



Consolidated Bakeries Jamaica Limited
Six months ended June 30, 2014
Report to Stockholders



The six-month period ending in June 2014 registered an increase in sales of 17.87% over the same six month period in 2013, representing growth in all product categories. This growth is a result of our strategy to grow distribution and volume. During this period, price increases were low due to market competition and in a response to the difficulty shoppers face because of constrained household budgets.

Operating expenses to sales ratio registered 29.07% for the six month period to June 2014 versus 29.74% over the same period in 2013. Thus, an improvement of 67 basis points. Increase operating cost occurred in activities that will benefit future quarters such as engineering, branding and reorganization. The company will continue to seek ways to reduce cost of operations.

Profit for the six months period was \$14.7 million. Property plant and equipment was increased by \$16.8 million up to June 2014. This represents additional capital expenditure on machinery and equipment. Additional machinery was ordered this quarter. These additions will further improve our capabilities and build for the future.

In the coming months the Company will continue to strengthen distribution, plant, operations and branding. During the six-months period under review exports grew by 25% (US dollars) over the same period last year. We expect to make steady and deliberate progress in our export efforts.

During the quarter the Company started an outreach programme in which selected charities or institutions received Company donations and assistance from Team Members.

The present economic environment with lower purchasing power of household has resulted in adjusted shopper buying behavior with consumers placing emphasis on benefits and affordability.

The Company will continue to develop additional products and adjust processes to build the long term profitability and growth of the business.

Chairman

Vincent J Chang

CONSOLIDATED BAKERIES JAMAICA LIMITED
UNAUDITED FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2014

C O N T E N T S

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	1
STATEMENT OF FINANCIAL POSITION	2
STATEMENT OF CHANGES IN EQUITY	3
STATEMENT OF CASH FLOWS	4
NOTES TO FINANCIAL STATEMENTS	5-8

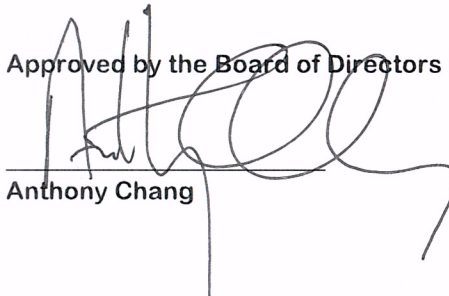
CONSOLIDATED BAKERIES (JAMAICA) LIMITED
UNAUDITED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
PERIOD ENDED JUNE 30, 2014

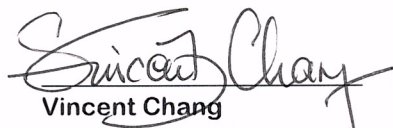
Notes	<u>Unaudited</u> <u>3 months ended</u> <u>June 2014</u> \$	<u>Unaudited</u> <u>3 months ended</u> <u>June 2013</u> \$	<u>Unaudited</u> <u>6 months ended</u> <u>June 2014</u> \$	<u>Unaudited</u> <u>6 months ended</u> <u>June 2013</u> \$	<u>Audited</u> <u>year ended</u> <u>December 2013</u> \$	
Revenue	190,646,325	156,513,203	387,234,797	328,546,590	672,944,907	
Cost of sales	<u>129,432,723</u>	<u>100,778,697</u>	<u>265,787,609</u>	<u>209,970,204</u>	<u>437,339,630</u>	
Gross profit	61,213,603	55,734,506	121,447,189	118,576,386	235,605,277	
Other income	1,401,284	2,086,798	2,382,924	2,809,630	2,256,795	
	<u>62,614,886</u>	<u>57,821,304</u>	<u>123,830,112</u>	<u>121,386,016</u>	<u>237,862,072</u>	
Operating expenses	<u>56,995,496</u>	<u>47,224,256</u>	<u>112,601,226</u>	<u>97,705,414</u>	<u>207,317,909</u>	
Profit from operations	5,619,390	10,597,048	11,228,886	23,680,602	30,544,163	
Unrealised gain on foreign exchange	2,973,895	1,175,770	5,769,792	3,718,384	7,986,620	
Finance costs	<u>(1,298,114)</u>	<u>(1,632,328)</u>	<u>(2,326,155)</u>	<u>(3,011,086)</u>	<u>(5,416,186)</u>	
Profit before tax	7,295,172	10,140,490	14,672,524	24,387,900	33,114,597	
Tax				-	-	
Net profit	<u>7,295,172</u>	<u>10,140,490</u>	<u>14,672,524</u>	<u>24,387,900</u>	<u>33,114,597</u>	
Total comprehensive income	<u><u>7,295,172</u></u>	<u><u>10,140,490</u></u>	<u><u>14,672,524</u></u>	<u><u>24,387,900</u></u>	<u><u>33,114,597</u></u>	
Earnings per share	9	0.03	0.05	0.07	0.11	0.15

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
UNAUDITED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2014

	Notes	Unaudited June 30, 2014 \$	Unaudited June 30, 2013 \$	Audited December 2013 \$
Assets				
Non-current asset				
Property, plant & equipment	3c & 5	401,116,152	377,082,035	391,871,899
		<u>401,116,152</u>	<u>377,082,035</u>	<u>391,871,899</u>
Current assets				
Inventories	3b	26,495,018	15,661,923	25,657,172
Accounts receivable net of allowances		59,653,863	57,062,988	52,642,640
Owed by related parties	6	21,451,578	19,788,198	22,449,245
Financial investments	7	77,962,023	67,133,887	
Cash & cash equivalents	8	33,219,463	9,546,413	110,123,126
		<u>218,781,944</u>	<u>169,193,409</u>	<u>210,872,183</u>
Total Assets		<u><u>619,898,096</u></u>	<u><u>546,275,444</u></u>	<u><u>602,744,082</u></u>
Equity & liabilities				
Equity				
Share capital	9	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
Retained earnings		76,363,172	52,963,951	61,690,648
		<u>518,769,415</u>	<u>495,370,194</u>	<u>504,096,891</u>
Non-current liabilities				
Long term loan		<u>42,072,716</u>	<u>4,646,067</u>	<u>47,926,801</u>
Current liabilities				
Current portion of long-term loans		14,904,460	8,413,180	14,635,560
Payables & accruals		42,673,921	26,884,151	26,055,109
Bank overdraft		1,477,584	9,766,879	7,947,644
Taxation			1,194,973	2,082,077
		<u>59,055,965</u>	<u>46,259,183</u>	<u>50,720,390</u>
Total Equity & liabilities		<u><u>619,898,096</u></u>	<u><u>546,275,444</u></u>	<u><u>602,744,082</u></u>

Approved by the Board of Directors on August 15, 2014 and signed on its behalf by:


Anthony Chang


Vincent Chang

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
UNAUDITED STATEMENT OF CHANGES IN EQUITY
PERIOD ENDED JUNE 30, 2014

	<u>Share Capital</u> \$	<u>Capital Reserve</u> \$	<u>Revaluation Reserve</u> \$	<u>Retained Earnings</u> \$	<u>Total</u> \$
At December 31, 2012	90,726,664	20,825,532	330,854,047	28,576,051	470,982,294
Total comprehensive income	-	-	-	24,387,900	24,387,900
At June 30, 2013	90,726,664	20,825,532	330,854,047	52,963,951	495,370,194
At December 31, 2013	90,726,664	20,825,532	330,854,047	61,690,648	504,096,891
Total comprehensive income	-	-	-	14,672,524	14,672,524
At June 30, 2014	90,726,664	20,825,532	330,854,047	76,363,172	518,769,414

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
UNAUDITED STATEMENT OF CASH FLOWS
PERIOD ENDED JUNE 30, 2014

	Notes	<u>Unaudited</u> 6 months ended June 30, 2014 \$	<u>Unaudited</u> 6 months ended June 30, 2013 \$	<u>Audited</u> December 31, 2013 \$
<u>Cash flows from operating activities</u>				
Net profit		14,672,524	24,387,900	33,114,598
Items not affecting cash resources:				
Depreciation		6,723,330	6,224,900	12,710,634
		<u>21,395,854</u>	<u>30,612,800</u>	<u>45,825,232</u>
 (Increase)/decrease in current assets				
Related parties		997,667	5,854,944	3,193,897
Inventories		(837,846)	852,039	(9,143,211)
Receivables		(7,011,223)	(14,044,789)	(9,624,439)
 Increase/(decrease) in current liabilities				
Trade payables		16,618,812	(8,475,584)	(9,304,625)
Tax		(2,082,077)	(10,881,139)	(9,994,035)
		<u>29,081,188</u>	<u>3,918,269</u>	<u>10,952,819</u>
<u>Cash flows from investing activities</u>				
Acquisition of property, plant and equipment	5	(16,787,583)	(8,344,001)	(29,619,600)
Disposal of property, plant and equipment		820,000		
Investments		(77,962,023)	(34,133,887)	
Net cash used in investing activities		<u>(93,929,606)</u>	<u>(42,477,888)</u>	<u>(29,619,600)</u>
<u>Cash flows from financing activities</u>				
Loan		(5,585,185)	(8,974,397)	40,528,712
Net cash flows from financing activities		<u>(5,585,185)</u>	<u>(8,974,397)</u>	<u>40,528,712</u>
Net cash generated		(70,433,603)	(47,534,017)	21,861,931
Cash and cash equivalents at beginning of period		<u>102,175,482</u>	<u>47,313,551</u>	<u>80,313,551</u>
Net cash and cash equivalents		<u><u>31,741,879</u></u>	<u><u>(220,466)</u></u>	<u><u>102,175,482</u></u>
 <u>Represented by:</u>				
Cash and cash equivalents	8	33,219,463	9,546,413	110,123,126
Bank overdraft		(1,477,584)	(9,766,879)	(7,947,644)
Net cash and cash equivalents at the end of period		<u><u>31,741,879</u></u>	<u><u>(220,466)</u></u>	<u><u>102,175,482</u></u>

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2014

1 Identification and principal activities

Consolidated Bakeries (Jamaica) Ltd - "the Company"

- a) The Company is incorporated under the Jamaican 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 Jamaican 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 actions:

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.

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.

The accounting policies and methods of computation for these financial statements are consistent with the most recent audited financial statements.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2014

(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 is 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.

(c) **Property, plant & equipment**

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 & fixtures	10%
Motor vehicles	12.5%
Computer system	20%

4 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.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30, 2014

5 <u>Property, plant & equipment</u>	<u>Unaudited</u> <u>June 30,2014</u>	<u>Unaudited</u> <u>June 30,2013</u>	<u>Audited</u> <u>December 2013</u>
	\$	\$	\$
Cost as at January 1	500,806,626	471,187,024	471,187,025
Acquisitions	16,787,583	8,344,001	29,619,600
Disposals	(820,000)	-	-
Accumulated depreciation	<u>(115,658,057)</u>	<u>(102,448,990)</u>	<u>(108,934,727)</u>
	<u>401,116,152</u>	<u>377,082,035</u>	<u>391,871,899</u>
6 <u>Owed by related parties</u>	<u>Unaudited</u> <u>June 30,2014</u>	<u>Unaudited</u> <u>June 30,2013</u>	<u>Audited</u> <u>December 2013</u>
	\$	\$	\$
Directors	9,414,112	10,914,110	9,414,112
Poly Cello Packaging Ltd	9,616,639	8,874,047	10,614,305
Other related parties	2,420,828	-	2,420,828
	<u>21,451,578</u>	<u>19,788,157</u>	<u>22,449,245</u>

Loans to directors are for a period of 4 years at an interest rate of 8 % per annum on the reducing balance basis

7 Financial investments

This represents investments held-to-maturity between 30 to 180 days.

8 Cash & cash equivalents

Cash equivalents consists of short term investments (held - to - maturity within 90 days), amounts in savings and current accounts held at bank and cash in hand.

9 Earnings per share

The earnings per share is calculated by dividing the profit after tax by the weighted average of the number of shares in issue during the period. This is stated as follows:

<u>Share capital</u>	<u>Unaudited</u> <u>June 30,2014</u>	<u>Unaudited</u> <u>June 30,2013</u>	<u>Audited</u> <u>December2013</u>
	\$	\$	\$
Issued and fully paid share capital 222,709,171 ordinary shares at no par value.	<u>222,709,171</u>	<u>222,709,171</u>	<u>222,709,171</u>

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
PERIOD ENDED JUNE 30,2014

10	Top 10 Shareholders	Volume
	Chang Brothers Limited	136,496,956
	Anthony V. Chang	19,078,330
	General Accident Insurance Company Jamaica Limited	12,000,000
	JCSD Trustee Services Limited - Sigma Optima	2,650,000
	National supply Company Limited	2,380,000
	David Chang	2,200,000
	Crissa's Group Limited	1,648,358
	Prakash Vaswani	1,506,000
	Sunfisher Corporation	1,183,000
	Bruce Terrier	1,064,000
	Directors' Holdings	Volume
	Anthony Chang	19,078,330
	Philmore Ogle	800,000
	Noel DaCosta	800,000
	Keith Collister	800,000
	Victor Salazar-Chang	374,200
	Thomas Chin	200,000
	Nicola Chang Murphy	89,000