



**Consolidated Bakeries Jamaica Limited**  
Nine months ended September 30, 2014  
Report to Stockholders



The nine month period ended in September 30, 2014 registered an increase in sales of 13.64%. This reflects the results of our sales programme and product development.

Operating expenses to sales registered 33.67 % for the nine month ending September 2014 versus 30.35 % for the same period in 2013. This is accredited to the Company's continued build in distribution capacity, branding, routes and messaging, resulting in increased operating expenses during the period under review.

Additional expenses were incurred in the plant to build efficiencies with new process and additional talent. We have seen encouraging signs with improved quality and efficiency scores.

Profit for the nine months was \$17.4 million. Property and plant expenditures for nine months was over \$25.4 million netted against the depreciation charges resulted in a net increase of \$14.4 million to property and plant. The majority of capital was spent on plant, equipment and fleet. These expenditures will assist our future performance and strengthen core business.

Responding to changing consumer buying behaviour, consumers placing more emphasis on benefit and affordability, the Company has repositioned selected products that fits our "Better-for-you" portfolio. This has resulted in increased sales of over 10% of these products.

Additionally, new products were introduced this quarter, one of which was a low salt cracker. Sales and consumer interest of these new products continue to improve.

During the period under review, the Company donated as part of our outreach programme, equipment and supplies to a shelter for homeless citizens. Donations were also made to individuals and groups as part of our community development programme.

The Company will continue to develop the business and marketing to build the long term growth and profitability of the business. We thank our staff for their

# Consolidated Bakeries Jamaica Limited

Report to the Stockholders nine months ended September 30, 2014



dedicated work and importantly our shareholders and consumers for their continued support.

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

Chairman

Vincent J. Chang

# **Consolidated Bakeries (Jamaica) Limited**

Financial Statements

For the nine months ended 30 September 2014

(Unaudited)

**CONSOLIDATED BAKERIES (JAMAICA) LIMITED**

FINANCIAL STATEMENTS

NINE MONTHS ENDED 30 SEPTEMBER 2014

(Unaudited)

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**CONSOLIDATED BAKERIES (JAMAICA) LIMITED**

## STATEMENT OF COMPREHENSIVE INCOME

NINE MONTHS ENDED 30 SEPTEMBER 2014


(Unaudited)

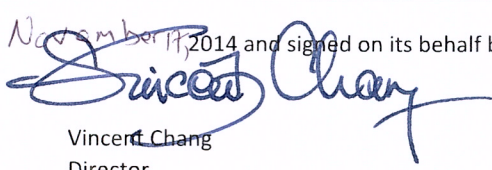
Expressed in whole \$	Notes	3 months to 30/09/2014	3 months to 30/09/2013	9 months to 30/09/2014	9 months to 30/09/2013
Revenue		181,177,700	171,638,943	568,412,498	500,185,533
Cost of Sales		115,491,083	114,655,812	381,278,692	324,626,016
<b>Gross Profit</b>		65,686,617	56,983,131	187,133,806	175,559,517
Other (Income)		(713,495)	(1,545,737)	(3,096,419)	(4,355,367)
Operating Expenses		61,000,176	52,099,207	173,601,402	149,804,621
<b>Profit from Operations</b>		5,399,936	6,429,661	16,628,823	30,110,263
Unrealised (Gain) from FOREX		(242,448)	(948,671)	(6,012,240)	(4,667,055)
Finance Costs		2,044,628	1,367,706	5,214,745	4,378,792
<b>Net Income</b>		3,597,756	6,010,626	17,426,318	30,398,526
<b>Total Comprehensive Income</b>		3,597,756	6,010,626	17,426,318	30,398,526
Earnings per Share	3 (a)	\$0.02	\$0.03	\$0.08	\$0.14

**CONSOLIDATED BAKERIES (JAMAICA) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 SEPTEMBER 2014**  
**(Unaudited)**

Expressed in whole \$	Notes	As at 30/09/2014	As at 30/09/2013	Audited 30/12/2013
<b>ASSETS:</b>				
Property, Plant and Equipment	2 (d)	406,305,155	390,758,063	391,871,899
Inventories		25,847,986	27,810,960	25,657,172
Accounts Receivables		65,383,980	59,439,747	52,642,640
Owed by Related Parties		21,054,245	19,488,198	22,449,245
Investments		81,291,283	68,444,602	-
Cash and Deposits		26,136,048	30,284,650	110,123,126
<b>Total Assets</b>		<b>626,018,697</b>	<b>596,226,220</b>	<b>602,744,082</b>
<b>EQUITY:</b>				
Share Capital	3	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		79,116,966	58,974,577	61,690,648
<b>Total Equity</b>		<b>521,523,209</b>	<b>501,380,820</b>	<b>504,096,891</b>
<b>LIABILITIES:</b>				
Long Term Loan		41,673,944	34,264,223	47,926,801
Current Portion of Long Term Loan		14,586,540	14,684,667	14,635,560
Accounts Payable and Accruals		40,992,910	44,701,537	26,055,109
Bank Overdraft		7,242,094	-	7,947,644
Tax	2 (c)	-	1,194,973	2,082,077
<b>Total Liabilities</b>		<b>104,495,488</b>	<b>94,845,400</b>	<b>98,647,191</b>
<b>Total Equity and Liabilities</b>		<b>626,018,697</b>	<b>596,226,220</b>	<b>602,744,082</b>

Approved by the Board of Directors on *November 17, 2014* and signed on its behalf by:

  
 Anthony Chang  
 Director

  
 Vincent Chang  
 Director

**CONSOLIDATED BAKERIES (JAMAICA) LIMITED**  
**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**NINE MONTHS ENDED 30 SEPTEMBER 2014**  
(Unaudited)

<b>Expressed in whole \$</b>	<b>Share Capital</b>	<b>Capital Reserve</b>	<b>Revaluation Reserve</b>	<b>Retained Earnings</b>	<b>Total</b>
Balance at 31 December 2012	90,726,664	20,825,532	330,854,047	28,576,051	470,982,294
Total Comprehensive Income	-	-	-	30,398,526	30,398,526
Balance at 30 September 2013	90,726,664	20,825,532	330,854,047	58,974,577	501,380,820
Balance at 31 December 2013	90,726,664	20,825,532	330,854,047	61,690,648	504,096,891
Total Comprehensive Income	-	-	-	17,426,318	17,426,318
Balance at 30 September 2014	90,726,664	20,825,532	330,854,047	79,116,966	521,523,209



**CONSOLIDATED BAKERIES (JAMAICA) LIMITED**

## STATEMENT OF CASH FLOWS

NINE MONTHS ENDED 30 SEPTEMBER 2014

(Unaudited)

Expressed in whole \$	Notes	9 months to 30/09/2014	9 months to 30/09/2013
<b>SOURCES/(USES) OF CASH</b>			
Operating Activities			
Profit for the period		17,426,318	30,398,526
Adjustments for:			
Depreciation		10,874,011	9,551,643
Gain on disposal of plant and equipment		-	(639,857)
		28,300,329	39,310,312
Change in working capital			
Inventories		(190,814)	6,154,944
Receivables		(12,741,340)	(11,296,998)
Related parties		1,395,001	(16,421,548)
Payables		14,937,802	9,341,802
Tax liability		(2,082,077)	(10,881,139)
<b>Net cash from Operating Activities</b>		<b>29,618,901</b>	<b>16,207,373</b>
Investing Activities			
Investments		(81,291,283)	(35,444,602)
Plant and equipment	2 (d)	(26,127,267)	(24,706,916)
Disposal of plant and equipment		820,000	-
<b>Net cash from Investing Activities</b>		<b>(106,598,550)</b>	<b>(60,151,518)</b>
Financing Activities			
Loan		(6,301,878)	26,915,245
<b>Net Cash from Financing Activities</b>		<b>(6,301,878)</b>	<b>26,915,245</b>
Net Cash and Cash Equivalents		(83,281,527)	(17,028,900)
Net Cash and Cash Equivalents at beginning of year		102,175,482	47,313,550
<b>Net Cash and Cash Equivalents at end of the period</b>		<b>18,893,955</b>	<b>30,284,650</b>

**CONSOLIDATED BAKERIES (JAMAICA) LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

NINE MONTHS ENDED 30 SEPTEMBER 2014

(Unaudited)

**1. GENERAL INFORMATION**

Consolidated Bakeries (Jamaica) Limited (the 'Company') is incorporated under the Jamaican Companies Act and up to November 2012 was a wholly owned subsidiary of Chang Brothers, a Jamaican company incorporated under the Jamaica Companies Act. In December 2012, the percentage shareholding of Chang Brothers Limited was reduced to 76.3% due to the following:

On a resolution passed at an extraordinary general meeting, the shareholders of the Company approved the re-registration of the Company as a public company under the Company Act 2004 and adoption of a new Articles of Incorporation.

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

Subsequent to 31 March 2013, the shareholding of Chang Brothers Limited was further reduced to 61.6% as a result of share transactions.

The main activities of the Company are the manufacture, wholesale and retail of edible products under the following brands: Purity, Miss Birdie and Hearty Goodness.

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

These interim financial statements for the period ended 30 September 2014, 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 2013.

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 2013, 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.

**CONSOLIDATED BAKERIES (JAMAICA) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Cont'n)**  
**NINE MONTHS ENDED 30 SEPTEMBER 2014**  
**(Unaudited)**

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3. SHAREHOLDERS' INFORMATION at 30 September 2014

(a) Earnings per Share

Earnings per share have been calculated by dividing the Total Comprehensive Income by the total number of shares at the end of the respective period 222,709,171 (2013 - 222,709,171).

(b) 10 Largest Shareholder

Chang Brothers Limited	136,496,956
Anthony Chang	19,078,330
General Accident Insurance Company Ja. Ltd.	12,000,000
Everton J Smith	3,000,000
P.A.M. Ltd - Pooled Pension Equity Fund	2,426,840
National Supply	2,380,000
David Chang	2,200,000
Crissa'a Group Ltd	1,648,358
Prakash Vaswani	1,506,000
Sunfisher Corp	1,183,000

(c) Shareholdings of Directors

Anthony Chang *	19,078,330
Nicola Chang Murphy *	89,000
Noel daCosta	800,000
Philmore Ogle	800,000
Keith Collister	800,000
Thomas Chin	200,000

\* Directors are major shareholders in Chang Brothers Limited.