



# **HONEY BUN (1982) LIMITED**

**UNAUDITED FINANCIAL STATEMENTS**  
FOR THE NINE MONTHS ENDED 30<sup>th</sup> JUNE, 2018

**HONEY BUN (1982) LIMITED**  
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**MANAGEMENT COMMENTARY**

For the three months ended June 30, 2018, sales amounted to \$332 million dollars representing a 15% increase in sales relative to the prior year period. This has been as a result of continued investment in production capacity and restructuring of distribution. Profit before tax of \$9 million was 5% higher than the corresponding prior year period.

Year to date sales for the nine month period were \$1 billion representing a 4% increase in sales relative to the corresponding period for 2017 and profit before tax amounted to \$80 million, 17% lower than last year. Earnings per share for the nine month period year to date amounted to 15 cents.

The Company's asset base has grown as a result of the investment in the expanded facilities. This investment will allow the company to take advantage of the strong market demand for our products.

In April of this year Honey Bun launched its new Buccaneer Jamaica pocket size rum cakes in 3 flavors at the Jamaica Expo. We have entered two new markets with further interest from other buyers in existing markets.

We wish to thank our loyal customers, directors, employees and other stakeholders for their continued support.

**Michelle Chong**  
**CEO**

**HONEY BUN (1982) LIMITED**  
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**STATEMENT OF COMPREHENSIVE INCOME**

	Unaudited 3 Months Ended		Unaudited 9 Months Ended	
	<u>30 June 2018</u>	<u>30 June 2017</u>	<u>30 June 2018</u>	<u>30 June 2017</u>
<b>Revenue</b>	<b>331,727,994</b>	<b>289,078,026</b>	<b>1,006,469,016</b>	<b>969,420,686</b>
Cost of sales	-185,572,639	-166,516,349	-551,663,576	-550,157,685
<b>Gross profit</b>	<b>146,155,355</b>	<b>122,561,677</b>	<b>454,805,440</b>	<b>419,263,001</b>
Finance income	241,936	140,985	625,481	1,112,456
Other Gains/(losses)	915,952	382,555	-4,432,335	283,563
	147,313,243	123,085,217	450,998,587	420,659,020
<b>Expenses</b>				
Administrative	-75,324,458	-66,725,804	-202,080,657	-199,969,982
Selling & distribution costs	-61,293,802	-46,578,350	-164,130,312	-120,036,657
Total Expenses	-136,618,260	-113,304,155	-366,210,969	-320,006,639
<b>Profit from operations</b>	<b>10,694,983</b>	<b>9,781,062</b>	<b>84,787,617</b>	<b>100,652,381</b>
Finance costs	-1,676,336	-1,224,073	-4,389,920	-3,900,319
<b>Profit before taxation</b>	<b>9,018,647</b>	<b>8,556,990</b>	<b>80,397,697</b>	<b>96,752,062</b>
Taxation	695,215	-1,003,635	-8,293,644	-12,095,097
<b>Net profit after Tax</b>	<b>9,713,863</b>	<b>7,553,355</b>	<b>72,104,053</b>	<b>84,656,965</b>
<b>Other comprehensive income</b>				
Unrealised gain on investment	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>9,713,863</b>	<b>7,553,355</b>	<b>72,104,053</b>	<b>84,656,965</b>
Earnings per stock unit	0.02	0.02	0.15	0.18

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**STATEMENT OF FINANCIAL POSITION**

	Unaudited 3 months ended June 30, 2018	Unaudited 3 months ended June 30, 2017	Audited Sep. 30, 2017
	\$	\$	\$
<b>ASSETS:</b>			
<b>NON-CURRENT ASSETS:</b>			
Property, plant and equipment	441,197,050	367,504,329	386,947,599
Investments	76,112,763	78,018,311	78,079,907
Intangible assets	2,643,099	1,218,460	1,657,433
	<u>519,952,913</u>	<u>446,741,100</u>	<u>466,684,939</u>
<b>CURRENT ASSETS:</b>			
Inventories	49,405,743	57,879,292	47,939,061
Receivables	78,002,905	96,295,822	88,362,789
Taxation Recoverable	-	112,493	-
Cash & cash equivalents	84,162,072	108,107,538	101,644,353
	<u>211,570,719</u>	<u>262,395,145</u>	<u>237,946,203</u>
<b>CURRENT LIABILITIES:</b>			
Payables	77,536,428	109,887,223	87,267,645
Taxation	-	-	12,636,747
Bank Overdraft	-	-	-
Current Portion of Long Term Loan	6,828,027	7,515,426	6,519,369
	<u>84,364,455</u>	<u>117,402,649</u>	<u>106,423,761</u>
<b>Net current assets</b>	<u><b>134,034,291</b></u>	<u><b>144,992,496</b></u>	<u><b>131,522,442</b></u>
	<u><b>647,159,177</b></u>	<u><b>591,733,596</b></u>	<u><b>598,207,382</b></u>
<b>EQUITY &amp; LIABILITIES:</b>			
<b>Shareholders' equity</b>			
Share capital	46,514,770	46,514,770	46,514,770
Capital reserves	60,119,243	60,372,566	59,880,738
Retained earnings	492,930,838	430,192,421	439,435,919
	<u>599,564,851</u>	<u>537,079,757</u>	<u>545,831,427</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	24,825,025.620	30,551,301	29,606,653
Deferred tax Liabilities	22,769,301	24,102,538	22,769,301
	<u>47,594,327</u>	<u>54,653,839</u>	<u>52,375,954</u>
	<u><b>647,159,177</b></u>	<u><b>591,733,596</b></u>	<u><b>598,207,381</b></u>

Approved for issue by the Board of Directors on August 7, 2018 and signed on its behalf by



Herbert Chong (Director)



Charles Heholt (Director)

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**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

	Share Capital	Capital Reserve	Retained Earnings	Totals
	\$	\$	\$	\$
<b>Balance as at 1st October 2016</b>	46,514,770	60,372,566	364,386,136	471,273,472
Unrealized gain on securities	-	-	-	-
Reversal of deferred taxation	-	-	-	-
Dividends	-	-	(18,850,678)	(18,850,678)
Total comprehensive income for the period	-	-	84,656,964	84,656,964
<b>Balance as at 30th June, 2017 (unaudited)</b>	46,514,770	60,372,566	430,192,422	537,079,758
<b>Balance as at 1st October 2017</b>	46,514,770	59,880,738	439,435,919	545,831,427
Gain on securities	-	238,505	-	238,505
Reversal of deferred taxation	-	-	-	-
Dividends	-	-	(18,609,134)	(18,609,134)
Total comprehensive income for the period	-	-	72,104,053	71,227,618
<b>Balance as at 30th June, 2018 (unaudited)</b>	46,514,770	60,119,243	492,930,838	599,564,851

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**STATEMENT OF CASH FLOWS**

	Nine Months ended June 30, 2018 \$	Nine Months ended June 30, 2017 \$
<b>CASH FROM OPERATING ACTIVITIES</b>		
Profit after taxation	72,104,053	96,752,062 *
<b>Adjustments for:</b>		
Depreciation	36,015,622	32,466,298
Amortization	459,734	582,089
Profit on sale of property, plant, and equipment	632,171	-
<b>Other non-cash items</b>		
Investment income	(943,016)	(1,112,456)
Finance Costs Paid	4,389,920	3,900,319
<b>OPERATING CASH BEFORE WORKING CAPITAL</b>	<b>112,658,480</b>	<b>132,588,312</b>
<b>MOVEMENT IN WORKING CAPITAL</b>		
Inventories	(1,466,681)	(8,249,330)
Receivables	10,359,885	(18,771,113)
Payables	(22,367,964)	34,755,358
Taxation Paid	-	(12,095,098)
<b>TOTAL MOVEMENT IN WORKING CAPITAL</b>	<b>(13,474,761)</b>	<b>(4,360,183)</b>
<b>NET CASH FROM OPERATING ACTIVITY</b>	<b>99,183,719</b>	<b>128,228,129</b>
<b>CASH FROM INVESTING ACTIVITY</b>		
Payment for property plant and equipment	(92,342,645)	(56,158,388)
Investment Income	943,016	1,112,456
Other Gains(Losses)	2,205,648	-
Sale/(purchase) of investments	-	(38,523,783)
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<b>(89,193,981)</b>	<b>(93,569,715)</b>
<b>CASH FROM FINANCING ACTIVITY</b>		
Loans Received	-	30,000,000
Loans Repaid	-	(5,817,056)
Finance Costs paid	(4,389,920)	(3,900,319)
Dividends paid	(18,609,134)	(18,850,678)
<b>NET CASH (USED IN) FINANCING ACTIVITIES</b>	<b>(22,999,054)</b>	<b>1,431,947</b>
<b>NET INCREASE/DECREASE IN CASH</b>	<b>(17,482,286)</b>	<b>36,090,361</b>
Net Cash balances at beginning of year	101,644,353	72,017,177
Net Cash and cash equivalent at end of period	<b>84,162,067</b>	<b>108,107,538</b>

\* Represents profit before taxation

# **HONEY BUN (1982) LIMITED**

## **UNAUDITED FINANCIAL STATEMENTS**

### **FOR NINE MONTHS ENDED 30th JUNE, 2018**

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#### **NOTES TO THE INTERIM FINANCIAL STATEMENTS**

##### **1. GENERAL INFORMATION**

Honey Bun (1982) Limited (the “Company”) is a limited liability company incorporated under the laws of Jamaica. Its principal activities comprise the manufacture and distribution of baked products to the local and export markets. The Company operates within Jamaica from its registered office located at 26 Retirement Crescent, Kingston 5.

The Company’s shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on 3 June 2011.

##### **2. BASIS OF PREPARATION**

This condensed consolidated interim financial information for the nine months ended 30<sup>th</sup> June, 2018 has been prepared in accordance with IAS 34, Interim financial reporting.

The condensed interim financial information should be read in conjunction with the annual audited financial statements for the year ended 30 September 2017, which have been prepared in accordance with IFRSs and comply with the provisions of the Jamaican Companies Act.

##### **3. ACCOUNTING POLICIES**

The principal accounting policies applied in the preparation of these un-audited financial statements are consistent with those used in the audited financial statements for the year ended 30 September 2017.

##### **4. USE OF ESTIMATES AND JUDGMENTS**

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 September 2017.

(i) Property, plant and equipment:

Items of property, plant and equipment are stated at cost less accumulated depreciation.

(ii) Depreciation:

Depreciation is recognized on profit or loss on the straight line basis, over the estimated useful lives of property, plant and equipment.

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**4. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)**

(iii) Borrowings:

Borrowings are recognized initially as the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method with any difference between proceeds net of transactions costs and the redemption value recognized in income along with regular interest charges over the period of the borrowings.

**5. SEASONALITY OF OPERATIONS**

Due to the seasonal nature of the Company’s revenue streams, operating profits are usually expected to be higher in the first half of the year. The Christmas and Easter holidays fall within the first nine months of the financial year when sale of the Company’s products reflect uneven revenue.

**6. EXCEPTIONAL ITEMS**

Items that are material either because of their size or their nature that are non-recurring are highlighted separately in the income statement. The separate reporting of exceptional items helps provide a better picture of the Company’s underlying performance.

**7. EARNINGS PER STOCK UNIT**

The Earnings per Stock Unit (EPS) is computed by dividing the profit for the period by the number of shares in issue for the period of 471,266,950.

**8. SHARE CAPITAL**

	<u>June 2018</u>	<u>June 2017</u>
<b><u>Authorized:</u></b>	<b>\$</b>	<b>\$</b>
487,500,000 shares (2015 – 97,500,000 shares)		
<b><u>Issued and fully paid:</u></b>		
471,266,950 shares (2015 - 94,253,390 shares)	46,514,770	46,514,770
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**INFORMATION REGARDING SHAREHOLDERS**

AS AT 30<sup>th</sup> June, 2018

**TEN LARGEST SHAREHOLDERS**

**No. of Stock Units**

Next Incorporated	266,332,660
Michelle Chong	58,691,000
Herbert Chong	54,091,000
Mayberry Managed Clients' Account	15,083,897
Mayberry Jamaican Equites Limited	11,156,698
Bamboo Group Holding Limited	6,120,280
Daniel Chong	5,045,670
JCS D Trustee Services Ltd- Sigma Venture	3,616,120
Apex Pharmacy	3,600,245
Kenneth Lyn	2,780,092

**SHAREHOLDINGS OF DIRECTORS**

Michelle Chong	58,691,000
Michelle Chong (Next Incorporated)	111,859,717
Herbert Chong	54,091,000
Herbert Chong (Next Incorporated)	101,206,411
Paul Moses	2,000,000
Charles Heholt	1,260,000
Sushil Jain	924,916
Yaneek Page	0
Wayne Wray	0

**SHAREHOLDINGS OF SENIOR OFFICERS**

Michelle Chong	58,691,000
Michelle Chong (Next Incorporated)	111,859,717
Herbert Chong	54,091,000
Herbert Chong (Next Incorporated)	101,206,411
Daniel Chong	2,689,335
Daniel Chong (Next Incorporated)	13,316,633
Dustin Chong	2,356,335
Dustin Chong (Next Incorporated)	13,316,633