



Consolidated Bakeries Jamaica Ltd

For the financial quarter ending March 31, 2017, gross profit margins, despite direct cost increases, were maintained at 36.1% for the quarter versus 36.9% for the same quarter 2016. It must be noted that this quarter's sales do not reflect the full seasonal sales for the Easter period, as Easter 2017 occurred in the second quarter compared to Easter 2016 which fell in quarter one.

Sales of our single serve lines continue to grow as expected. Furthermore, products will be added to a variety of categories in the coming quarter.

We experienced some growth in our export quantities for 2017 relative the same quarter in 2016 for the same items.

Driven by inflation and other factors, operating expenses increased by 3.97% over the same period last year.

Delayed equipment installation and others resulted in later than planned product introductions. However, new equipment acquired in 2016 has been installed and is now in operation. This will improve not only production capabilities, but also our ability to lessen the impact of further cost increases on gross profit margins.

Complementing this effort, new distribution software will be installed next quarter which will improve our distribution efficiency.

Long-term loans increased by 14.7 million from last year and decreased by 4.8 million from year end, whereas short-term loans were increased due to Easter. Notably, repayments on these seasonal short-term loans have already begun.

In the coming quarters we continue to anticipate increased competition and have reorganized our operations to match. We look forward to further product enhancements in the coming quarters as new lines are installed. We thank our shareholders and team members for their continued dedication and hard work.

A handwritten signature in black ink, appearing to read "Anthony V Chang", is written over a horizontal line.

Anthony V Chang
Managing Director & CEO