



Consolidated Bakeries Jamaica Limited
Six months ended June 30, 2013
Report to Stockholders



The Board of directors are pleased to present the results for the six month period ended June 30 2013

Financial Review:

	Unaudited Six months ended June 30, 2013	Unaudited Six months ended June 30, 2012	% Change	Unaudited Three months period ended June 30, 2013 (2nd Quarter)	Unaudited Three months period ended June 30, 2012 (2nd Quarter)	% Change	Audited year ended December 31, 2012
	\$	\$		\$	\$		\$
Total Revenue	328,546,590	251,399,368	30.69%	156,513,203	111,431,690	40.46%	474,555,193
Gross Profit	118,576,386	85,946,823	37.96%	55,734,506	32,680,331	70.54%	163,738,485
Operating Expenses	97,705,414	74,448,390	31.24%	47,224,256	30,837,002	53.14%	152,892,431
Profit Before Tax	24,387,900	11,389,126	114.13%	10,597,048	1,846,047	474.04%	7,357,953

	Unaudited as at June 30, 2013	Unaudited as at June 30, 2012	% Change	Audited as at December 31, 2012
Working Capital (\$)	122,934,226	27,362,511	349.3%	105,508,217
CA/CL	3.65	1.54	137.0%	2.35

Revenue for the six month period increased by 30.69 per cent and for the quarter by 40.46 per cent over the same periods last year. These increases represent real growth in volumes across our key items and primarily a result of activities in distribution and market programmes.

As a result of revenue growth profit before taxes more than doubled for this reporting period as compared to last year results.

Despite increase expenditures in market and plant our key operating expense (operating expenses to sales) ratio has increased marginally to 29.7 per cent for the half year versus 29.6 per cent for same period last year. Although direct input cost increased, improved efficiencies resulted in the gross margin percentage increasing to 36.1 per cent versus 34.2 per cent for the same period last year.

Working capital position improved in this period over the 2012 position. Given the uncertain economic situation and desire to have tactical flexibility, maintaining a good liquid position is important.



Business Review:

	1 st Quarter			2 nd Quarter		
	Three month period ending March 31, 2013	Three month period ending March 31, 2012	% Change	Unaudited Three months period ended June 30, 2013 (2nd Quarter)	Unaudited Three months period ended June 30, 2012 (2nd Quarter)	% Change
	\$	\$		\$	\$	
Total Revenue	172,033,387	139,967,678	22.91%	156,513,203	111,431,690	40.46%
Gross Profit	62,841,880	53,266,492	17.98%	55,734,506	32,680,331	70.54%
Operating Expenses	50,481,158	43,611,388	15.75%	47,224,256	30,837,002	53.14%
Profit Before Tax	14,247,410	9,009,527	58.14%	10,597,048	1,846,047	474.04%

During this quarter focus was placed on in store marketing programmes. These programmes gained additional retail presence helping same store sales results. Quarter one revenue was higher than quarter two due to additional sales in quarter one from Easter bun. However subtracting Easter buns sales from quarter one shows a real increase in unit sales from quarter one to quarter two.

Our trade team conducting trade visits in North America which resulted in potential trade opportunities that are expected to develop.

We created additional social media presence for Miss Birdie brand which has been well received. Our active presence on social media has assisted our brand growth and reach.

Our effort to continually improve operations continues with changes to the plant, fleet management and processes.

Outlook

Our marketing efforts will continue to focus on our branding, which includes packaging and communication. We expect domestic households to continue to adjust purchasing behaviour due to changing lifestyles, taste and economic factors. We will respond by continually developing products and listening to market feedback.



Cost is expected to increase from increased input cost and from additional charges as we continue to build for the long term and improve operations. Hence we will continue to seek ways to drive up efficiencies and keep cost down.

We wish to thank all our team members for their hard work and the results achieved for the period under review. We also want to thank our suppliers, customers, consumers and shareholders for your continued support while we grow your company and brand vision.



Anthony V Chang
Managing Director

CONSOLIDATED BAKERIES (JAMAICA) LTD.
Unaudited Financial Statements
For the Six Months Ended June 30, 2013

	Page
Statement of comprehensive income	1
Statement of financial position	2
Statement of changes in shareholders' equity	3
Statement of cash flows	4
Notes to the financial statements	5-10

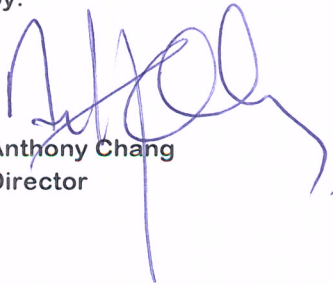
CONSOLIDATED BAKERIES (JAMAICA) LTD.
Statement Of Comprehensive Income
For the six Months ended June 30, 2013

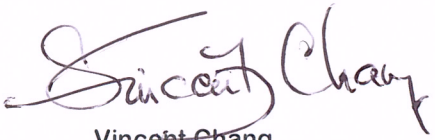
	Unaudited 3 months ended June 30, 2013	Unaudited 3 months ended June 30, 2012	Unaudited 6 months ended June 30, 2013	Unaudited 6 months ended June 30, 2012	Audited year ended December 31, 2012
<u>Notes</u>	\$	\$	\$	\$	\$
Revenue	156,513,203	111,431,690	328,546,590	251,399,368	474,554,193
Cost of Sales	100,778,697	78,751,359	209,970,204	165,452,545	310,815,708
Gross Profit	55,734,506	32,680,331	118,576,386	85,946,823	163,738,485
Other Income	2,086,798	2,718	2,809,630	6,178	3,164,221
Operating Expenses	57,821,304	32,683,049	121,386,016	85,953,001	166,902,706
Profit from operations	47,224,256	30,837,002	97,705,414	74,448,390	152,892,431
Unrealized Gain/Loss on Foreign Exchange	10,597,048	1,846,047	23,680,602	11,504,611	14,010,275
Finance Costs	1,175,770	-	3,718,384	-	-
Profit before Tax	(1,632,328)	-	(3,011,086)	(115,485)	(6,652,322)
Tax	10,140,490	1,846,047	24,387,900	11,389,126	7,357,953
	4	(615,287)	-	(2,998,471)	(3,681,693)
Total Comprehensive Income	10,140,490	1,230,760	24,387,900	8,390,655	3,676,260
Earnings per Share	9	0.10	0.11	0.70	0.053

CONSOLIDATED BAKERIES (JAMAICA) LTD.
Statement Of Financial Position
As at June 30, 2013

	Notes	Unaudited As at June 30, 2013	Unaudited As at June 30, 2012	Audited As at December 31, 2012
		\$	\$	\$
ASSETS:				
NON-CURRENT ASSETS:				
Property , Plant & Equipment	5	377,082,035	373,111,515	374,962,934
		<u>377,082,035</u>	<u>373,111,515</u>	<u>374,962,934</u>
CURRENT ASSETS:				
Inventories		15,661,923	5,349,555	16,513,962
Accounts Receivables	6c	57,062,988	50,492,108	43,018,199
Owed by Related Parties	7	19,788,198	20,660,307	25,643,141
Investments	6c	67,133,887	-	33,000,000
Cash & Cash Equivalents	6c	9,546,413	1,228,903	65,362,973
		<u>169,193,409</u>	<u>77,730,873</u>	<u>183,538,275</u>
TOTAL ASSETS		<u><u>546,275,445</u></u>	<u><u>450,842,388</u></u>	<u><u>558,501,209</u></u>
EQUITY & LIABILITIES				
EQUITY				
Share Capital		90,726,664	120,000	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		52,963,951	33,290,447	28,576,051
		<u>495,370,194</u>	<u>385,090,026</u>	<u>470,982,294</u>
NON-CURRENT LIABILITIES				
Long Term Loan	8	4,646,068	15,384,000	9,488,857
CURRENT LIABILITIES				
Current Portion of long Term Debt	8	8,413,180	10,576,000	12,544,789
Payables & Accruals		26,884,151	30,522,992	35,359,735
Bank Overdraft	6c	9,766,879	6,270,899	18,049,422
Tax		1,194,973	2,998,471	12,076,112
		<u>46,259,183</u>	<u>50,368,362</u>	<u>78,030,058</u>
TOTAL EQUITY & LIABILITIES		<u><u>546,275,445</u></u>	<u><u>450,842,388</u></u>	<u><u>558,501,209</u></u>

Approved by the Board of Directors on July 24, 2013 and signed on its behalf
by:


Anthony Chang
Director


Vincent Chang
Director

CONSOLIDATED BAKERIES (JAMAICA) LTD.
Unaudited Statement Of Changes in Shareholder's Equity
For the six Months ended June 30, 2013

	Share Capital	Capital Reserve	Revaluation Reserve	Retained Earnings	Total
	\$	\$	\$	\$	\$
Balance at January 1, 2012	120,000	20,825,532	330,854,047	24,899,792	376,699,371
Total Comprehensive Income	-	-	-	8,390,655	8,390,655
Balance at June 30, 2012	<u>120,000</u>	<u>20,825,532</u>	<u>330,854,047</u>	<u>33,290,447</u>	<u>385,090,026</u>
Balance at January 1, 2013	90,726,664	20,825,532	330,854,047	28,576,051	470,982,294
Total Comprehensive Income	-	-	-	24,387,900	24,387,900
Balance at June 30, 2013	<u>90,726,664</u>	<u>20,825,532</u>	<u>330,854,047</u>	<u>52,963,951</u>	<u>495,370,194</u>

CONSOLIDATED BAKERIES (JAMAICA) LTD.
Statement Of Cash Flow
For the six Months ended June 30, 2013

	Unaudited 6 months ended June 30, 2013 \$	Unaudited 6 months ended June 30, 2012 \$	Audited 12 months ended December 31, 2012 \$
<u>Cash Flows from Operating Activities</u>			
Net Profit	24,387,900	8,390,655	3,676,260
Items not affecting cash resources:			
Depreciation	6,224,900	5,807,488	10,543,956
	30,612,800	14,198,143	14,220,216
<u>(Increase)/Decrease in Current Assets</u>			
Related Parties	5,854,944	3,319,880	(1,662,955)
Inventories	852,039	2,358,198	(8,806,209)
Receivables	(14,044,789)	(14,428,246)	(6,954,336)
<u>Increase/(Decrease) in Current Liabilities</u>			
Trade Payables	(8,475,584)	7,716,650	12,553,393
Taxation	(10,881,139)	(8,923,218)	154,423
Net cash provided by operating activities	3,918,271	4,241,406	9,504,531
<u>Cash Flows from Investing Activities</u>			
Investments	(34,133,887)	-	-
Purchase of Fixed Assets	(8,344,001)	(7,424,253)	(14,012,139)
Net cash used in investing activities	(42,477,888)	(7,424,253)	(14,012,139)
<u>Cash Flows from Financing Activities</u>			
Share Subscription			90,606,664
Loan	(8,974,397)	12,754,309	8,827,952
Net cash flows from financing activities	(8,974,397)	12,754,309	99,434,616
Net cash generated this quarter	(47,534,015)	9,571,462	94,927,008
Cash and cash equivalents at beginning of year	47,313,551	(14,613,459)	(14,613,459)
Cash and cash equivalents at end of quarter	(220,466)	(5,041,997)	80,313,549
<u>Represented By:</u>			
Cash and Cash Equivalents	9,546,413	1,228,903	98,362,973
Bank Overdraft	(9,766,879)	(6,270,899)	(18,049,422)
	(220,466)	(5,041,997)	80,313,550

CONSOLIDATED BAKERIES (JAMAICA) LTD.

Notes to the Financial Statements

For the six Months ended June 30, 2013

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 and Stock Exchange Listing.

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.

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

- b) Activities

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

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 in which the Company operates.

3 Significant Accounting Policies

Statements of Compliance

These interim financial statements for the period ending June 30 have been prepared in accordance with and comply with International Financial Reporting Standards (IFRS). These interim financial statements were prepared in accordance with IAS 34 'Interim financial reporting', and follow the same accounting policies and methods of computation that were used in the annual audited financial statements for the year ended December 31, 2012.

CONSOLIDATED BAKERIES (JAMAICA) LTD.

Notes to the Financial Statements

For the six Months ended June 30, 2013

4 Tax Status

Under the Income Tax Act (Jamaica Stock Junior Market Remission Notice 2010) 100% of the Company's income tax liability will be relieved for the years 2013 – 2018, then 50% of the income tax liability will be relieved for a further 5 years, provided the Company remains on the Stock Exchange for a total of 15 years.

Tax	Unaudited 6 months ended June 30, 2013 \$	Unaudited 6 months ended June 30, 2012 \$
Profit before Tax	24,387,900	11,389,126
Tax	-	(2,998,471)
Total Comprehensive Income	24,387,900	8,390,655

5 Property, Plant & Equipment

	Unaudited 6 Months ended June 30, 2013 \$	Unaudited 6 Months ended June 30, 2012 \$
Cost as at January 1,	471,187,024	457,174,885
Acquisitions	8,344,001	7,424,253
Accumulated depreciation and amortization	(102,448,990)	(91,487,623)
Net book Value as at end of period,	377,082,035	373,111,515

CONSOLIDATED BAKERIES (JAMAICA) LTD.

Notes to the Financial Statements

For the six Months ended June 30, 2013

6 Financial Risk**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 its loans, savings accounts and bank overdraft.

b) Liquidity Risk

Liquidity risk refers to the difficulty The Company faces in raising funds to meet its commitments associated with its Financial instruments. As at June 30, 2013 The Company did not face any liquidity risks.

c) Credit risk

Credit risk is the risk that arises when one party fails to discharge its financial obligation, thus resulting in the other party suffering a financial loss. The Company is exposed to credit risk in respect of its receivables from both other companies and from individuals.

The maximum exposure to Interest rate and Credit risk as at June 30, 2013 is represented by the following:

	Unaudited 6 Months ended June 30, 2013	Unaudited 6 Months ended June 30, 2012	Audited year ended December 31, 2012
	\$	\$	\$
Cash and Cash Equivalents	9,546,413	1,228,903	65,362,973
Investments	67,133,887	-	33,000,000
Owed by related parties	19,788,198	20,660,307	25,643,141
Receivables	57,062,988	50,492,108	43,018,199
Bank Overdraft	9,766,879	6,270,899	18,049,422

CONSOLIDATED BAKERIES (JAMAICA) LTD.

Notes to the Financial Statements

For the six Months ended June 30, 2013

7 Related Parties

Related parties are those parties that possess the ability to control or exercise significant influence over The Company's Operational or Financial decisions. Amounts owed are as follows:

	Unaudited 6 Months ended June 30, 2013	Unaudited 6 Months ended June 30, 2012	Audited year ended December 31, 2012
	\$	\$	\$
Parent Company	-	139,382	1,989,427
Directors' Account	10,914,110	11,415,581	12,000,024
Poly Cello Packaging Ltd.	8,874,087	9,105,344	11,653,690
	<u>19,788,198</u>	<u>20,660,307</u>	<u>25,643,141</u>

8 Loan Liability

	Unaudited 6 Months ended June 30, 2013	Unaudited 6 Months ended June 30, 2012	Audited year ended December 31, 2012
	\$	\$	\$
Current Amount	8,413,180	10,576,000	12,544,789
Long Term Amount	4,646,068	15,384,000	9,488,857
Total	<u>13,059,248</u>	<u>25,960,000</u>	<u>22,033,645</u>

CONSOLIDATED BAKERIES (JAMAICA) LTD.

Notes to the Financial Statements

For the six Months ended June 30, 2013

9 Earnings per share

The earnings per share have been arrived at by dividing the total Comprehensive Income by the total number of shares issued as at the end of the respective period.

	Six Months ended June 30, 2013	Six Months ended June 30, 2012
Ordinary Shares	222,709,171	12,000,000

CONSOLIDATED BAKERIES (JAMAICA) LTD.

Notes to the Financial Statements

For the six Months ended June 30, 2013

10 Shareholders' Information**10 Largest Shareholders at June 30, 2013**

Chang Brothers Limited	137,316,956
Anthony Chang	18,300,000
General Accident Insurance Company Ja. Ltd.	12,000,000
JCSD Trustee Services Ltd – Sigma	2,650,000
David Chang	2,200,000
National Supply	2,128,000
Crissa's Group Ltd	1,648,358
Sunfisher Corp	1,183,000
Bruce Terrier	1,064,000
Stocks and Securities Ltd. Managed A/C	1,053,875

Shareholding of Directors at June 30, 2013

Vincent Chang *	Nil
Anthony Chang *	18,300,000
Nicola Chang Murphy *	89,000
Noel DaCosta	800,000
Philmore Ogle	800,000
Keith Collister	800,000
Thomas Chin	200,000

* These three directors are major shareholders in the parent company Chang Brothers Ltd.

Shareholding of Senior Managers at June 30, 2013

Rondene DaCosta	1,000
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