	Total		
	NIS in thousands						
<b>For the three months ended September 30, 2018 (unaudited)</b>							
<b>Balance as at July 1, 2018</b>	<b>1</b>	<b>147,334</b>	<b>1,693</b>	<b>350,964</b>	<b>499,992</b>	<b>638</b>	<b>500,630</b>
Actuarial losses from defined benefit plan	-	-	-	(75)	(75)	-	(75)
Profit for the period	-	-	-	28,449	28,449	(12)	28,437
Foreign currency translation differences of foreign operation	-	-	(342)	-	(342)	-	(342)
<b>Balance as at September 30, 2018</b>	<b>1</b>	<b>147,334</b>	<b>1,351</b>	<b>379,338</b>	<b>528,024</b>	<b>626</b>	<b>528,650</b>
<b>For the three months ended September 30, 2017 (unaudited)</b>							
<b>Balance as at July 1, 2017</b>	<b>1</b>	<b>147,334</b>	<b>137</b>	<b>302,473</b>	<b>449,945</b>	<b>640</b>	<b>450,585</b>
Actuarial losses from defined benefit plan	-	-	-	(31)	(31)	-	(31)
Profit for the period	-	-	-	32,558	32,558	1	32,559
Foreign currency translation differences of foreign operation	-	-	777	-	777	-	777
<b>Balance as at September 30, 2017</b>	<b>1</b>	<b>147,334</b>	<b>914</b>	<b>335,000</b>	<b>483,249</b>	<b>641</b>	<b>483,890</b>
<b>For the year ended December 31, 2017 (audited)</b>							
<b>Balance as 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>
Distributed dividend	-	-	-	(40,000)	(40,000)	-	(40,000)
Actuarial gains from defined benefit plan	-	-	-	79	79	-	79
Profit for the period	-	-	-	90,159	90,159	15	90,174
Foreign currency translation differences of foreign operation	-	-	914	-	914	-	914
<b>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>



## Condensed Consolidated Interim Statement of Cash Flows

### Reported Amounts

	For the nine months ended		For the three months ended		For the
	September 30		September 30		year ended
	2018	2017	2018	2017	December 31
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
NIS in thousands					
<b>Cash flows from operating activities</b>					
Profit for the period	64,441	74,152	28,437	32,559	90,174
Adjustments:					
Depreciation and amortization	68,629	63,854	25,035	24,683	86,696
Depreciation of intangible assets	6,774	7,985	2,066	3,395	11,182
Share of profits of equity-accounted investees	(2,811)	(1,974)	(815)	(1,352)	(2,388)
Gain on revaluation of investment	-	(701)	-	-	(701)
Interest expenses	10,067	8,075	3,346	3,175	12,239
Loss (gain) on sale of fixed assets	977	(423)	(261)	(200)	(301)
Income tax expense	23,159	27,585	9,448	12,428	33,803
	<b>171,236</b>	<b>178,553</b>	<b>67,256</b>	<b>74,688</b>	<b>230,704</b>
Change in inventory	(37,379)	(9,171)	(49,161)	(33,207)	(16,547)
Change in trade and other receivable	(94,788)	(138,343)	(22,764)	(41,497)	(49,455)
Change in trade and other payables	66,356	39,033	48,424	45,184	(5,254)
Changes in employee benefits	3,326	4,000	1,237	1,694	4,096
	<b>(62,485)</b>	<b>(104,481)</b>	<b>(22,264)</b>	<b>(27,826)</b>	<b>(67,160)</b>
Income tax paid	(39,101)	(29,083)	(12,396)	(6,021)	(40,917)
<b>Net cash from operating activities</b>	<b>69,650</b>	<b>44,989</b>	<b>32,596</b>	<b>40,841</b>	<b>122,627</b>
<b>Cash flows from investing activities</b>					
Acquisition of subsidiary less cash required	-	(4,197)	-	-	(4,197)
Acquisition of equity-accounted investees	(19,500)	(2,800)	(19,500)	-	(2,800)
Dividend from investee companies	1,700	3,775	-	-	3,775
Proceeds from sale of fixed assets	1,133	1,215	291	607	1,970
Acquisition of fixed assets	(100,273)	(84,812)	(33,310)	(47,461)	(136,012)
Investment in intangible assets	(3,073)	(5,401)	(1,519)	(582)	(5,714)
Investment in long-term receivables	(35,679)	(40,617)	(11,537)	(11,602)	(47,916)
Repayment of investment in long-term receivables	15,218	13,670	4,302	3,513	20,846
<b>Net cash used in investing activities</b>	<b>(140,474)</b>	<b>(119,167)</b>	<b>(61,273)</b>	<b>(55,525)</b>	<b>(170,048)</b>
<b>Cash flows from financing activities</b>					
Short-term credit, net	53,268	149,254	41,192	26,583	135,993
Distributed dividend	(36,000)	(40,000)	-	-	(40,000)
Repayment of debentures	(12,000)	(12,000)	-	-	(23,190)
Receipt on long-term loans	100,000	-	-	-	-
Repayment of long-term loans	(19,195)	(16,168)	(7,902)	(4,487)	(22,307)
Repayment of other long-term liabilities	(105)	(105)	(35)	(35)	(140)
Interest paid	(9,315)	(9,283)	(2,679)	(2,848)	(13,575)
<b>Net cash used in financing activities</b>	<b>76,653</b>	<b>71,698</b>	<b>30,576</b>	<b>19,213</b>	<b>36,781</b>
<b>Net change in cash and cash equivalents</b>	<b>5,829</b>	<b>(2,480)</b>	<b>1,899</b>	<b>4,529</b>	<b>(10,640)</b>
Cash and cash equivalents as at the beginning of the period	12,732	23,372	16,743	16,363	23,372
Effect of exchange rate fluctuations on cash and cash equivalents	50	-	(31)	-	-
<b>Cash and cash equivalents as at the end of the period</b>	<b>18,611</b>	<b>20,892</b>	<b>18,611</b>	<b>20,892</b>	<b>12,732</b>

**Condensed Consolidated Interim Segment Reporting**

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	For the nine months ended September 30							
	(Unaudited)							
	NIS in thousands							
Segment revenue	<u>409,181</u>	<u>392,728</u>	<u>150,811</u>	<u>148,034</u>	<u>500,827</u>	<u>489,973</u>	<u>1,060,819</u>	<u>1,030,735</u>
Segment profit	<u>85,604</u>	<u>93,461</u>	<u>27,197</u>	<u>32,611</u>	<u>44,725</u>	<u>47,419</u>	<u>157,526</u>	<u>173,491</u>
Unallocated expenses							<u>(64,799)</u>	<u>(60,106)</u>
Operating profit							<u>92,727</u>	<u>113,385</u>
Net financing expenses							<u>(7,938)</u>	<u>(13,622)</u>
Share of profits of equity accounted investees							<u>2,811</u>	<u>1,974</u>
Taxes on income							<u>(23,159)</u>	<u>(27,585)</u>
Profit for the period							<u>64,441</u>	<u>74,152</u>

**Condensed Consolidated Interim Segment Reporting**

(In Thousands of NIS)

	Alcohol drinks		Barkan		Non-alcohol drinks		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017
	For the three months ended September 30							
	(Unaudited)							
	NIS in thousands							
Segment revenue	<b>152,974</b>	146,378	<b>50,805</b>	52,602	<b>189,503</b>	189,822	<b>393,282</b>	388,802
Segment profit	<b>34,582</b>	37,374	<b>7,344</b>	11,926	<b>20,801</b>	21,429	<b>62,727</b>	70,729
Unallocated expenses							<b>(22,163)</b>	(21,615)
Operating profit							<b>40,564</b>	49,114
Net financing expenses							<b>(3,494)</b>	(5,479)
Share of profits of equity accounted investees							<b>815</b>	1,352
Taxes on income							<b>(9,448)</b>	(12,428)
Profit for the period							<b>28,437</b>	32,559

**Condensed Consolidated Interim Segment Reporting**

(In Thousands of NIS)

	<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>			
	<b>NIS in thousands</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				2,388
Taxes on income				<u>(33,803)</u>
Profit for the period				<u>90,174</u>