

**HONEY BUN (1982) LIMITED**  
**Annual General Meeting Minutes**

Date: March 13, 2013

Duration: 10:00am – 10:47am

Board members

present: Herbert Chong (Chairman)  
Michelle Chong (CEO)  
Paul Moses (Director)  
Charles Heholt (Director)  
Sushil Jain (Mentor/Director)

Special invitees

present: Daniel Chong (COO)  
Krystal Chong (CMO)  
Paul Watson (HMO)  
Damian Graveley (Sales & Dist Coordinator)  
Rosemarie Campbell-Bailey (Project Management Coordinator)  
Andrea Ball (Credit Manager)  
Christopher Morris (Accounts Supervisor)  
Rosemarie Walker (Production Superintendent)  
Tafara Morrison (Production Superintendent)  
Dustin Chong (Regional Sales Manager)  
Wilfred McKenley (Partner, McKenley & Associates Ltd)  
Bruno Loffler (Associate, McKenley & Associates Ltd)

Recorder: Ursula Williams (Executive Asst.)

Venue: Knutsford Court Hotel, 11 Ruthven Road, Kingston 10

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**1. Welcome**

The Chairman called the meeting to order at 10:00am. He welcomed everyone to the Company's second Annual General Meeting. Rosemarie Campbell-Bailey followed in prayer.

**2. Introductions**

The Chairman introduced:

- members of the Board seated at the head table,
- Wilfred McKenley and Bruno Loffler, from McKenley & Associates who have served as auditors.

**3. Proxy**

The Chairman acknowledged receipt of proxy for VMWM – Client 1.

**4. Quorum**

The Chairman confirmed that a quorum of shareholders was present and therefore declared the meeting open for business.

**5. Notice**

The Chairman noted that the Notice calling the meeting had been in the hands of the

members of the Company for the prescribed period set out in the Articles, and proposed a motion to accept it as read. Ursula Williams seconded the motion and all agreed.

## 6. Chairman's Address

The Chairman stated that in 2012 Honey Bun celebrated its 30<sup>th</sup> anniversary. He noted that 2012 also marked the launch of Honey Bun's "Goldie"; a new cream filled finger cake. Honey Bun increased employment by 5% during the last year. With the Company purchasing local supplies, it has increased suppliers and partners productivity and contributed to nation building.

Honey Bun was again the proud recipient of the Brand Jamaica award from the Jamaica Manufacturers' Association. The latest achievement is the receipt of the Jamaica Stock Exchange's overall Award for Best Practices in the Junior Market.

In 2013, the Company plans to focus on advanced technological solutions to increase world class competitiveness which will result in significant improvements in efficiency and excellence. Honey Bun successfully implemented powerful new ERP software at the beginning of the financial year October 2012, and has already started the process of computerizing all operational processes. The Company will continue to strive to satisfy customers with more innovative products and remains focused on overall program of continuous improvement in all areas of the business. Export will continue to remain a priority.

Mr. Chong expressed special thanks to the Honey Bun team, particularly the CEO, Board of Directors and the management team.

## 7. CEO's Report

The CEO reported that 2012 financial year showed a positive trend in spite of the economy and a much more competitive market.

### Profit

- Gross profit and Profit before Tax increased by 14% and 13% respectively. Management of efficiencies on each production line has created opportunities to improve these margins.
- While profit before tax increased by 13%, EBITDA increased by 18% year over year. Management considers these improvements to be significant when compared to an increase in sales of 9%.

### EPS

The Company's Earnings Per Share increased by 10 cents over 2011 moving from 34 cents to 44 cents per share.

### Expenses

- Operating expenses increased by 9% over the prior year. Several expense items decreased due to management focus on expense control.
- Major contributors to increased spend were for Directors Fees, Depreciation and GCT Unrecoverable. These were as a result of the company going public and investment in equipment for new product development and the purchase of vehicles for improved distribution. The Company is already experiencing the return on these investments.
- Other Costs in the financial statements section for Expense by Nature reflect a significant portion of difficult to collect debt, mainly from prior contracted distributors. This amounted to almost 5 million dollars.

- Motor Vehicle Expense was significantly reduced by over 60%. All vehicle leases were paid off in June 2011 from the IPO proceeds, resulting in reduced motor vehicle expenses.

#### Corporate Social Responsibility

The CEO shared that the Company continues to provide support for schools' computer programs and the development of the less fortunate through employment and training.

#### 2013 onward

Since the beginning of 2013 the Company has improved its Corporate Governance having documented several policies which will result in improved risk management and compliance to the highest standards.

The Company completed its 3<sup>rd</sup> Internal Audit and is happy to report that as a result of these audits, significant improvements in efficiencies have been realized.

First quarter results for 2013 reported a 32% increase in sales to \$192 million over \$145 million for the corresponding period last year. Profit for the 3 months was \$15.2 million compared to \$9.8 million for the same period last year. This increase in profit represents an increase of 56%.

In January this year, the Company made a deposit on a property to restructure parts of its operations to improve on logistics and efficiencies. With the newly acquired property, two branches will be relocated to same property, under one roof in closer proximity to the head office.

The CEO thanked all our stakeholders for their loyalty, in particular, employees, customers and directors.

### **8. Auditors' Report**

The report of the auditors to the members was read by Bruno Loffler of McKenley and Associates.

### **9. Questions & Answers**

The Chairman invited shareholders to make inquiries.

- Livingston Young enquired about consideration to increase amount in dividends. The Chairman responded that the upcoming dividend has been increased to 9 cents per share payable March 28, 2013. The Mentor added that future consideration to increase dividend is dependent on profits.
- Livingston Young commended the Company on good/creative ideas, notably the Goldie.

Kayree Teape suggested products such as cherry cheese danish, lemon and cherry cinnamon rolls and butter cookies that the Company could research for production. The CMO expressed her appreciation for the feedback and welcomed continued communication to her and the Marketing office.

### **10. Resolution 1 – To receive Annual Accounts**

On the motion proposed by the Chairman seconded by Livingston Young, the following resolution was put to the vote and carried.

THAT the Directors' Report, The Auditors' Report and the Audited Accounts for the year ended September 30, 2012 be received and adopted.

**11. Resolution 2 – Re-appointment of Directors retiring by rotation**

The Chairman asked the Mentor to handle this item as he would retire from this resolution and so would Michelle Chong.

**Resolution 2(a)**

On the motion proposed by Michael Hendricks seconded by William Josiah:

THAT Herbert Chong be re-elected as a director of the Company.

The resolution was carried.

**Resolution 2(b)**

On the motion proposed by Dawn Roper seconded by Michael Hendricks:

THAT Michelle Chong be re-elected as a director of the Company.

The resolution was carried.

**12. Resolution 3 – Directors' remuneration**

The Chairman resumed control of the meeting. On the motion proposed by the Chairman seconded by Livingston Young, the following resolution was put to the vote and carried.

THAT the Board is authorized to fix the remuneration of the Directors.

**13. Resolution 4 – Auditors' remuneration**

On the motion proposed by the Chairman seconded by Michelle Chong, the following resolution was put to the vote and carried.

THAT the Board is authorized to reappoint auditors McKenley and Associates based on their consent as auditors of the Company, and to fix their remuneration.

**14. Resolution 5 – Approve dividend for the year**

On the motion proposed by the Chairman seconded by Charles Heholt, the following resolution was put to the vote and carried.

THAT the interim dividend of 5 cents per share paid on May 31, 2012 and 6 cents per share paid on January 11, 2013 as the final dividend in respect of the year ended 30 September, 2012.

**15. Conclusion**

The Chairman thanked all for coming. The meeting terminated at 10:47am.

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DATE

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CHAIRMAN