



HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED 30th JUNE, 2015

MANAGEMENT COMMENTARY

In the third quarter of the current financial year sales increased by 20% and gross profits by 24% compared with the corresponding period last year.

Profit before taxes for the quarter was \$17 million. This represents an increase of 43.5% over the prior year.

Year to date results show increase in sales of 17.5% and net profit of 57.7%. The increase in sales is attributable to a strategic restructure of the sales department. Net profit margin increased as a result of the reduction in cost of sales.

The Company's balance sheet shows an increase of \$16 million in cash while Investments increased by \$23 million. We are also satisfied that receivables showed no increase in spite of increased sales.

Export sales increased by 48% year to date, this in keeping with the Company's objective of increasing exports.

In this quarter, Honey Bun received the Jamaica Exporters' Association 2014 Runner Up for the National Export Award for Champion Manufacturer for Category 1.

We will continue to contribute to Nation Building through Manufacturing, Exports and our Corporate Social Programs.

Based on plans in place we expect to continue to see improved results.

Michelle Chong
CEO

HONEY BUN (1982) LIMITED
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STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3 months ended 30 June 2015	Unaudited 3 months ended 30 June 2014	Unaudited 9 months ended 30 June 2015	Unaudited 9 months ended 30 June 2014	Audited 12 months ended 30 Sept 2014
Revenue	217,547,318	180,786,462	671,605,848	571,381,277	741,950,751
Cost of sales	118,602,171	101,240,576	371,010,992	324,033,053	437,749,558
Gross profit	98,945,147	79,545,886	300,594,856	247,348,224	304,201,193
Finance income	47,174	30,223	82,981	43,747	204,056
Other Gains/(losses)	-129,520	4,451,408	804,977	5,725,431	4,443,294
	98,862,801	84,027,517	301,482,814	253,117,402	308,848,543
Expenses					
Administrative	48,014,768	42,246,509	137,866,651	127,504,396	171,787,195
Selling & distribution costs	32,406,784	28,542,832	94,718,473	81,491,752	108,497,166
Total Expenses	80,421,552	70,789,341	232,585,124	208,996,148	280,284,361
Profit from operations	18,441,249	13,238,176	68,897,691	44,121,254	28,564,182
Finance costs	1,432,624	1,385,739	4,834,433	3,507,603	5,204,150
Profit before taxation	17,008,625	11,852,437	64,063,258	40,613,651	23,360,032
Taxation	30,000	-	30,000	-	60,000
Net profit for the period	16,978,625	11,852,437	64,033,258	40,613,651	23,300,032
Other comprehensive income					
Unrealised gain on investment					994,011
Total comprehensive income for the period	16,978,625	11,852,437	64,033,258	40,613,651	22,306,021
Earning per stock unit	0.18	0.13	0.68	0.43	0.24

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STATEMENT OF FINANCIAL POSITION

	Unaudited 9 months ended June 30 2015	Unaudited 9 months ended June 30 2014	Audited Sept. 30 2014
ASSETS:			
NON-CURRENT ASSETS:			
Property, plant and equipment	279,176,893	264,890,363	296,611,652
Investments	25,674,822	4,055,027	25,343,421
Intangible assets	2,947,501	5,522,538	5,662,195
	<u>307,799,216</u>	<u>274,467,928</u>	<u>327,617,268</u>
CURRENT ASSETS:			
Inventories	45,294,508	51,309,609	38,411,875
Receivables	55,757,994	55,544,207	69,183,563
Taxation Recoverable	4,506,587	4,506,587	112,493
Cash & cash equivalents	46,593,139	30,288,859	21,331,039
	<u>152,152,228</u>	<u>141,649,262</u>	<u>129,038,970</u>
CURRENT LIABILITIES:			
Payables	58,938,816	55,094,276	74,650,703
Bank Overdraft	65,062	11,297,214	16,138,286
Current Portion of Long Term Loan	8,255,399	6,371,592	10,097,387
	<u>67,259,277</u>	<u>72,763,082</u>	<u>100,886,376</u>
Net current assets	<u>84,892,951</u>	<u>68,886,180</u>	<u>28,152,594</u>
	<u>392,692,167</u>	<u>343,354,108</u>	<u>355,769,862</u>
EQUITY & LIABILITIES:			
Shareholders' equity			
Share capital	46,514,770	46,514,770	46,514,770
Capital reserves	71,775,333	71,942,982	70,948,972
Retained earnings	244,255,699	208,846,466	191,532,847
	<u>362,545,802</u>	<u>327,304,218</u>	<u>308,996,589</u>
NON-CURRENT LIABILITIES			
Long term loans	30,146,365	16,049,890	46,773,273
	<u>30,146,365</u>	<u>16,049,890</u>	<u>46,773,273</u>
	<u>392,692,167</u>	<u>343,354,108</u>	<u>355,769,862</u>

Approved for issue by the Board of Directors on 5 August, 2015 and signed on its behalf by



Herbert Chong
Director



Charles Heholt
Director

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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

	Capital Reserves \$	Share Capital \$	Retained Earnings \$	Totals \$
Balance at 1 October 2013	71,942,983	46,514,770	172,945,485	291,403,238
Deferred tax reversal	-		-	-
Dividends			(4,712,670)	(4,712,670)
Total comprehensive income for the period			40,613,651	40,613,651
Balance at 30 June 2014 (un-audited)	71,942,983	46,514,770	208,846,466	327,304,219
Balance at 1 October 2014	70,948,972	46,514,770	191,532,848	308,996,590
Unrealised gains on securities available for sale	826,361		-	826,361
Reversal of deferred taxation			-	-
Dividends			(11,310,407)	(11,310,407)
Net Profit			64,033,258	64,033,258
Balance at 30 June 2015 (un-audited)	71,775,333	46,514,770	244,255,699	362,545,802

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STATEMENT OF CASH FLOW

	Nine months ended 20 June 2015	Nine months ended 30 June 2014
Cash flows from operating activities		
Profit before taxation	64,033,258	40,613,651
Adjustments for:		
Depreciation	27,233,162	22,537,343
Amortization	2,714,694	2,570,832
Gain on disposal of plant and equipment	(1,214,446)	(785,903)
Investment income	(82,981)	(43,747)
Finance Costs paid	4,834,433	3,507,603
Operating cash flows before movement in working capital	97,518,120	68,399,779
Movements in working capital:		
Inventories	(6,882,633)	(17,573,796)
Receivables	13,425,569	22,542,729
Payables	(15,711,887)	(19,497,254)
Taxation	(4,394,094)	-
	(13,563,045)	(14,528,321)
Finance costs paid	(4,834,433)	(3,507,603)
Income taxes paid	-	(4,394,094)
Net changes in working capital	(18,397,478)	(22,430,018)
Net cash from operating activities	79,120,642	45,969,761
Cash flows from investing activities:		
Payment for property, plant and equipment	(9,798,403)	(97,024,589)
Gain on disposal of plant and equipment	1,214,446	785,903
Payment for intangible assets	-	587,130
Investment Income	82,981	43,747
Sale/(purchase) of investments	(331,401)	96,652
Net cash used in investing activities	(8,832,377)	(95,511,157)
Cash flows from financing activities:		
Repayment of long term borrowings	(17,642,412)	-
Proceeds from long term borrowings	-	9,111,993
Dividends Paid	(11,310,407)	(4,712,670)
Net cash (used in)/provided by financial activities	(28,952,819)	4,399,323
Net increase in cash and cash equivalent	41,335,446	(45,142,073)
Net cash balances at beginning of year	5,192,631	64,133,718
Net cash and cash equivalent at end of period	46,528,077	18,991,645
Represented by:		
Cash and cash equivalents	46,593,139	30,288,859
Short term borrowings	(65,062)	(11,297,214)
	46,528,077	18,991,645

HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS

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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 market. 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 3rd June 2011.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the period ended 30 June, 2015 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 2014, 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 2014.

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 2014.

(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 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 94,253,390.

8. SHARE CAPITAL

	<u>June 2015</u>	<u>Sept 2014</u>
<u>Authorized:</u>	<u>\$</u>	<u>\$</u>
97,500,000 shares (2012 – 97,500,000 shares)		
<u>Issued and fully paid:</u>		
94,253,390 shares	46,514,770	46,514,770
	<u><u> </u></u>	<u><u> </u></u>

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INFORMATION REGARDING SHAREHOLDERS

	No. of Stock Units
TEN LARGEST SHAREHOLDERS	
at 30th June, 2015	
Herbert Chong	37,500,000
Michelle Chong	37,500,000
Mayberry Managed Clients' Account	3,508,630
Mayberry West Indies Limited	2,434,396
Daniel V. Chong & Dustin Chong	2,060,600
Krystal T. Chong & Dylan Chong	1,970,600
Bamboo Group Holding Limited	1,184,855
Apex Pharmacy	711,449
VMWM – Client 1	460,318
Paul H. Moses & Joan Moses	400,000
SHAREHOLDINGS OF DIRECTORS	
at 30th June, 2015	
Herbert Chong	37,500,000
Michelle Chong	37,500,000
Paul Moses	400,000
Sushil Jain	460,318
Charles Heholt	252,000
SHAREHOLDINGS OF SENIOR OFFICERS	
at 30th June, 2015	
Herbert Chong	37,500,000
Michelle Chong	37,500,000
Daniel Chong	2,060,600