CONSOLIDATED BAKERIES
JAMAICA LIMITED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

CONSOLIDATED BAKERIES JAMAICA LIMITED
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT 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 3-18 which comprise statement of financial position as of December 31, 2014 and the statement of comprehensive Income, the statement of changes in Equity and statement of cashflows 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 for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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.

Opinion

In our opinion, the financial statements presents fairly in all material respects, the financial position of Consolidated Bakeries Jamaica Limited as at December 31, 2014 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

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

BOGLE & COMPANY
February 25, 2015

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF PROFIT OR LOSS
YEAR ENDED DECEMBER 31, 2014

	Notes	2014 $	2013 $
Revenue	18	742,808,206	672,944,907
Cost of sales		488,429,679	437,339,630
Gross profit		254,378,527	235,605,277
Other income	19	9,538,558	6,946,412
		263,917,085	242,551,689
Administrative and other expenses		(152,103,590)	(130,979,227)
Selling and distribution expenses		(85,463,794)	(76,338,682)
	20	(237,567,384)	(207,317,909)
Profit from operations	21	26,349,702	35,233,780
Finance costs		(7,133,738)	(5,416,186)
Net profit	22	19,215,964	29,817,594
Other comprehensive income			
Foreign currency valuation adjustment		2,312,452	3,297,003
Total comprehensive income		21,528,416	33,114,597
Earnings per share		0.09	0.13

Earnings per share is arrived at by dividing net profit by the number of shares in issue (note 12)

The accompanying notes form an integral part of these financial statements.

Note.
Reclassification
The unrealised foreign exchange gain has been reclassified from other income in the profit or loss account to other comprehensive income.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF FINANCIAL POSITION
YEAR ENDED DECEMBER 31, 2014

	Notes	2014 $	2013 $
Assets			
Non current asset			
Property , plant & equipment	6	407,460,355	391,871,899
		407,460,355	391,871,899
Currents assets			
Inventories	7	32,791,618	25,657,172
Accounts receivables net of allowances	8	52,174,554	52,642,640
Deposit on equipment		3,788,219	-
Owed by related parties	9	24,892,194	22,449,245
Financial investments	10	56,888,079	48,552,014
Cash & cash equivalents	11	50,501,972	61,571,112
Total current assets		221,036,636	210,872,183
Total assets		628,496,991	602,744,082
Equity & Liabilities			
Equity			
Capital and reserves			
Share capital	12	90,726,664	90,726,664
Capital reserve	13	20,825,532	20,825,532
Revaluation reserves	14	330,854,047	330,854,047
Accumulated other comprehensive income		5,609,455	3,297,003
Retained earnings		77,609,609	58,393,645
Total equity		525,625,307	504,096,891
Non- current liabilities			
Long term loans	15	41,280,240	47,926,801
Current liabilities			
Current portion of long- term loans	15	16,258,282	14,635,560
Payables & accruals	16	32,933,445	26,055,108
Bank overdraft	17	12,399,717	7,947,644
Tax		-	2,082,077
Total current liabilities		61,591,444	50,720,390
Total liabilities		102,871,684	98,647,191
Total Equity & Liabilities		628,496,991	602,744,082

Approved by the Board of Directors on February 25, 2015 and signed on its behalf by:

Anthony Chang | Vincent Chang

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31 2014

	Share Capital $	Revaluation Reserve $	Capital Reserve $	Other Comprehensive Income	Retained Earnings $	Total $
Balance at December 31, 2012	90,726,664	330,854,047	20,825,532	-	28,576,051	470,982,294
Net profit	-	-	-	-	29,817,594	29,817,594
Fair value appreciation of available for sale investments				3,297,003		3,297,003
At December 31, 2013	90,726,664	330,854,047	20,825,532	3,297,003	58,393,645	500,799,888
Net profit	-	-	-	-	19,215,964	19,215,964
Fair value appreciation of available for sale investments	-	-	-	2,312,452	-	2,312,452
Balance at December 31, 2014	90,726,664	330,854,047	20,825,532	5,609,455	77,609,609	522,328,304

Note
The company has decided to accumulate unrealised gain on appreciation of available for sale investmentse ffective from year 2013.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	Notes	2014 $	2013 $
Cash flows from operating activities			
Net profit		19,215,964	29,817,594
Items not affecting cash resources:			
Disposal of fixed asset		62,970	-
Depreciation	6	15,926,662	12,710,634
		35,205,596	42,528,229
(Increase)/decrease in current assets			
Related parties		(2,442,949)	3,193,897
Inventories		(7,134,446)	(9,143,210)
Receivables		468,086	(9,624,440)
Deposit on equipment		(3,788,219)	-
Increase/(decrease) in current liabilities			
Trade payables		6,878,338	(9,304,627)
Tax		(2,082,077)	(9,994,035)
Net cash generated by operating activities		27,104,329	7,655,813
Cash flows from investing activities			
Purchase of fixed assets	6	(31,578,089)	(29,619,600)
Other comprehensive income		2,312,452	3,297,003
Financial investment		(8,336,065)	(25,552,014)
Net cash used in investing activities		(37,601,702)	(51,874,611)
Cash flows from financing activities			
Loan		(5,023,841)	40,528,713
Net cash (used in)/generated from financing activities		(5,023,841)	40,528,713
Net (decrease)/ increase in cash and cash equivalents		(15,521,214)	(3,690,084)
Cash and cash equivalents at the beginning of the year		53,623,468	57,313,551
Net cash and cash equivalents at the year end		38,102,255	53,623,468
Represented by:			
Cash and cash equivalents		50,501,972	61,571,112
Bank overdraft		(12,399,717)	(7,947,644)
Net cash and cash equivalents at year end		38,102,255	53,623,468

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2014

1 Identification and principal activities

Consolidated Bakeries (Jamaica) Ltd - "the Company"

a) The Company is incorporated under the Jamaican Companies Act and is a subsidiary of Chang Brothers Limited which is a Jamaican Company incorporated under the Jamaican Companies Act.

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 and wholesale and retail sale 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.

New revised and amended standards that became effective during the year or earlier

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 requirements of IAS 1 still apply, in particular paragraph 15 (to achieve a fair value presentation) and paragraph 125 (source of estimation uncertainty) of IAS 1.
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 recognized 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.

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 amortized 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. IFRS 9 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 recognition and measurement of financial liabilities carried at amortized 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 IRFS 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.

New revised and amended standards that became effective during the year or earlier cont'd

IAS 19 (revised) 'Employee Benefit's) 'effective for annual periods beginning on or after January 1, 2013 ' IAS 19 (revised) amends the accounting for employment benefits to require immediate recognition of all past service costs which were previously deferred over the period of vesting .It also eliminates the 'corridor' approach and requires that all actuarial gains and losses are recognized immediately in other comprehensive income. The revised standard also replaces the interest cost on defined benefit obligation and the expected return on plan assets with net interest cost based on the net defined benefit assets or liability and the discount rate, measured at the beginning of the year. This standard will not affect the Company as the Company's pension plan is a defined contribution plan.

New and revised IFRS in issue but not yet effective

IFRS 9 ' Financial Instruments' (effective for annual periods beginning on or before January 1, 2015) This standard will replace IAS 39 'financial Instruments Recognition and Measurements'. IFRS 9 speaks to the classification and measurement of financial assets and replaces the multiple classification models in IAS 39 with a single model which has only two classification categories:
amortized cost and fair value. Classification of debt instruments under IFRS 9 is driven by the entity's business model for managing the financial assets. Under IFRS 9 all equity instruments are measured at fair value. IFRS 9 also removes the requirement to separate embedded derivatives from financial asset hosts. IFRS 9 retains most of IAS 39 regarding financial liabilities including amortized cost accounting for most financial liabilities. The Company has not fully assessed the impact this standard will have on its reporting and has not opted for early adoption.

IFRS 7 Financial Instruments. Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures December 2011 Annual periods beginning on or after January 1, 2015.

(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 recognized 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

IAS 21 contains the requirements on how to account for most types of inventory. The standard requires inventories to be measured at lower of cost and net realizable value (NRV) and outlines acceptable methods of determining cost, including specific identification (in some cases) first-in-first-out (FIFO) and a weighted average cost.

(c) Property, plant & equipment

IAS 16 Property, Plant and Equipment outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, but subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life. An item of property, plant and equipment should initially be recorded at cost. Cost includes all costs necessary to bring the asset to working condition for its intended use. This would include not only its original purchase price but also costs of site preparation, delivery and handling, installation, related professional fees for architects and engineers, and the estimated cost of dismantling and removing the asset and restoring the site.

Impairments
Property, plant and equipment and other non-current assets, are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds it recoverable amount, which is the higher of an asset's net selling price and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows.

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%

(d) IAS 24 Related Party

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)

(e) 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 adjusted to reflect the Jamaican equivalent as at that date. Exchange differences arising from settling transactions are reflected in the statement of comprehensive income.

(f) 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.

(g) Borrowings costs

Borrowing costs directly attributable to the acquisition, construction or production of quality assets, which are assets that necessarily take substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

(h) 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.

(i) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue represents goods sold net of General Consumption Tax and discounts to customers

<u>Sale of goods</u>
Revenue from the sale of goods is recognized when the goods are delivered and titles have passed at which time all the following conditions are satisfied.

(i) The company has transferred to the buyer the significant risk and reward of ownership of the goods;
(ii) The company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(iii) The amount of revenue can be measured reliably;
(iv) It is possible that the economic benefits associated with the transaction won't flow to the company; and
(v) The cost incurred or to be incurred in respect to the transaction can be measured reliably.

(j) Investment income

Income from a financial asset is recognized when it is probable that the economic benefit will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rates applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset's net carrying amount on initial recognition

(k) 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 loans, 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 value of each financial asset as follows:

	2014	2013
	$	$
Cash equivalents	50,501,972	61,571,112
Receivables	52,174,554	52,642,640
Owed by related parties	24,892,194	22,449,245
	127,568,720	136,662,997

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 December 31, 2014 the Company was not faced with any liquidity risk.

d) Cash flow risk

Monetary financial instruments 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

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, 2014 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 with an option to increase to the maximum 10% and the employer's contribution of 5%.

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2014

6 Property, plant & equipment

	Land & building	Plant, machinery & equipment	Furniture & fixtures	Motor vehicles	Computer system	Total
	$	$	$	$	$	$
Costs/ valuation						
January 1, 2013	373,224,895	49,618,119	5,716,050	31,573,659	11,054,301	471,187,025
Additions	135,305	6,321,596	1,215,505	15,108,628	6,838,566	29,619,600
December 31, 2013	373,360,200	55,939,716	6,931,554	46,682,287	17,892,867	500,806,626
Additions	252,064	15,708,206	921,802	13,551,186	1,144,831	31,578,089
Disposal	-	-	-	(1,420,000)	-	(1,420,000)
December 31, 2014	373,612,264	71,647,922	7,853,356	58,813,473	19,037,698	530,964,713
Accumulated depreciation						
January 1, 2013	58,076,784	16,216,646	3,011,933	16,794,903	2,123,826	96,224,092
Charge for the year	5,101,958	2,211,480	329,464	1,829,677	3,238,056	12,710,634
December 31, 2013	63,178,742	18,428,126	3,341,397	18,624,580	5,361,881	108,934,727
Disposal	-	-	-	(1,357,030)	-	(1,357,030)
Charge for the year	4,979,568	2,986,978	377,297	4,070,472	3,512,347	15,926,662
December 31, 2014	68,158,310	21,415,104	3,718,694	21,338,022	8,874,228	123,504,358
Net book value						
December 31, 2014	305,453,954	50,232,818	4,134,662	37,475,451	10,163,470	407,460,355
December 31, 2013	310,181,459	37,511,589	3,590,158	28,057,707	12,530,986	391,871,899

7 Inventories

	2014 $	2013 $
Raw materials	10,882,982	8,075,684
Packaging materials & spares	15,782,797	15,894,193
Finished goods	6,125,839	1,687,295
	32,791,618	25,657,172

8 Receivables

	2014 $	2013 $
Trade receivables	43,508,934	46,845,430
Less provision for bad debt	(645,425)	(645,425)
	42,863,509	46,200,005
Other receivables	9,311,045	6,442,635
	52,174,554	52,642,640

Aged trade receivables

	0 to 30 days $	31 to 60 days $	61-90 days $	Over 90 days	Carrying value $
Balance at :					
December 31, 2014	28,850,672	5,783,959	2,043,021	6,831,281	43,508,934
December 31, 2013	37,230,558	8,126,880	906,177	581,814	46,845,430

9 Owed by related parties

	2014 $	2013 $
Directors	6,914,112	9,414,112
Poly Cello Packaging Ltd	15,837,255	10,614,305
Other related parties	2,140,827	2,420,828
	24,892,194	22,449,245

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

10 Financial investments

	2014 $	2013 $
NCB Capital Markets Limited		
Government of Jamaica repo investment	56,888,079	48,552,014
	56,888,079	48,552,014

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2014

11 Cash & cash equivalents

	2014	2013
	$	$
Cash in hand	8,579,272	10,825,611
Bank accounts (Jamaican Dollars)	1,663,631	16,125,502
Bank accounts (United States Dollars)	14,016,089	10,766,883
Bank account (Canadian Dollars)	41,337	42,306
First Global Bank Limited - investment (United States Dollars)	11,720,405	10,618,333
Scotia DBG Investments:		
United States Dollars	14,480,838	13,192,077
Jamaican Dollars	400	400
	50,501,972	61,571,112

12 Share capital

Authorised share capital
427,260,000 ordinary shares of no par value.

	2014	2013
Issued and fully paid share capital	$	$
222,709,171 ordinary shares at no par value.	90,726,664	90,726,664

13 Capital reserve

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

14 Revaluation reserve

This represents revaluation of land and building done by independent professional valuators In October 2012. The valuators are reputable well respected and adheres to the requirements of IFRS.

15 Loans

	2014	2013
	$	$
National Commercial Bank Jamaica Limited		
a) Business Grow loan (for 6 1/2 years)	6,016,308	8,159,605
b) DBJ loan (for 3 1/2 years)	-	714,280
c) Motor vehicle loan (for 10 years)	16,817,039	10,842,678
d) Ordinary loan (for 10 years)	10,705,187	12,845,798
First Global Bank Limited	23,999,988	30,000,000
	57,538,522	62,562,362
Less current portion	(16,258,282)	(14,635,560)
Long term portion	41,280,240	47,926,801

CONSOLIDATED BAKERIES (JAMAICA) LIMITED
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31 2014

Loans continued

Security on loans

a) National Commercial Bank Jamaica Limited

(i) First mortgage over commercial property at 2F Valentine Drive/ 111 Red Hills Road, Kingston 19, registered and stamped to cover J$ 29.5M
Assignment of adequate FEH Insurance.
(ii) Legal mortgage over commercial property at 2F Valentine Drive/ 111 Red Hills Road Kingston 19, registered and stamped to cover $44m
Assignment of adequate FEH Insurance.
(iii) Guarantee of Vincent Chang and Anthony Chang Stamped for J$75.5M and US $30,000.00

b) First Global Bank Limited

Second borrower's mortgage over commercial property located 111 Red Hills Road and registered at Volume 1450 Folio 148, stamped to cover $30m. Subject to first mortgage registered to National Commercial Bank and stamped to cover $29.5M

16 Payables & accruals

	2014	2013
	$	$
Accounts payable- trade	27,268,983	23,725,337
Other payables & accruals	5,664,462	2,329,771
	32,933,445	26,055,108

Aged trade payables

	0 to 30 days	31 to 60 days	61 to 90 days	Over 90 days	Amount Due
Balance at	$	$	$	$	$
December 31, 2014	16,286,174	6,544,008	1,712,019	2,726,782	27,268,983
December 31, 2013	13,659,990	9,900,532	57,505	107,310	23,725,337

17 Bank overdraft

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

18 Revenue

Revenue is comprised of income from wholesale and retail sale of edible baked products net of discounts and allowances.

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19 Other income

	2014	2013
	$	$
Interest on savings and investments and gain on disposal of assets	4,243,459	2,256,795
Gain on foreign exchange transactions	5,295,099	4,689,617
	9,538,558	6,946,412

20 Expenses by nature

	2014	2013
	$	$
Staff cost	78,391,504	70,616,411
Directors fees and management remuneration	19,788,653	17,700,000
Travelling and motor vehicle expenses	31,413,122	25,447,182
Utilities	19,923,212	17,640,624
Advertising and promotion	8,507,604	6,129,368
Other	79,543,289	69,784,324
	237,567,384	207,317,909

21 Profit from operations

	$	$
	2014	2013
Stated after charging the following		
Directors emoluments		
Fees	1,700,000	1,700,000
Management remuneration	18,088,653	16,000,000
Auditors remuneration	900,000	900,000
Depreciation	15,926,662	12,710,634

22 Tax

Tax is based on operating results for the year, adjusted for tax purposes and is made up as follows:

	2014	2013
	$	$
Profit before tax	19,215,964	29,817,594
Add net adjustments necessary for tax purposes	(1,383,830)	1,141,025
Profit for Tax purposes	17,832,134	30,958,619
Tax at 25% (2013 :28.75%)	4,458,033	9,848,492
Adjustment for the effect of tax remission:		
Current tax (note 3(ii) i)	(4,458,033)	(9,848,492)
Tax charge	-	-

23 Contingent liability

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.
An out of court settlement is now being negotiated . It is however the view of the Directors that the settlement will be immaterial, therefore no provision has been made.