



Consolidated Bakeries Jamaica Limited

Nine Months ended September 30, 2015

REPORT TO STOCKHOLDERS

Consolidated Bakeries Jamaica Limited

Report to the Stockholders nine months ended September 30, 2015



Sales: \$175.2million
Gross margins: 33.9%
Gross profit: \$59.5 million
Net income: (\$10.1 million)

During the quarter, we have shown real gains in our core and portable pastry items. These remain strong with unit gains and are geared to show promising returns. However, they were not sufficient to compensate for dollar declines in other categories, affected by competitors' price discounts and activities that were deliberately not responded to. Furthermore, although we have managed to reduce expense lines, like cutting finance costs, we continue to build long term brand value by spending on reorganization, marketing and branding costs, which were the main causes for the increase in expenditure. These factors were the key drivers for our performance this quarter.

Strategically deciding to focus on products with growth potential, we have dropped or paused several stock items from our system. In this quarter, we launched a new “grab and go” pastry item under our Miss Birdie brand, which represents our first entrant into this category. Sales to date since launch have been robust and we have had to deploy additional resources to meet demand. Delays affected our planned full deployment of new equipment and roll out of products, which both impacted our revenues and cost of goods sold.

We have made additional investments in branding and marketing which is reflected in increased cost this quarter and for year to date. During the quarter, we launched television and outdoor branding, as we feel this will drive future growth and assist in building market presence and sale.

In order to grow the top line, we will introduce products which are in our development pipeline, beef up engineering staff and service more accounts. We also hired staff to set up new lines which we expect to have increased output in first quarter 2016. During this quarter, we launched a new data management tool to assist in distribution which has been yielding promising results thus far.

On the statement of position, the company maintains its investments, reflected in both the investment line and the cash equivalent line in US currencies. The sum of these items totals \$116.2 m for this quarter which represent an increase of 8.2 % over the previous year and 8.3 % over the yearend balance at December 31, 2014. The company intends, in the coming months, to utilize some of the cash balances for Capital Expenditure.

Consolidated Bakeries Jamaica Limited

Report to the Stockholders nine months ended September 30, 2015



We will continue to focus on areas of growth potential, such as our core and portable pastry items and drive distribution and engineering, while maintaining brand presence in trade and cost management. Our core items have shown growth and our baked business continues to hold firm, even with increased competition. We will closely monitor our key performance drivers for efficiency and strengthen further our route to market for our newer and other products.

A handwritten signature in blue ink that reads "Vincent J Chang".

Vincent J Chang
Chairman

Consolidated Bakeries (Jamaica) Limited

Financial Statements

For the nine months ended 30 September 2015

(Unaudited)

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
FINANCIAL STATEMENTS
NINE MONTHS ENDED 30 SEPTEMBER 2015
(Unaudited)

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CONSOLIDATED BAKERIES (JAMAICA) LIMITED
INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
NINE MONTHS ENDED 30 SEPTEMBER 2015
(Unaudited)

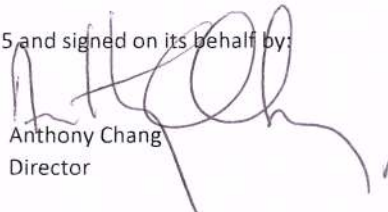
Expressed in whole \$	Notes	Qtr Ended 30-Sep-15	Qtr Ended 30-Sep-14	YTD Ended 30-Sep-15	YTD Ended 30-Sep-14
Revenue		175,241,916	181,177,700	570,159,669	568,412,498
Cost of sales		115,756,462	115,491,083	365,385,172	381,278,692
Gross profit		59,485,455	65,686,617	204,774,497	187,133,806
Other (income)		(146,297)	(713,495)	(2,913,103)	(3,096,419)
Administrative and Other Expenses		41,297,827	40,132,977	121,124,673	112,177,745
Selling and Distribution Expenses		27,549,904	20,867,199	77,783,634	61,423,657
Profit from operations		(9,215,979)	5,399,936	8,779,292	16,628,823
Finance costs		888,482	2,044,628	4,093,625	5,214,745
Net income		(10,104,460)	3,355,308	4,685,668	11,414,078
Other comprehensive income					
Fair value appreciation of available for sale					
Investments		1,344,514	242,448	3,531,337	6,012,240
Total comprehensive income		(8,759,946)	3,597,756	8,217,005	17,426,318
Earnings per share	2f	(\$ 0.045)	\$ 0.015	\$ 0.021	\$ 0.051

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2015
(Unaudited)

Expressed in whole \$	Notes	As at 30-Sep-15	As at 30-Sep-14	Audited 31-Dec-14
ASSETS:				
Property, plant and equipment	2d	428,224,028	406,305,155	407,460,355
Current assets:				
Inventories		30,142,058	25,847,986	32,791,618
Accounts Receivable net of allowances		58,222,049	65,383,980	55,962,773
Owed by related parties		22,069,291	21,054,245	24,892,194
Investments		59,135,642	81,291,283	56,888,079
Cash and cash equivalent	2e	57,134,315	26,136,048	50,501,972
Total current assets		<u>226,703,355</u>	<u>219,713,542</u>	<u>221,036,636</u>
Total Assets		<u>654,927,383</u>	<u>626,018,697</u>	<u>628,496,991</u>
EQUITY:				
Share capital		90,726,664	90,726,664	90,726,664
Capital reserve		20,825,532	20,825,532	20,825,532
Revaluation reserves		330,854,047	330,854,047	330,854,047
Accumulated appreciation of available for sale investments		9,140,792	9,309,243	5,609,455
Retained earnings		<u>82,295,277</u>	<u>69,807,723</u>	<u>77,609,609</u>
Total Equity		<u>533,842,312</u>	<u>521,523,209</u>	<u>525,625,307</u>
LIABILITIES:				
Non-Current Liabilities:				
Long term loan		<u>42,624,298</u>	<u>41,673,944</u>	<u>41,280,240</u>
Current Liabilities:				
Current portion of long term loan		18,331,353	14,586,540	16,258,282
Accounts payable and accruals		55,338,010	40,992,910	32,933,445
Bank overdraft		<u>4,791,410</u>	<u>7,242,094</u>	<u>12,399,717</u>
		<u>78,460,773</u>	<u>62,821,544</u>	<u>61,591,444</u>
Total Liabilities		<u>121,085,071</u>	<u>104,495,488</u>	<u>102,871,684</u>
Total Equity and Liabilities		<u>654,927,383</u>	<u>626,018,697</u>	<u>628,496,991</u>

Approved by the Board of Directors on November 12, 2015 and signed on its behalf by:


 Vincent Chang
 Director


 Anthony Chang
 Director

CONSOLIDATED BAKERIES (JAMAICA) LIMITED

STATEMENT OF CHANGES IN EQUITY

NINE MONTHS ENDED 30 SEPTEMBER 2015

(Unaudited)

Expressed in whole \$	Share Capital	Revaluation Reserve	Capital Reserve	Other Comp Income	Retained Earnings	Total
Balance at 1 January 2014	90,726,664	330,854,047	20,825,532	3,297,003	58,393,645	504,096,891
Total Comprehensive Income	-	-	-	6,012,240	11,414,078	17,426,318
<u>Balance at 30 Sept 2014</u>	<u>90,726,664</u>	<u>330,854,047</u>	<u>20,825,532</u>	<u>9,309,243</u>	<u>69,807,723</u>	<u>521,523,209</u>
Balance at 1 January 2015	90,726,664	330,854,047	20,825,532	5,609,455	77,609,609	525,625,307
Total Comprehensive Income	-	-	-	3,531,337	4,685,668	8,217,005
<u>Balance at 30 Sept 2015</u>	<u>90,726,664</u>	<u>330,854,047</u>	<u>20,825,532</u>	<u>9,140,792</u>	<u>82,295,277</u>	<u>533,842,312</u>

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF CASH FLOW
NINE MONTHS ENDED 30 SEPTEMBER 2015
(Unaudited)

Expressed in whole \$	Notes	YTD Ended 30-Sep-15	YTD Ended 30-Sep-14	Audited 31-Dec-14
SOURCES/(USES) OF CASH				
Operating Activities				
Profit for the period		4,685,668	11,414,078	19,215,964
Adjustments for:				
Depreciation		7,512,138	10,874,011	15,926,662
Gain on disposal of plant and equipment				62,970
		<u>12,197,806</u>	<u>22,288,089</u>	<u>35,205,596</u>
Change in working capital				
Inventories		2,649,560	(190,814)	(7,134,446)
Receivables		(2,259,276)	(12,741,340)	468,086
Related parties		2,822,903	1,395,001	(2,442,949)
Deposit on Equipment		-	820,000	(3,788,219)
Payables		22,404,566	14,937,802	6,878,339
Tax		-	(2,082,077)	(2,082,077)
		<u>37,815,558</u>	<u>24,426,661</u>	<u>27,104,330</u>
Net cash from operating activities				
Investing Activities				
Investments		(2,247,563)	(81,291,283)	(8,336,065)
Plant and equipment		(28,275,811)	(26,127,267)	(31,578,089)
Other comprehensive income		3,531,337	6,012,240	2,312,452
		<u>(26,992,038)</u>	<u>(101,406,310)</u>	<u>(37,601,702)</u>
Net cash from investing activities				
Financing Activities				
Loan		3,417,129	(6,301,878)	(5,023,841)
		<u>3,417,129</u>	<u>(6,301,878)</u>	<u>(5,023,841)</u>
Net cash from financing activities				
Net cash and cash equivalents		14,240,649	(83,281,527)	(15,521,213)
Net cash and cash equivalents at beginning of year		<u>38,102,255</u>	<u>102,175,482</u>	<u>53,623,468</u>
Net cash and cash equivalents at end of the period		<u><u>52,342,904</u></u>	<u><u>18,893,955</u></u>	<u><u>38,102,255</u></u>
Represented by:				
Cash and cash equivalents		57,134,315	26,136,048	50,501,972
Bank overdraft		(4,791,409)	(7,242,094)	(12,399,717)
Net cash and cash equivalents at end of the period		<u><u>52,342,906</u></u>	<u><u>18,893,955</u></u>	<u><u>38,102,255</u></u>

CONSOLIDATED BAKERIES (JAMAICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED 30 SEPTEMBER 2015

(Unaudited)

1. GENERAL INFORMATION

Consolidated Bakeries (Jamaica) Limited (the 'Company') is incorporated under the Jamaican Companies Act and is a subsidiary of Chang Brothers Limited, a Jamaican company incorporated under the Jamaican Companies Act.

The Company had its application to the Junior Stock Exchange approved after its successful public share offer of ordinary shares in December 2012.

The main activities of the Company are the manufacture, wholesale and retail sale of edible baked products.

2. ACCOUNTING POLICIES**(a) Statements of Compliance**

These interim financial statements for the period ended 30 September 2015 have been prepared in accordance with IAS34, 'Interim Financial Reporting'. These interim financial statements should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2014.

The accounting policies followed in these interim financial statements are consistent with those used in the audited financial statements for the year ended 31 December 2014, which have been prepared in accordance with International Financial Reporting Standards (IFRS) and comply with the provisions of the Jamaican Companies Act.

(b) Reporting Currency

These financial statements are presented in Jamaican dollars unless otherwise indicated.

(c) Tax Status

Under the Income Tax Act (Jamaica Stock Junior Market Remission Notice 2010), 100% of the Company's income tax liability is relieved for 5 years (2013 to 2018), then 50% for another 5 years, provided the Company remains on the Stock Exchange for a total of 15 years.

(d) Property, Plant and Equipment

All property, plant and equipment are initially recorded at cost. Freehold land and buildings are subsequently shown at market valuation by external independent valuers, less subsequent depreciation of buildings. All other fixed assets are carried at cost less accumulated depreciation.

Expressed in whole \$	YTD Ended 30-Sep-15	YTD Ended 30-Sep-14	Audited 31-Dec-14
NBV as at January 1	407,460,355	391,871,899	391,871,899
Acquisitions	28,275,811	26,127,267	31,578,089
Disposals net of accumulated depreciation	-	(820,000)	(62,971)
Depreciation charge for the period	(7,512,138)	(10,874,011)	(15,926,662)
NBV as at end of period	<u>428,224,028</u>	<u>406,305,155</u>	<u>407,460,355</u>

CONSOLIDATED BAKERIES (JAMAICA) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (Cont'n)

NINE MONTHS ENDED 30 SEPTEMBER 2015

(Unaudited)

2. ACCOUNTING POLICIES (Cont'd)

(e) Cash & Cash Equivalent

Cash & cash equivalent includes investments with settlement date of 90 days or less.

(f) Earnings per Share

Earnings per share have been calculated by dividing the Net Income by the total number of shares at the end of the respective period 222,709,171 (2014 - 222,709,171).

3. SHAREHOLDERS' INFORMATION at 30 September 2015

(a) Top Ten Shareholders

Chang Brothers Limited	136,496,956
Anthony Chang	19,178,330
General Accident Insurance Company Ja. Ltd.	12,000,000
Everton J Smith	4,200,000
David Chang	3,216,000
P.A.M. Ltd - Pooled Pension Equity Fund	2,481,241
National Supply	2,380,000
Colin Steele	1,769,046
Crissa'a Group Ltd	1,648,358
Prakash Vaswani	1,506,000

(b) Shareholdings of Directors and Senior Managers

Vincent Chang *	-
Anthony Chang *	19,178,330
Nicola Chang Murphy *	89,000
Noel daCosta	800,000
Philmore Ogle	800,000
Keith Collister	800,000
Victor Salazar-Chang	374,200
Thomas Chin	256,636

* These directors are major shareholders in Chang Brothers Limited.