



From our Family to yours



ANNUAL REPORT 2012



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2012 Annual General Meeting of Consolidated Bakeries (Jamaica) Limited will be held at the Terra Nova Hotel on **December 20, 2013** at 10 am, for the purpose of transacting the following business:

1. To receive the Audited Accounts for the year ended December 31, 2012 together with the reports of the Directors and Auditors thereon,

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 1

"That the Audited Accounts for the year ended December 31, 2012, together with the reports of the Directors and Auditors thereon, be and are hereby adopted."

2. To elect Directors.
 - (i) The Directors retiring by rotation in accordance with Regulation 105 of the Company's Articles of Incorporation are Mr. Vincent Chang and Mrs. Nicola Chang-Murphy, who being eligible for re-election, offer themselves for re-election.

The Company is being asked to consider, and if thought fit, pass the following resolutions:

Resolution No. 2

"That the Directors, retiring by rotation, be re-elected by a Single Resolution."

Resolution No. 3

"That Mr. Vincent Chang and Mrs. Nicola Chang-Murphy, who are retiring by rotation in accordance with Regulation 105 of the Articles of Incorporation be and are hereby re-elected as Directors of the Company."

- (ii) The Directors appointed since the last Annual General Meeting, shall retire in accordance with Regulation 111 of the Company's Articles of Incorporation, are Messrs. Keith Collister, Thomas Chin, Noel daCosta and Philmore Ogle and being eligible offer themselves for re-election.

The Company is being asked to consider, and if thought fit, pass the following resolutions:

Resolution No. 4

"That the Directors, appointed since the last Annual General Meeting, be re-elected by a Single Resolution."

Resolution No. 5

"That Messrs. Keith Collister, Thomas Chin, Noel daCosta and Philmore Ogle be and are hereby re-elected as Directors of the Company."

3. To approve the Remuneration of the Directors.

The Company is asked to consider, and if thought fit, to pass the following resolution:

Resolution No. 6

"That the amount shown in the Audited Accounts of the Company for the year ended December 31, 2012 as fees of the Directors for their services as Directors, be and are hereby approved."

4. To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors.

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 7

"That the remuneration of the Auditors, Bogle and Company, who have signified their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors."

5. Special Business

Resolution No. 8

To consider and (if thought fit) pass the following Special Resolution to amend the Company's Articles of Incorporation to provide for notices and documents to be sent to shareholders electronically with their consent and that Article 1 under the heading "Preliminary" and Article 150 under the heading "Notices" be amended respectively to read:-

Article 1: to include the following definitions following the definition of "bankrupt":-

"Electronic Format" means any technology utilized by facsimile machines, scanning devices, mail sent using

computers or other similar automated or photographic devices, any other technological form of representation of information in having electrical, digital, magnetic, wireless, optical, electromagnetic, photographic or similar capabilities including but not limited to compact discs, tapes, soundtracks or other devices in which printed words, writing, sounds or other data are embodied so as to be capable of being reproduced (with or without the aid of some other equipment).

“Electronic Means” means any method of dispatch or communication of sounds, documents, words, writing, maps, photography, graphs, plans or other data which involves the use of equipment or technology having electrical, digital, magnetic, wireless, optical, electromagnetic, photographic or similar capabilities including but not limited to facsimile machines, electronic mail sent via computers, mobile or scanning devices, instant messages via mobile devices, short message services or via the internet.

Article 150: Article 150 under the heading “Notices” which presently reads “A notice may be given by the Company to any member either personally or by sending it by post to him or to his registered address or (if he has no registered address within the Island) to the address if any, within the Island supplied by him to the company for the giving of notice to him. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying, and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of twenty – four (24) hours after the letter containing the same is posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post.”
be amended to read as follows:-

“Any notice to be given or any document required to be sent by the Company to any member may be:-

1. (a) sent to him personally in writing or by electronic format;

(b) sent by post to him or to his registered address, or (if he has no registered address within Jamaica) to the address if any, within Jamaica supplied by him to the Company for the giving of notice to him in writing or electronic format; or

(c) sent to him by electronic means.

PROVIDED HOWEVER that where such notice or document is specifically required by law or these Articles to be sent in writing (otherwise than in electronic format or by electronic means) the Company will obtain the member’s written consent prior to sending same to him in electronic format or by electronic means.

2. Where a notice is sent by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of a notice of a meeting at the expiration of forty-eight (48) hours after the letter containing the same is posted, and in any other case at the time at which the letter would have been delivered in the ordinary course of post.
3. Where a notice or document is sent by electronic means service of the notice or document shall be deemed to be effected by properly dispatching the notice or document to the email address, any other electronic address or by facsimile, internet, or by short message service to the number provided by the member, and is deemed to be received by the intended recipient at the expiration of twenty-four (24) hours after the notice or document is so dispatched by the Company.”

Dated this 4th day of November 2013
By Order of the Board



Victor Salazar
Company Secretary
Registered Office
2F Valentine Drive
Kingston 19

NOTE:

1. A member entitled to attend and vote at the meeting may appoint a proxy, who need also be a member, to attend and so on a poll, vote on his/her behalf. A suitable form of proxy is enclosed. Forms of proxy must be lodged with the Registrar of The Company, Jamaica Central Securities Depository, 40 Harbour Street, Kingston not less than 48 hours before the time of the meeting.
2. A Corporate shareholder may (instead of appointing a proxy) appoint a representative in accordance with Regulation 75 of the Company’s Articles of Incorporation. A copy of Regulation 75 is set out on the enclosed detachable proxy form.

BOARD OF DIRECTORS' PROFILES

Vincent Chang

Chairman of Board & Executive Committee,

has several years of experience in commercial enterprises and engineering. He navigated the company through the difficult period of the public share offer. He holds a Bachelor of Science Degree in Business Administration from Concordia University in Montreal, Quebec, as well as degrees from Loyola University in Montreal, Canada. He also has professional certification from the American Institute of Baking.

Anthony V. Chang

Managing Director,

brings to the table his extensive professional experience, particularly in the consumer and packaged food businesses, involving both domestic and international brands. He is a former president of the Jamaica Chamber of Commerce and has served on public sector boards and boards of both domestic and international private sector firms. He holds a degree from the University of Western Ontario in Canada and has completed several professional courses at reputable North American universities.

Victor Salazar

Company Secretary & Business Development Manager,

is experienced in international business, having headed the Caribbean and Latin American Unit of Jamaica's Investment and Trade Promotion Agency, (JAMPRO) and procured the largest investment influx in the country's history. He has also managed an industrial packaging and commodities unit, at Grace Kennedy & Co. Ltd. and led the export foray into Latin America for Grace branded products. He has a Bachelor of Science in International Relations and a Masters in Government from the University of the West Indies.

Thomas ("Tom") Chin

is a non-executive board member. He is a Certified Management Accountant with over 30 years experience in the communications industry. He has expertise in consolidations and reporting, budgeting and forecasting, acquisitions and divestitures, management of shared services, and systems development and implementation. He is a former director of Financial Operations at Rogers Communications Inc. in Toronto, Canada and a former VP, Finance of Flow Jamaica (Columbus Communications Jamaica Limited).

Nicola Chang Murphy

Director of Sales & Marketing,

became a non-executive board member as of May 10, 2013. Previously, she managed supervisors, sales representatives and merchandisers, as well as brand creativity and cost efficiencies for the company. She launched the "Healthy Eating equals Healthy Living" campaign which heightened awareness of the **Purity** and **Miss Birdie** brands. Her degrees include a Masters in Business Administration from Nova South Eastern University. Her services are now contracted on a project basis.

Philmore Ogle

CD., OD., FCA. is a non-executive board member. He is a past president of the Jamaica Chamber of Commerce, and the Institute of Chartered Accountants, where he is a founding member. He is the recipient of the Order of Distinction (Officer Class) in 1999, for service to the accounting profession and the Order of Distinction (Commander Class) in 2009, for his contribution to Tax Reform. His distinguished record of public service includes service on several boards, including the Jamaica Development Bank and National Development Bank. He is a former chairman of Deloitte & Touche in Jamaica.

Noel daCosta c.d

is a non-executive board member. He is a highly respected management consultant. He is retired from Desnoes & Geddes/Diageo, where he held many positions including: Central American and Caribbean Corporate Relations Director for Diageo. He is a Chartered Engineer, and a past President and Fellow of the Jamaica Institute of Engineers. He has post-graduate degrees in Engineering, Business Administration and Insurance. He is a former president of the Jamaica Chamber of Commerce and has served on several boards in the public and private sectors.

Keith Collister

is a non-executive board member. A renowned investment analyst and financial journalist, he has served with leading corporate entities locally and overseas. He is chairman of the Appliance Traders Ltd. Pension Fund and his directorships include the Sandals Group, among others. He is also the deputy chairman of the Economic Policy Committee of the Private Sector Organisation of Jamaica. He holds an MA in Economics from Cambridge University and an MBA in International Banking & Finance from Birmingham Business School.

DIRECTORS' REPORT 2012

In 2012, management took the decision to transform Consolidated Bakeries in a major way. One element of this transformation was the conversion to a publicly listed company on the Jamaica Stock Exchange. In keeping with this thrust, we went to the public with an offer of 51,805,171 ordinary shares to raise \$ 97 million, which has strengthened our company enabling us to take advantage of opportunities that are present, or may become available in the future.

Becoming a public company and a member of the Junior Market of the Jamaica Stock Exchange on December 3, 2012, was an important milestone in our history. The IPO was fully subscribed with requests for shares exceeding the amount offered. The offer was closed on November 14, 2012, only one day after the issue opened. We thank the investors who made our offer a success and welcome you as members of the family. Our shareholders numbered 483 at listing and has remained relatively stable with 479 members on record at year end. The stock closed the year at \$1.88 while trading as high as \$2.10, shortly after listing on the stock exchange.

While the 2012 profit is lower than the prior year, we believe that investors who have a medium to longer term investment horizon will benefit from their investment in the stock, as management strives to grow shareholders' value.

The Audited Financial Statements for the year ending December 2012, show sales of \$474 million, an increase of \$18 million over 2011 while profit after tax was \$3.68 million versus \$ 14.28 million in 2011.

The Financial Position

The financial position at the end of the year was stronger than the year before, helped by the capital raised in the public issue and places us in a better position to reorganize our operations and face the future with greater assurance of profitability. During the year we were faced with operational challenges and increased cost, all of this while we prepared for the Initial Public Offer. Critical equipment components operated below capacity, which helped to increased cost. We are pleased to report that the situation has since been addressed. However, the services of international consultants were contracted to continue the process of improved efficiencies. Already, we are seeing the benefits of their consultations which will redound to the benefit of your company and shareholders in the future.

In December we started our reorganization plan to effect changes in our operations and improve performance. We started the last quarter of 2012 with initiatives to improve raw material usage.

Already, we have seen improvement in our performance such as plant; energy utilization and distribution. This initiative comes at an important time when the economic conditions require us to improve our efficiency at a faster pace.

We introduced new products last year and have new ones planned for 2013. The focus continues on launching new products, transforming our marketing, and increasing efficiency of our operations. These will be dealt with in more detail in the MD&A report.

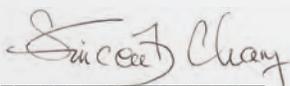
Directorship

During the year we welcomed Keith Collister, Thomas Chin, Noel daCosta and Philmore Ogle as directors. In accordance with Article 3 of the Company's Articles of Association, they will retire at the Annual General Meeting and being eligible, offer themselves for election. Based on the results of the year the directors do not recommend the declaration of a dividend for 2012.

The directors wish to thank our shareholders, management, staff and our customers for their continued support. We remain committed to producing quality products and offering quality service.

The Board has set Friday, December, 20, 2013 as the AGM which will be held at Terra Nova Hotel & Suites at 10:00 a.m.

On behalf of the Board,



Vincent J. Chang
Chairman, Kingston, Jamaica

MANAGEMENT DISCUSSION & ANALYSIS (MD&A)

FINANCIAL HIGHLIGHTS	2012	2011	Change
	\$'000		
Equity	470,982	376,699	25%
Working Capital	105,508	13,356	690%
Revenues	477,718	457,347	4.5%
Profit after Tax	3,676	14,275	-74%
Earnings Per Share	\$0.053	\$1.19	-95.5%
Return on average equity	.87%	3.86%	-78%

The Management Discussion and Analysis, (MD&A), is intended to assist readers in their understanding of the company's operations for the financial year to December 2012. This report will expand on aspects of the information contained in our Financial Statements and highlight some of the important developments in the recent past, as well as point to elements of our plans for the future.

The company began operations in 1957 and manufactures bread, biscuits and pastries under two brands. For most of the period since inception, we operated under the **Purity** brand and in the following years, we added the **Miss Birdie** brand to target a new set of consumers.

Mission Statement

The company's mission statement is rooted in values inherited from our founders: **"We sell only products that we would give to our families"**. With this in mind, we are committed to being a profitable business, producing quality and affordable products for consumers while respecting our employees and other stakeholders.

History

In 1957, families owning three bakeries came together: Valentine Bakery, owned by the Chang Family, Powell's Bakery, owned by the Powell Family and Huntington Bakery, owned by the Seivright Family, to form a company now called Consolidated Bakeries (Jamaica) Limited. The company opened its doors at a new factory at the foot of Red Hills in St. Andrew. This is where the tradition of baking goods of pure wholesome goodness began. As horse drawn carts made home deliveries of brown hard dough, sandwich loaves and cookies, the Purity brand and the tradition of baking goods of pure wholesome goodness was born.

In 1972 the Changs acquired the holdings of the other shareholders of the company and continued to operate the business. The company expanded and diversified into pastries, sliced breads and via investment, biscuit production. The senior management consisted of chairman, Gladstone Chang and other executives including Rufus R. Chang and Richard Chang. Under their leadership, the company continued to expand its business and improve the production process using modern technology. We supply more than 1,000 customers island wide as well as North America, Canada and the UK.

Operations

The company bakes its products in our factory on Red Hills Road. The plant operates seven days a week to facilitate maintenance and daily fresh deliveries of product to market. Our fleet of delivery trucks operate from our own garage situated on our 5.4 acre site. All salesmen are equipped with handheld computerized tracking and invoicing systems.

Marketing

Products are marketed by teams supported by appropriate advertising and public relations to appeal to a wide array of potential customers. We also do on-going product testing and sampling in efforts to meet the tastes of our customers, as well as in launching new products. We market through our renowned Purity brand which is now complemented by the newer Miss Birdie brand.

Our Products

We are driven by the desire to produce the best quality wholesome products, at an affordable price. This reflects values inherited from our founders and their belief that they should provide only products good enough for their own families. During 2012, we decided to launch more Miss Birdie branded items which have been well received by the market. Upgrading and modernization of our machinery will allow for increased production to meet demand, as well as expansion to other areas.

Bread

The company produces a line of premium standard wheat bread. The premium line consists of the 100% whole wheat, while the standard line consists of the enriched whole wheat and special bran. The sandwich bread is our standard loaf but we also produce hard dough and hard dough sliced breads. These are healthy and affordable and are made with carefully selected ingredients, with no animal fats or trans fats and contain zero cholesterol. The company prides itself on its wheat bread which has no artificial colours.

Baked Snack Items

The **Purity** and **Miss Birdie** branded items are affordable, tasty and suited to all: the young, the young at heart and those with busy lifestyles. The company markets a wide variety of snack items including whole wheat raisin breads, corn breads, spice buns, cinnamon rolls, coconut buns and biscuits. The company is presently developing additional snack items with functional properties providing additional nutritional benefits to families.

Speciality Rolls

The company pioneered the creation of the four pack roll for the market. In this category, the company currently produces corn rolls and in the near future intends to market European rolls. The company distributes **Purity** branded traditional hot dog rolls and **Miss Birdie** branded four pack corn bread made with quality ingredients and baked to delectable perfection.

Easter Buns and Pastries

Our traditional Jamaican Easter spiced buns consist of **Purity** and **Miss Birdie** buns which are made with high quality ingredients. These buns, are distributed islandwide and exported to cities in Canada and the United States of America. Our pastry department bakes an assortment of pastries that are sold only in our retail store located on lands on Red Hills Road, and to select retailers. We have expanded our healthy goodness line to include a low sugar and a whole wheat bun.

Risk

The company takes a number of measures to minimise risk. Management ensures that major unforeseen potential liabilities and losses are covered by insurance, where such coverage is possible.

Customers are assessed for credit worthiness to minimise losses arising from their inability to meet payment obligations. We control production as well as monitor sales to minimize returns of goods. We also employ persons who monitor our products in various locations.

Management has established a modern electronic monitoring system to track deliveries. This system allows us to view routes that each vehicle takes in real time and it has helped to reduce cost and ensure timely delivery of goods, since implementation.

Economic Developments

The year under review was impacted by a number of developments. The primary one was tied to the need to get our economic compass on the right path. The country was without funding from the International Monetary Fund (IMF) from as far back as 2010, a result of the government not satisfying certain critical conditions. Additionally, funding from multilateral financial and donor institutions was curtailed. The country also had a new government in place since the start of the year, which resulted in new negotiations with the IMF. Conclusion of a new agreement took much longer than expected and this affected the demand and supply of foreign exchange in the financial system. The protracted negotiations resulted in a fall in the net international reserves as demand of foreign currency exceeded supply. The tightening of supply of U.S dollars caused a small loss in value of

the Jamaican dollar against the U.S dollar during the year, which continued into 2013. The devaluation of the Jamaican dollar has resulted in increased cost of input. We have however taken certain measures that have mitigated the full impact of price movements. The government increased taxes in a number of areas while lowering some. The net effect was an increase in taxes overall. We feel that this had a dampening effect on consumers' purchasing power.

New Products

The addition of new products contributed to increased sales during the year. Further consolidation has been done in our US and Canadian markets and we are now venturing into the UK for 2014 and beyond. This expansion has increased export orders over the previous year.

Review of operating results

The financial year had its successes but was one of the difficult ones for your company particularly in the second half, when management took the decision to slow production, in an attempt to resolve certain problems in the plant. Nevertheless, we continued to generate positive financial results, as we made progress in several areas.

Our company made profit after tax of \$3.7 million in 2012 (2011 \$14.3 million). The company recorded an increase in sales of \$18 million, 4 percent over 2011. Profit before tax decreased by 67 percent, being \$7.4 million versus \$22.3 million. Sales grew at a lesser pace in the second half of the year compared with the 2011 period. The decline in sales and profits in the second half of the year was due to a combination of issues. Management took the decision to slow production in order to come to grips with certain operational issues so as to improve efficiency.

Statement of Financial Position

The capital raised in the IPO has strengthened our financial position, reduced our debt to equity and also improved our working capital position. The level of receivables, inventories and payables are well within acceptable standards.

Net cash generated for the year was \$94.9 million of which \$99.4 million was from financing, \$9.5 million from operations offset by investment activities of \$14 million. Included in the financing activities were the funds derived from the IPO.

The inventory levels doubled in 2012 but this is not indicative of future trends as we have tended to have around two weeks of inventories in normal times. Receivables were less than a month of sales in 2012, an improvement compared to 2011, when it was about a month. We purchased fixed assets to the tune of \$14 million during the year but the operations generated \$9.5 million in cash. We also borrowed \$8.8 million net of repayment. Cash funds at year end rose to \$98 million, due mainly to the IPO inflows and surplus of internally generated funds, net of addition to fixed assets and net new loan.

Return on equity

The return on the average equity was 0.87% which was 3.86% in 2011.

The issue of shares to the public occurred late in the year and there was not enough time for most of the funds to be deployed to optimize return. We are also conscious that the capital has been boosted by the revaluation of the real property on which the operation is located and a large portion is not generating income presently. At this time, we have excess land space available for future projects and/or expansions. We expect revenues in 2013 to grow at a faster pace than in 2012 and cost to be curtailed, as we implement new processing measures for increased efficiencies and for profits to return to the growth path experienced prior to 2012

Dividend

The company is committed to regular dividend payments subject to profits. This will be balanced against the need for funds to maintain. In light of the profits made in 2012 and the raising of fresh capital late in the year, the directors are not recommending the payment of a dividend for the year 2012.

Outlook

Government has instituted a number of measures to increase revenues and reduce certain expenses in an attempt to reduce the central government's fiscal deficit, a prelude to a new IMF agreement. With the slide of the Jamaican dollar carrying over into the 2013, these measures will require sacrifice for the majority of Jamaicans and some are likely to experience a reduction in disposable income. We note, however, that our sales to June, continue to be robust and show an increase of 30 percent over the comparable period in 2012. We remain guardedly optimistic as we increase the supply of new products, some of which were launched last year, to increase our sales and support our export drive.

Social Outreach and Awareness

The company is proactive as a responsible corporate citizen and strives to make a difference in the lives of its various stakeholders, both at the corporate and community levels. We reach out to as many as we can and try to improve and nourish their daily lives. We provide our products free of cost to various individuals and organizations including sporting clubs and schools among others..

We encourage all employees to pursue their individual educational goals and we are delighted that many of them have had the opportunity to fulfil their educational pursuits. In our quest to have each family member enjoy the gift of a good education, we provide assistance with literacy programmes through our in-house Educator, the Jamaica Foundation for Lifelong Learning (JFLL) Foundation and customer service skills through the H.E.A.R.T. Programme.

Directors & Corporate Governance

The Board has established two committees, namely the Audit Committee and the Compensation Committee, as part of our commitment to corporate governance, in addition to the oversight of the wider board. Each committee includes at least two independent non- executive directors, and are as follows:

Audit Committee

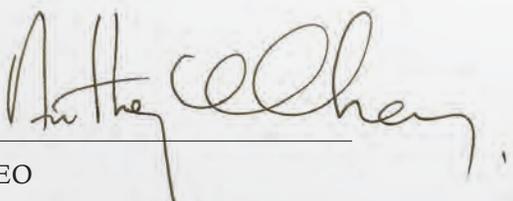
Philmore Ogle (chairman)
Noel daCosta
Keith Collister
Anthony V. Chang
Thomas Chin

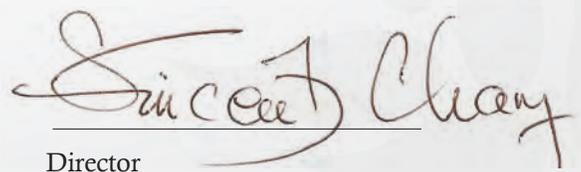
Compensation Committee

Noel daCosta (chairman)
Philmore Ogle
Keith Collister
Vincent J. Chang
Anthony V. Chang

Date for AGM

The Annual General Meeting will be held on Friday, 20th December 2013 at the Terra Nova Hotel & Suites in Kingston. The directors look forward to dialogue with shareholders at the meeting.


CEO


Director

CONSOLIDATED BAKERIES 5 YEAR HISTORICAL FINANCIAL ANALYSIS

BALANCE SHEET	2012	2011	2010	2009	2008	2007
'000						
No. of Shares Issued	222,709	60	60	60	60	60
Shareholders equity	470,982	376,699	362,425	353,733	354,852	360,658
Long Term Liability	9,489	8,151	10,257	400	1,270	-
Current Assets	183,538	69,498	54,945	36,193	29,563	24,002
Current Liabilities	78,030	56,142	47,310	43,244	36,967	35,197
Inventories	16,514	7,708	7,326	6,013	2,774	2,727
Receivables	43,018	36,064	25,916	19,466	18,385	19,076
Cash & Equivalent	98,363	1,746	4,736	3,224	1,526	2,176

PROFIT & LOSS	2012	2011	2010	2009	2008	2007
Revenues	477,718	457,347	409,536	353,347	291,896	184,871
Pretax Profit (loss)	7,358	22,307	15,063	2,136	(2,022)	(15,738)
Aftertax Profit (loss)	3,676	14,275	8,692	(1,119)	(5,806)	(16,411)

IMPORTANT RATIOS	2012	2011	2010	2009	2008
Current Assets	2.35	1.24	1.16	0.84	0.80
Sales to Inventories	28.93	59.33	55.90	58.76	105.23
Sales to Receivables	11.11	12.68	15.80	18.15	15.06
Return on Average Equity	0.87	n/a	n/a	n/a	n/a
Gross Profit Margin	34.5%	36%	33%	34%	30%
Pretax Profit Margin	1.54	4.88	3.68	0.60	(0.69)
Return on Assets	1%	4%	2%	0%	-2%
Price to Book Ratio	0.89	n/a	n/a	n/a	n/a
Price to Sales Ratio	0.88	n/a	n/a	n/a	n/a
Cash per share	0.44	29.10	n/a	n/a	n/a
Net Asset Per Share	2.11	6,278	6,040	5,896	5,914
Earnings Per Share	0.053	n/a	n/a	n/a	n/a
EPS adjusted for split	0.053	1.190	0.724	(0.09)	(0.48)
Closing Stock Price	1.88	n/a	n/a	n/a	n/a
PE Ratio	35.47	n/a	n/a	n/a	n/a
Share Premium	-11%	n/a	n/a	n/a	n/a

TOP 10 SHAREHOLDERS AS AT DECEMBER 31, 2012

Name Account(s)	Joint Holders	Volume	Percentage
CHANG BROTHERS LIMITED 2939718		170,886,910.00 170,886,910.00	76.73 76.73
DAVID J HALL 2916542		2, 421, 000.00 2, 421, 000.00	1.08 1.08
DAVID CHANG 2929172		2, 200, 000.00 2, 200, 000.00	0.98 0.98
NATIONAL SUPPLY CO. LIMITED 2011815		2, 128, 000.00 2, 128, 000.00	0.95 0.95
SUNFISHER CORP. 1931542		1, 183, 000.00 1, 183, 000.00	0.53 0.53
BRUCE TERRIER 2908044		1, 064, 000.00 1, 064, 000.00	0.47 0.47
STOCKS AND SECURITIES LTD - MANAGED A/C 1859925		1, 053, 875.00 1, 053, 875.00	0.46 0.46
ANAND JAMES 2930360		1, 000, 000.00 1, 000, 000.00	0.44 0.44
VICSOL SERVICES LIMITED 2924751		985, 000.00 985, 000.00	0.43 0.43
EDWARD O. JACKSON 1660638		968, 784.00 968, 784.00	0.43 0.43
Senior Management Holdings RONDENE DACOSTA		1,000.00 1,000.00	

MANAGEMENT TEAM

Senior Managers

Javier Salazar Chang
Production Manager.

Christopher Goodison
Regional Sales Manager

Delarno Forrest
Regional Sales Manager

Admin. /Accounts/Retail

Rondene DaCosta
Financial Controller

Anique Harriott
Business Analyst/Assistant

Elaine Stephenson
HR Administrator

Change Team Leaders

Rhenay Downer

Shamar Clarke

Sheryl Blagrove

Danielle Henry



CONSOLIDATED BAKERIES
(JAMAICA) LIMITED
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BOGLE & COMPANY
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Kingston 10
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AUDITORS' REPORT
TO THE MEMBERS
OF
CONSOLIDATED BAKERIES (JAMAICA) LIMITED

We have audited the financial statements for Consolidated Bakeries (Jamaica) Limited set out on the following pages 3-17 which comprise statement of financial position as of December 31, 2012 and the statement of comprehensive income, the statement of changes in Equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

WORRICK BOGLE, FCCA FCA CPA

Email: info@bogleandcompany.com



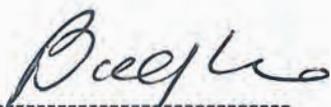
Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as of December 31, 2012 and the financial performance and cash flows of the company for the period then ended accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal Regulatory Requirements

As required by the Jamaican Companies Act, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the accompanying financial statements are in agreement therewith and give the information required by the Act, in the manner so required.



BOGLE & COMPANY
March 7, 2013



CONSOLIDATED BAKERIES (JAMAICA) LTD
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2012

	Notes	2012 \$	2011 \$
Revenue	17	474,554,193	456,559,036
Cost of Sales		<u>310,815,708</u>	<u>282,118,996</u>
Gross Profit		163,738,485	174,440,040
Other Income	18	<u>3,164,221</u>	<u>787,681</u>
		166,902,706	175,227,721
Expenses			
Administrative and other expenses		99,539,675	90,729,369
Selling and Distribution		<u>53,352,756</u>	<u>59,793,657</u>
		152,892,431	150,523,026
Profit from operations	22	14,010,275	24,704,695
Finance costs		<u>6,652,322</u>	<u>2,398,181</u>
Tax	19	7,357,953	22,306,514
Net Profit after Tax		<u>3,681,693</u>	<u>9,508,718</u>
		3,676,260	12,797,796
Other Comprehensive Income			
Gain on Disposal of Shares	20	-	1,476,750
Total Comprehensive Income		<u><u>3,676,260</u></u>	<u><u>14,274,546</u></u>
Earnings per Share	21	0.053	1.19

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.

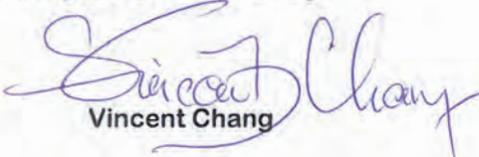


CONSOLIDATED BAKERIES (JAMAICA) LTD
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	<u>Notes</u>	<u>2012</u> \$	<u>2011</u> \$
<u>Assets</u>			
<u>Non Current Asset</u>			
Property , Plant & Equipment	3c & 6	374,962,934	371,494,750
		<u>374,962,934</u>	<u>371,494,750</u>
<u>Currents Assets</u>			
Inventories	3b & 7	16,513,962	7,707,753
Accounts Receivables net of allowances	8	43,018,199	36,063,863
Owed by Related Parties	9	25,643,141	23,980,187
Cash & Cash Equivalents	10	98,362,973	1,745,857
		<u>183,538,275</u>	<u>69,497,659</u>
Total Assets		<u><u>558,501,209</u></u>	<u><u>440,992,409</u></u>
<u>Equity & Liabilities</u>			
<u>Equities</u>			
Share Capital	11	90,726,664	120,000
Capital Reserve	12	20,825,532	20,825,532
Revaluation Reserves	13	330,854,047	330,854,047
Retained Earnings		28,576,051	24,899,791
		<u>470,982,294</u>	<u>376,699,370</u>
<u>Non- Current Liabilities</u>			
Long Term Loan	14	9,488,857	8,150,796
		<u>480,471,151</u>	<u>384,850,166</u>
<u>Current Liabilities:</u>			
Current Portion of long Term Debt	14	12,544,789	5,054,895
Payables & Accruals	15	35,359,735	22,806,342
Bank Overdraft	16	18,049,422	16,359,317
Taxation		12,076,112	11,921,689
		<u>78,030,058</u>	<u>56,142,243</u>
Total Equity & Liabilities		<u><u>558,501,209</u></u>	<u><u>440,992,409</u></u>

Approved by the Board of Directors on March 7 , 2013 and signed on its behalf by:


 Anthony Chang


 Vincent Chang

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.

CONSOLIDATED BAKERIES (JAMAICA) LTD
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31 2012

	<u>Share Capital</u> \$	<u>Revaluation Reserve</u> \$	<u>Capital Reserve</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
At January 1, 2011	120,000	330,854,047	20,825,532	10,625,245	362,424,824
Total Comprehensive Income	-	-	-	14,274,546	14,274,546
At December 31, 2011	120,000	330,854,047	20,825,532	24,899,791	376,699,370
Share Subscription 2012	90,606,664	-	-	-	90,606,664
Total Comprehensive Income	-	-	-	3,676,260	3,676,260
At December 31, 2012 (note 11)	90,726,664	330,854,047	20,825,532	28,576,051	470,982,294

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.



CONSOLIDATED BAKERIES (JAMAICA) LTD
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31 2012

	Notes	2012 \$	2011 \$
<u>Cash Flows from operating activities</u>			
Net Profit		3,676,260	14,274,547
Items not affecting cash resources:			
Depreciation	6	10,543,956	14,361,085
		<u>14,220,216</u>	<u>28,635,632</u>
<u>(Increase)/Decrease in current assets</u>			
Related Parties		(1,662,955)	(7,711,878)
Inventories		(8,806,209)	(381,675)
Receivables		(6,954,336)	(10,148,086)
<u>Increase/(Decrease) in current liabilities</u>			
Trade Payables		12,553,393	(9,733,810)
Taxation		154,423	8,002,400
		<u>12,707,816</u>	<u>(1,731,410)</u>
Net cash provided by operating activities		<u>9,504,532</u>	<u>8,662,582</u>
<u>Cash Flows from investing activities</u>			
Purchase of Fixed Assets	6	(14,012,139)	(20,809,519)
Net cash used in investing activities		<u>(14,012,139)</u>	<u>(20,809,519)</u>
<u>Cash Flows from financing activities</u>			
Financial Assets		-	698,925
Share subscription	11	90,606,664	
Loan		8,827,952	1,448,313
		<u>99,434,616</u>	<u>2,147,238</u>
Net cash flows from financing activities		<u>99,434,616</u>	<u>2,147,238</u>
Net cash generated this year		94,927,010	(9,999,698)
Cash and cash equivalents at beginning of year		(14,613,459)	(4,613,761)
Cash and cash equivalents at year end		<u>80,313,551</u>	<u>(14,613,459)</u>
<u>Represented By:</u>			
Cash and Cash Equivalents	10	98,362,973	1,745,857
Bank Overdraft		(18,049,422)	(16,359,316)
		<u>80,313,551</u>	<u>(14,613,459)</u>

The accompanying notes form an integral part of these financial statements and should be read in conjunction therewith.

CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31 2012

1 Identification and Principal Activities

Consolidated Bakeries (Jamaica) Ltd - "the Company"

- a) The Company is incorporated under the Jamaica Companies Act and up to November 2012 was a wholly owned subsidiary of Chang Brothers Limited which is also a wholly owned Jamaican Company incorporated under the Jamaica Companies Act.

In December 2012 the percentage shareholding of Chang Brothers Ltd was reduced to 76.3% due to the following:

Re-registration of the Company

On a resolution passed at an extraordinary general meeting the shareholders of the company approved the following action.

Re-registration of the company as a public company under the Companies Act 2004 and Adoption of new Articles of Incorporation.

Stock Exchange Listing

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

b) Activities

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

2 Reporting Currency

Except as otherwise indicated the amounts in these financial statements are expressed in Jamaican Dollars which is the primary currency in the country which it operates.

3 Significant Accounting Policies

(i) Statement of Compliance

These Financial Statements have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS) and have been prepared under the historical cost convention as modified by the revaluations of Land and building.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies.



CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31 2012

Standards that became effective during the year or earlier

IAS 36 (Amendment) 'Impairment of assets' This amendment clarifies that the largest cash generating unit (or group of units) to which goodwill should be allocated for the purpose of impairment testing is an operating segment, as defined by paragraph 5 of IFRS 8 , "Operating Segments' (i.e. before the aggregation of segments with similar economic characteristics). The Company does not currently have goodwill or any operating segment.

IFRS 5 (Amendment), 'Non-Current assets held for sale and discontinued operations'. The amendment clarifies that the IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, in particular paragraph 15 (to achieve a fair value presentation) and paragraph 125 (source of estimation uncertainty) of IAS . The company does not have non-current assets held for sale or discontinued operations.

IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognised in profit or loss, which is measured in the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The interpretation did not have an impact on the financial statements, as the Company has no debt for equity swap agreements.

IAS 24 (Revised), 'Related Party disclosures' (effective for annual periods beginning on or after January 2011). A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to as the 'reporting entity') .

- (a) (i) has control or joint control over the reporting entity;
- (ii) has significant influence over the reporting entity; or
- (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

- (b) (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment defined benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity)



CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

At the date of the Financial Statements there were standards in issue but not yet effective Those considered relevant to the company are as follows:

IFRS 9, 'Financial Instruments' (effective for annual periods beginning on or after 1 January 2013). This standard specifies how an entity should classify and measure financial instruments, including some hybrid contracts. It requires all financial assets to be classified on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset; initially measured at fair value plus, in the case of the financial asset not at fair value through profit or loss, particular transaction costs, and subsequently measured at amortised costs or fair value. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of IAS 39.

They apply a consistent approach to classifying financial assets and replace the four categories of financial assets in IAS 39, each of which had its own classification criteria. That also results in one impairment method, replacing the two impairment methods in IAS 39 that arise from the different classification categories.

In these Financial Statements there has been no significant change in the cognition and measurement of financial liabilities carried at amortised cost.

IFRS 13, 'Fair Value Measurement' (effective for annual periods beginning on or after 1 January 2013). The standard explains how to measure fair value for financial reporting. It defines fair value; sets out in a single IFRS a framework for measuring fair value; and requires value measurements. This standard applies to those standards that require or permit fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except in specified circumstances.

(ii) Basis of Preparation

(a) Use of Estimates

The preparation of the Financial Statements to conform to IFRS requires management to make estimates and assumptions that affect the amounts reported in these Financial Statements and accompanying notes. Actual amounts may vary from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis.

Revision of accounting estimates are recognised in the period in which the estimate is reviewed if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Inventories

Inventories are stated at the lower of costs and net realisable value with no profit being included in work in progress.



CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

(c) Depreciation

Property, Plant & Equipment are depreciated under the straight line method at rates designed to write off their cost or valuation over their estimated useful lives. Depreciation is prorated on a monthly basis during the year of purchase. The rates used for depreciation are as follows:

Buildings	2.5%
Plant, Machinery & Equipment	10%
Furniture & Equipment	10%
Motor Vehicles	12.5%
Computers	20%

(d) Foreign Currency

Foreign currency transactions are translated and included in the financial statements at the prevailing rate of exchange at the transaction date. Deposits held and liabilities in foreign currency at the date of the Statement of Financial Position are therefore adjusted to reflect the Jamaican equivalent as at that date. Exchange differences arising from settling transactions are reflected in the Statement of Comprehensive Income.

(e) Trade Receivables

A trade receivable is carried at invoiced amounts less provision made for impairment losses. Provision for impairment of trade receivable is established when there is sufficient evidence that the company will not be able to recover the full amounts in accordance with the original terms of the transaction.

(f) Borrowings & Borrowings Costs

Borrowings are recognised initially at the proceeds received plus transaction costs incurred. Subsequently they are stated net of repayments, while the monthly costs are expensed.

(g) Cash & Cash Equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. This is comprised of deposits, cash at bank and cash in hand.

(h) Revenue Recognition

Revenue is recognised in the Statement of Comprehensive Income when it is probable that future economic benefit associated with the items of revenue will flow to the company and is able to be reliably measured. Revenue from the sale of goods are measured at fair value of the consideration received or receivable net of discounts and allowances.



CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31 2012

(i) **Tax Status**

The Company was listed on the Junior Market of the Jamaica Stock Exchange in December 2012 Under the Income Tax Act (Jamaica Stock Junior Market) (Remission) Notice 2010 all of the Company's income tax will be remitted by the Minister of Finance during the first 5 years and 50% will be remitted in the next 5 years, provided the Company remains on the Stock Market for at least 15 years.

4 Financial Instruments

A financial instrument is a contract that gives rise to both a financial asset of one enterprise and a financial liability or equity instrument of another. Financial assets carried on the statement of financial position include accounts receivable, cash and cash at bank . Bank overdraft and accounts payable are deemed financial liabilities.

a) Interest Rate Risk

Interest rate risk arises when the value of a financial instrument fluctuates during a specified period due to changes in market interest rates.

The company is exposed to interest rate risk regarding loan, savings accounts and bank overdraft.

b) Credit Risk

Credit risk is the risk of exposure occasioned by one party to financial instruments. This occurs when one party fails to discharge its obligation thus causing the other party to suffer a financial loss.

The company is exposed to credit risks in respect of its receivables from other companies and individuals.

The maximum exposure to credit risk at the reporting date is represented by the carrying amount of each financial asset as follows:

	<u>2012</u>	<u>2011</u>
	\$	\$
Cash Equivalents	86,560,243	1,472,127
Receivables	43,018,199	36,063,863
Owed by Related Parties	25,643,141	23,980,187
	<u>155,221,583</u>	<u>61,516,177</u>



CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31 2012

c) Liquidity Risk

Liquidity risk is that risk which the Company faces when it encounters difficulties in raising funds to meet commitments associated with its financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at, or close to, its fair value. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and an adequate amount of committed facilities.

At 31 December 2012, the Company did not face any liquidity risks.

d) Cash Flow Risk

Monetary financial instrument will fluctuate in amount. The company manages this risk by budgetary measures, ensuring that fluctuations in cash flows relating to the monetary financial assets and liabilities are matched, to mitigate any significant adverse cash flows.

e) Foreign Currency Risk

A foreign currency risk is the risk that the value of a financial instrument held in foreign currency will fluctuate due to changes in the foreign currency exchange rates.

The company is exposed to foreign currency risk at December 31, 2012 in respect of bank balances and savings accounts.

5 Employee Benefits

The Company participates in a defined contribution plan, the assets of which are held separately from those of the company. The scheme is funded by employee's contribution of 5% of salary or an option of the maximum 10% and the employer's contribution of 5%.



CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

6 Property, Plant & Equipment

<u>Costs/ Valuation</u>	<u>Land & Building</u> \$	<u>Plant, Machinery & Equipment</u> \$	<u>Furniture & Fixtures</u> \$	<u>Motor Vehicles</u> \$	<u>Computer System</u> \$	<u>Total</u> \$
January 1, 2011	370,507,965	31,071,799	5,125,420	28,655,509	1,004,673	436,365,366
Additions	1,711,597	15,642,829	294,570	2,819,125	341,398	20,809,519
December 31, 2011	372,219,562	46,714,629	5,419,989	31,474,634	1,346,071	457,174,885
Additions	1,005,333	2,903,490	296,061	99,025	9,708,230	14,012,139
December 31, 2012	373,224,895	49,618,119	5,716,050	31,573,659	11,054,301	471,187,025
<u>Accumulated Depreciation</u>						
January 1, 2011	43,696,088	11,942,132	2,468,722	12,274,979	937,129	71,319,050
Charge for the year	9,305,489	2,069,909	271,231	2,497,434	217,022	14,361,085
December 31, 2011	53,001,577	14,012,040	2,739,953	14,772,414	1,154,151	85,680,135
Charge for the year 2012	5,075,207	2,204,605	271,979	2,022,490	969,674	10,543,956
December 31, 2012	58,076,784	16,216,646	3,011,933	16,794,903	2,123,826	96,224,091
<u>Net Book Value</u>						
December 31, 2012	315,148,111	33,401,473	2,704,117	14,778,757	8,930,475	374,962,934
December 31, 2011	319,217,985	32,702,589	2,680,037	16,702,220	191,919	371,494,750

CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31 2012

7 Inventories	2012	2011
	\$	\$
Raw Materials	4,102,002	4,601,658
Packaging Materials & Spares	10,820,715	2,831,931
Finished Goods	1,591,245	274,164
	<u>16,513,962</u>	<u>7,707,753</u>

8 Receivables	2012	2011
	\$	\$
Trade Receivables	39,058,085	23,730,145
Less Provision for Bad Debt	(572,739)	(572,739)
	<u>38,485,346</u>	<u>23,157,406</u>
Other Receivables	4,532,854	12,906,456
	<u>43,018,199</u>	<u>36,063,863</u>

Aged Trade Receivables

	0 to 30 Days	31 to 60 Days	61-90 Days	Over 90 Days	Carrying Value
	\$	\$	\$		\$
Balance at : December 31, 2012	<u>29,492,575</u>	<u>8,461,219</u>	<u>432,757</u>	671,534	<u>39,058,085</u>
December 31, 2011	<u>15,537,755</u>	<u>1,131,953</u>	<u>6,346,117</u>	714,320	<u>23,730,145</u>

9 Owed By Related Parties	2012	2011
	\$	\$
Parent Company	1,989,427	400,387
Directors	12,000,024	14,474,456
Poly Cello Packaging Ltd	11,653,690	9,105,344
	<u>25,643,141</u>	<u>23,980,187</u>

10 Cash & Cash Equivalents	2012	2011
	\$	\$
Cash in Hand	11,802,729	273,729
Bank accounts (Jamaican Dollards)	33,021,818	404,441
Bank Accounts (United States Dollars)	20,498,332	1,032,350
Bank Account (Canadian Dollars)	40,093	35,336
Investments - held -to-maturity		-
Stocks and Securities Ltd - Deposit 4.5%	10,000,000	
NCB Capital Markets Ltd Gov. Of Ja. Repo. 3.15%	23,000,000	
	<u>98,362,973</u>	<u>1,745,857</u>

CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31 2012

11 Share Capital

On August 17, 2012 the issued A and B shares were both converted and split in to two hundred ordinary shares. The Share Capital increased from \$120,000 to \$4,272,600 by increasing the ordinary shares by \$ 4,152,600. Total ordinary shares increased in number from 12,000,000 to 427,260,000.

Authorised Share Capital

427,260,000 Shares of no par value (2011- 60,000 A and B of \$2 each, subdivided into 12,000,000 ordinary shares in 2012)

Issued and fully paid Share Capital

	<u>2012</u>	<u>2011</u>
	\$	\$
222,709,171 Ordinary Shares of no par value	99,046,141	120,000
less transaction costs of share issue	<u>8,319,477</u>	<u>-</u>
	<u>90,726,664</u>	<u>120,000</u>

12 Capital Reserve

This represents compensation received for building which had to be demolished due to land development with Pricemart Limited

13 Revaluation Reserve

This represents revaluation of land and building done by independent professional valuers In October 2007.

14 Loans

	<u>2012</u>	<u>2011</u>
	\$	\$
National Commercial Bank Limited		
x) Business Grow loan	10,033,650	3,910,256
xx) DBJ loan	4,999,996	9,295,435
Working Capital (short term revolving loan)	<u>7,000,000</u>	<u>-</u>
	22,033,646	13,205,691
Less Current Portion	<u>(12,544,789)</u>	<u>(5,054,895)</u>
Long Term Portion	<u>9,488,857</u>	<u>8,150,796</u>

x) This loan is for six and a half years with interest rate at 16.75% per annum.

xx) This loan is a DBJ loan through the National Commercial Bank Limited with interest at 13% per annum for three and a half years.

Secured by:

(i) First legal mortgage over commercial property located at 111 Red Hills Road. Registered stamped to cover \$29.5 million.

(ii) Unsecured directors' guarantee stamped to cover \$28.6 million.



CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31 2012

15 Payables & Accruals	2012	2011
	\$	\$
Accounts Payable- Trade	33,721,233	20,984,541
Other Payables & Accruals	1,638,502	1,821,801
	<u>35,359,735</u>	<u>22,806,342</u>

	Aged Trade Payables				Amount Due
	0 to 30 Days	31 to 60 Days	61 to 90 Days	Over 90 Days	
Balance at	\$	\$	\$		\$
December 31, 2012	2,133,507	11,387,581	15,712,798	4,487,347	33,721,233
December 31, 2011	13,248,051	5,433,094	1,281,812	1,021,584	20,984,541

16 Bank Overdraft

This is secured by first legal mortgage over commercial property located at 111 Red Hills Road and by Directors guarantee.

17 Revenue

Turnover represents goods sold net of General Consumption Tax and discounts.

18 Other Income

This is comprised of interest on saving accounts and rental of parking space to Pricemart Limited.

19 Tax

Tax is charged in the Statement of Comprehensive Income at the rate of 33 1/3% of profit after adjustment for tax purposes:

	2012	2011
	\$	\$
Profit from Comprehensive Income	7,357,953	22,306,514
Add net adjustments necessary for tax purposes	<u>3,688,229</u>	<u>6,222,492</u>
Profit for Tax purposes	11,046,182	28,529,006
Tax at 33 1/3%	<u>3,681,692</u>	<u>9,508,718</u>

20 Disposal of shares

This represents gain on disposal of shares in Related Company.

CONSOLIDATED BAKERIES (JAMAICA) LTD
NOTES TO FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

21 Earnings per share

The earnings per share have been arrived at by dividing the total Comprehensive Income by the weighted average of the number of shares in issue during the year.

2012- 69,285,097 shares as follows:

1/12 of 222,709,171	18,559,097
3/12 of 170,904,000	42,726,000
8/12 of 12,000,000	8,000,000
	<u>69,285,097</u>

2011- 12,000,000

22 Profit From Operations

Stated after charging the following

	2012	2011
	\$	\$
Directors Emoluments		
Fees	240,000	-
Remuneration	15,405,717	13,021,809
Auditors Remuneration	850,000	850,000
Depreciation	10,543,956	14,361,081

23 Contingent Liability

- i) Resulting from a motor vehicle accident involving one of the company's motor vehicles claims have been filed against the company. Based on professional assessment however, it is unlikely that settlements will exceed the insurance policy limit. Therefore it is not deemed necessary to make a provision in these Financial Statements.
- ii) A former employee now a subcontractor of the Company has filed a suit against the company for unpaid vacation leave over a 25 year period
Legal opinion is that the case is defensible and that any award will not be material, thus no provision has been made in these Financial Statements.



FORM OF PROXY

CONSOLIDATED BAKERIES (JAMAICA) LIMITED

2F Valentine Drive
Kingston 19, Jamaica (West Indies)

I/We _____ of _____ in the
Parish of _____ being Member/members of the above named company
hereby appoint _____ of _____
or failing him/her _____ of _____ as
my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be
held at **the Liguanea Club on February 7th, 2014 at 10:00 a.m.** and at any adjournment thereof.

Resolution	Details	FOR	AGAINST
1	That the Audited Accounts for the year ended December 31, 2012, together with the reports of the Directors and Auditors thereon, be and are hereby adopted		
2	That the Directors, retiring by rotation, be re-elected by a Single Resolution.		
3	That Mr. Vincent Chang and Mrs. Nicola Chang-Murphy, who are retiring by rotation in accordance with Regulation 105 of the Articles of Incorporation be and are hereby re-elected as Directors of the Company.		
4	That the Directors, appointed since the last Annual General Meeting, be re-elected by a Single Resolution.		
5	That Messrs. Keith Collister, Thomas Chin, Noel daCosta and Philmore Ogle be and are hereby re-elected as Directors of the Company.		
6	That the amount shown in the Audited Accounts of the Company for the year ended December 31, 2012 as fees of the Directors for their services as Directors, be and are hereby approved.		
7	That the remuneration of the Auditors, Bogle and Company, who have signified their willingness to continue in office, be such as may be agreed between the Directors of the Company and the Auditors.		
8	To consider and (if thought fit) pass the following Special Resolution to amend the Company's Articles of Incorporation to provide for notices and documents to be sent to shareholders electronically with their consent and that Article 1 under the heading "Preliminary" and Article 150 under the heading "Notices" be amended respectively.		

Signed this _____ day of _____ 2013

Signature _____



Notes:

1. An instrument appointing a proxy, shall, unless the contrary is stated thereon be valid as well for any adjournment of the meeting as for the meeting to which it relates and need not be witnessed.
2. If the appointer is a corporation, this form must be under its common seal or under the hand of an officer or attorney duly authorized in writing.
3. In the case of joint holders, the vote of the senior will be accepted to the exclusion of the votes of others, seniority being determined by the order in which the names appear on the register.
4. To be valid, this form must be received by the Registrar of the Company at the address given below not less than 48 hours before the time fixed for holding the meeting or adjourned meeting.
5. The proxy form should bear stamp duty of One Hundred dollars (\$100.00) which may be in the form of adhesive stamp duly cancelled by the person signing the proxy form.

NOTES



NOTES





2F Valentine Drive,
Kingston 19, West Indies
www.purityjamaica.com

 [Facebook.com/Purity BakeryJamaica](https://www.facebook.com/PurityBakeryJamaica)
[Facebook.com/Miss Birdie Jamaica](https://www.facebook.com/MissBirdieJamaica)
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PROUD PRODUCT
OF
Jamaica



ERRATA

CONSOLIDATED BAKERIES (JAMAICA) LIMITED

2F Valentine Drive
Kingston 19, Jamaica (West Indies)

- Page 2:** Under Notice of Annual General Meeting, in the second line of the first paragraph “**December 20, 2013 at 10 a.m.**” to be deleted and replaced by “**February 7, 2014 at 10 a.m.**”.
- Page 5:** In the Director’s Report under the heading Directorship, the third paragraph “**Friday, December, 20, 2013 as the AGM which will be held at Terra Nova Hotel & Suites at 10:00 a.m.**” to be deleted and replaced by “**Friday, February 7, 2014 as the AGM which will be held at the Liguanea Club at 10:00 a.m.**”.
- Page 9:** In Management Discussion and Analysis under the heading Date for AGM, in line one “**Friday, 20th December 2013**” to be deleted and replaced by “**Friday, 7th February 2014**”.