

# **HONEY BUN (1982) LIMITED**

## **UNAUDITED FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED MARCH 31, 2021

## CONTENTS

|  |   |
|--|---|
| MANAGEMENT DISCUSSION AND ANALYSIS.....            | 1 |
| STATEMENT OF COMPREHENSIVE INCOME .....            | 2 |
| STATEMENT OF FINANCIAL POSITION .....              | 3 |
| STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY ..... | 4 |
| STATEMENT OF CASHFLOWS .....                       | 5 |
| NOTES TO THE INTERIM FINANCIAL STATEMENTS.....     | 6 |
| INFORMATION REGARDING SHAREHOLDERS.....            | 8 |

**HONEY BUN (1982) LIMITED**  
Unaudited Financial Statements  
For the Six Months Ended March 31, 2021

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## MANAGEMENT DISCUSSION AND ANALYSIS

The three months ended March 31, 2021 saw the company earning net profits of \$76.8m or 77% more than the prior year. Gross revenues were \$527.4m or 16% more than last year. The improvement was attributable to a number of factors, including the introduction of new products such as the Hot Dog roll and Cinnamon loaf. Gross profit for the quarter came in at \$253.7m or 18% over prior year, whilst the gross profit ratio closed at 48.1% compared to 47.3% in the prior year.

The year to date results also saw improved performance, with revenues coming in at \$988.7m or 13% more than the prior year. Easter bun sales performed well, in particular, Easter bun exports grew 48% over prior year. Gross profits came in at \$471.8m or 11% more than the prior year. The gross profit ratio was 47.7% compared to 48.6% in the prior year. The decline was due to increased cost of raw materials and other manufacturing inputs that occurred mainly in the first quarter. Net profit for the period was \$111.6m, or 21% over prior year.

The company invested \$69.3m in capital expenditure in the period, mainly to upgrade vehicle fleet to service new routes, and to acquire additional manufacturing equipment. This brought total property plant and equipment to \$588.1m or 13% over prior year. Overall receivables decreased by \$38.1 million to close at \$81.0 million, whilst overall trade and other payables fell by \$18.7 million to close at \$161.1 million. Net current assets closed the period at \$325.6 million, or 20% over the prior year.

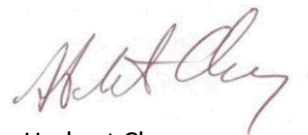
During the quarter, the company launched its new sliced bun, which has been well received by customers for its added convenience. The staff wellness and counselling program introduced in November continues to be invaluable in helping team members cope with the psychosocial effects of the pandemic.

The Honey Bun foundation launched an app (GAPP APP – The Honey Bun Foundation) available on Google Play, Apple app store and [www.thehoneybunfoundation.com](http://www.thehoneybunfoundation.com), which is a business tool diagnostic that identifies weakness in SME businesses processes. The tool comes with recommendations about the appropriate Business Service Organization (BSO) that provides support in the areas identified.

We remain committed to our mission to lead achieve and serve, and we take this opportunity to thank our loyal customers, directors, employees and other stakeholders for their continued support.



Michelle Chong  
Chief Executive Officer



Herbert Chong  
Chairman

**HONEY BUN (1982) LIMITED**  
 Unaudited Financial Statements  
 For the Six Months Ended March 31, 2021

**STATEMENT OF COMPREHENSIVE INCOME**

**HONEY BUN (1982) LIMITED**

**Statement of Profit or Loss and Other Comprehensive Income  
 For the Six months ended March 31, 2021**

*(Expressed in Jamaican Dollars except otherwise stated)*

|  | Unaudited<br>Three months<br>ended<br>March 2021 | Unaudited<br>Three months<br>ended<br>March 2020 | Unaudited<br>Six months<br>ended<br>March 2021 | Unaudited<br>Six months<br>ended<br>March 2020 |
|--|--|--|--|--|
| <b>Gross operating revenue</b>   | 527,401,495                                      | 453,503,956                                      | 988,718,758                                    | 875,977,090                                    |
| Cost of operating revenue  | <u>(273,679,907)</u>                             | <u>(239,132,710)</u>                             | <u>(516,940,451)</u>                           | <u>(449,983,858)</u>                           |
| <b>Gross profit</b>  | 253,721,589                                      | 214,371,245                                      | 471,778,307                                    | 425,993,231                                    |
| Other Gains/(losses)   | <u>4,854,731</u>                                 | <u>5,185,583</u>                                 | <u>3,841,026</u>                               | <u>5,372,187</u>                               |
|  | 258,576,320                                      | 219,556,829                                      | 475,619,333                                    | 431,365,419                                    |
| <b>Administrative, selling<br/>and distribution expenses</b>                                   |  |  |  |  |
| Administrative   | (109,152,733)                                    | (94,864,848)                                     | (216,410,650)                                  | (183,695,801)                                  |
| Selling & distribution costs   | <u>(59,324,600)</u>                              | <u>(62,994,755)</u>                              | <u>(128,105,331)</u>                           | <u>(129,212,170)</u>                           |
|  | (168,477,333)                                    | (157,859,603)                                    | (344,515,981)                                  | (312,907,971)                                  |
| Operating profit before finance costs and taxation   | 90,098,986                                       | 61,697,226                                       | 131,103,352                                    | 118,457,448                                    |
| Finance income- interest   | 33,602   | 67,540   | 59,165   | 792,799  |
| Finance costs  | (1,849,594)                                      | (3,138,361)                                      | (3,635,660)                                    | (4,571,169)                                    |
| Increase/(Decrease) in value of investments<br>classified as fair value through profit or loss | <u>(266,834)</u>                                 | <u>(7,121,464)</u>                               | <u>231,963</u>                                 | <u>(7,121,464)</u>                             |
| <b>Profit before taxation</b>  | 88,016,161                                       | 51,504,941                                       | 127,758,820                                    | 107,557,614                                    |
| Taxation   | <u>(11,191,000)</u>                              | <u>(8,200,000)</u>                               | <u>(16,180,000)</u>                            | <u>(15,134,093)</u>                            |
| <b>Net profit for the period</b>   | 76,825,161                                       | 43,304,941                                       | 111,578,820                                    | 92,423,521                                     |
| <b>Total comprehensive income for the period</b>   | <u>76,825,161</u>                                | <u>43,304,941</u>                                | <u>111,578,820</u>                             | <u>92,423,521</u>                              |
| Earnings Per Share   | 0.16   | 0.09   | 0.24   | 0.20   |

**HONEY BUN (1982) LIMITED**  
 Unaudited Financial Statements  
 For the Six Months Ended March 31, 2021

**STATEMENT OF FINANCIAL POSITION**

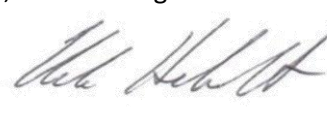
**HONEY BUN (1982) LIMITED**  
**Statement of Financial Position**  
**as at March 31, 2021**

*(Expressed in Jamaican Dollars except otherwise stated)*

|  | Unaudited<br>March 2021 | Unaudited<br>March 2020 | Audited<br>September 2020 |
|--|-------------------------|-------------------------|---------------------------|
| <b>NON-CURRENT ASSETS</b>                |                         |                         |                           |
| Property, plant and equipment            | 588,089,226             | 522,026,631             | 553,448,405               |
| Right-of-Use Asset                       | 4,511,025               | 7,088,753               | 5,799,889                 |
| Investments                              | 64,632,359              | 60,361,327              | 61,326,234                |
| Intangible assets                        | 1,919,228               | 2,205,680               | 1,748,534                 |
| Total non-current assets                 | <u>659,151,837</u>      | <u>591,682,391</u>      | <u>622,323,062</u>        |
| <b>CURRENT ASSETS</b>                    |                         |                         |                           |
| Inventories                              | 74,731,572              | 94,051,882              | 71,274,544                |
| Receivables                              | 81,007,930              | 119,144,757             | 72,992,313                |
| Taxation recoverable                     | 2,789,868               | 2,302,465               | 2,789,071                 |
| Cash & cash equivalents                  | 347,589,834             | 258,045,418             | 296,979,198               |
| Total current assets                     | <u>506,119,204</u>      | <u>473,544,522</u>      | <u>444,035,126</u>        |
| <b>CURRENT LIABILITIES</b>               |                         |                         |                           |
| Trade and other payables                 | 161,076,681             | 179,806,189             | 129,920,088               |
| Taxation Payable                         | 13,901,902              | 18,125,844              | 12,676,799                |
| Current Portion of Long Term Loans       | 2,892,307               | 2,670,326               | 2,811,929                 |
| Current Portion of Lease Liability       | 2,649,252               | 2,446,217               | 2,545,711                 |
|  | <u>180,520,142</u>      | <u>203,048,576</u>      | <u>147,954,527</u>        |
| Net current assets                       | <u>325,599,062</u>      | <u>270,495,945</u>      | <u>296,080,600</u>        |
| Total assets less current liabilities    | <u>984,750,899</u>      | <u>862,178,337</u>      | <u>918,403,661</u>        |
| <b>NON-CURRENT LIABILITIES</b>           |                         |                         |                           |
| Long term loans                          | 16,852,595              | 19,808,361              | 18,319,126                |
| Lease liability                          | 2,130,267               | 4,779,519               | 3,481,294                 |
| Deferred tax Liabilities                 | 27,041,906              | 28,217,397              | 27,041,906                |
| Total non-current liabilities            | <u>46,024,767</u>       | <u>52,805,277</u>       | <u>48,842,326</u>         |
| <b>EQUITY</b>                            |                         |                         |                           |
| Share capital                            | 46,514,770              | 46,514,770              | 46,514,770                |
| Capital reserves                         | 53,818,788              | 53,818,788              | 53,818,788                |
| Retained earnings                        | 838,392,573             | 709,039,502             | 769,227,777               |
| Total equity                             | <u>938,726,132</u>      | <u>809,373,060</u>      | <u>869,561,335</u>        |
| Total non-current liabilities and equity | <u>984,750,899</u>      | <u>862,178,337</u>      | <u>918,403,661</u>        |

Approved for issue by the Board of Directors on May 12, 2021 and signed on its behalf by:

  
 Herbert Chong (Chairman)

  
 Charles Heholt (Director)

**HONEY BUN (1982) LIMITED**  
 Unaudited Financial Statements  
 For the Six Months Ended March 31, 2021

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**HONEY BUN (1982) LIMITED**

**Statement of Changes in Equity**

**For the Six months ended March 31, 2021**

*(Expressed in Jamaican Dollars except otherwise stated)*

|   | Share<br>Capital<br>\$ | Capital<br>Reserve<br>\$ | Retained<br>Earnings<br>\$ | Totals<br>\$       |
|---|------------------------|--------------------------|----------------------------|--------------------|
| <b>Balances as at September 30, 2019</b>  | 46,514,770             | 53,818,788               | 640,181,207                | 740,514,766        |
| Total comprehensive income for the period | -                      | -                        | 92,423,521                 | 92,423,521         |
| Dividends                                 | -                      | -                        | (23,565,226)               | (23,565,226)       |
| <b>Balances as at March 31, 2020</b>      | <b>46,514,770</b>      | <b>53,818,788</b>        | <b>709,039,502</b>         | <b>809,373,060</b> |
| <b>Balances as at September 30, 2020</b>  | 46,514,770             | 53,818,788               | 769,227,779                | 869,561,338        |
| Total comprehensive income for the period | -                      | -                        | 111,578,820                | 111,578,820        |
| Dividends                                 | -                      | -                        | (42,414,026)               | (42,414,026)       |
| <b>Balances as at March 31, 2021</b>      | <b>46,514,770</b>      | <b>53,818,788</b>        | <b>838,392,573</b>         | <b>938,726,132</b> |



**HONEY BUN (1982) LIMITED**  
 Unaudited Financial Statements  
 For the Six Months Ended March 31, 2021

**STATEMENT OF CASHFLOWS**

**HONEY BUN (1982) LIMITED**  
**Statement of Cashflows**  
**For the period ended March 31, 2021**  
*(Expressed in Jamaican Dollars except otherwise stated)*

|   | <b>Six months<br/>ended<br/>March 2021</b> | <b>Six months<br/>ended<br/>March 2020</b> |
|---|--|--|
| <b>CASH FROM OPERATING ACTIVITIES</b>                       |  |  |
| <b>Net Profit</b>   | 111,578,820                                | 92,423,521                                 |
| <b>Adjustments for items not affecting cash:</b>            |  |  |
| Depreciation  | 35,956,461                                 | 23,020,019                                 |
| Amortization  | 399,906                                    | 457,629                                    |
| Revaluation of Quoted Securities                            | (231,963)                                  |  |
| Interest income   | (59,165)                                   | (792,799)                                  |
| Interest expense  | 580,726                                    | 656,698                                    |
| Taxation expense  | 16,180,000                                 | 15,134,093                                 |
| <br>  |  |  |
| <b>Changes in non-cash working capital components:</b>      |  |  |
| Inventories   | (3,457,028)                                | (31,404,263)                               |
| Trade and other receivables                                 | (8,909,164)                                | (24,759,992)                               |
| Trade and other payables                                    | 31,156,595                                 | 29,161,707                                 |
| <br>  |  |  |
| <b>Tax paid</b>   | <u>(14,955,693)</u>                        | <u>(11,162,067)</u>                        |
| <b>Net cash (used in)/provided by operating activities:</b> | <u>168,239,496</u>                         | <u>92,734,546</u>                          |
| <br>  |  |  |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |  |  |
| Additions to property, plant and equipment                  | (69,308,419)                               | (41,531,028)                               |
| Additions to intangible assets                              | (570,600)                                  | -  |
| Investments, net  | (2,359,967)                                | 31,590,698                                 |
| Interest received   | 59,165                                     | 792,799                                    |
| <b>Net cash used in investing activities</b>                | <u>(72,179,821)</u>                        | <u>(9,147,531)</u>                         |
| <br>  |  |  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |  |  |
| Repayment of long-term loans                                | (2,633,640)                                | 5,915,555                                  |
| Dividends paid  | (42,414,026)                               | (23,565,226)                               |
| Interest Paid   | (580,726)                                  | (656,698)                                  |
| <b>Net cash (used)/provided by financing activities</b>     | <u>(45,628,392)</u>                        | <u>(18,306,369)</u>                        |
| <br>  |  |  |
| Net increase in cash and cash equivalents                   | 50,431,284                                 | 65,280,646                                 |
| Cash and cash equivalents at beginning of year              | <u>297,158,550</u>                         | <u>192,764,772</u>                         |
| <b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>     | <u>347,589,834</u>                         | <u>258,045,419</u>                         |



## 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 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 2020, 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 2020.

### 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, 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 2020.

(i) Property, plant and equipment:

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



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

(ii) Depreciation:

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

(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**

|  | <b>March 31<br/>2021</b> | <b>March 31<br/>2020</b> |
|--|--------------------------|--------------------------|
| <b>Authorized:</b>                             |                          |                          |
| 487,500,000 shares (2020 – 487,500,000 shares) |                          |                          |
| <b>Issued and fully paid:</b>                  |                          |                          |
| 471,266,950 shares (2020 - 471,266,950 shares) | <u>46,514,770</u>        | <u>46,514,770</u>        |

**HONEY BUN (1982) LIMITED**  
Unaudited Financial Statements  
For the Six Months Ended March 31, 2021

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**INFORMATION REGARDING SHAREHOLDERS**

**As at March 31, 2021**

**TEN LARGEST SHAREHOLDERS**

|                                   | <b>No. of Stock Units</b> |
|-----------------------------------|---------------------------|
| Next Incorporated                 | 266,332,660               |
| Michelle Chong                    | 58,691,000                |
| Herbert Chong                     | 54,091,000                |
| Mayberry Managed Clients' Account | 12,186,075                |
| Mayberry Jamaican Equites Limited | 9,450,532                 |
| Sagicor Select Fund               | 3,780,227                 |
| QWI Investments                   | 3,086,031                 |
| Andrew Mahfood                    | 2,995,562                 |
| Kenneth Lyn                       | 2,780,092                 |
| Daniel Chong                      | 2,689,335                 |

**SHAREHOLDINGS OF DIRECTORS**

|                |            |
|----------------|------------|
| Michelle Chong | 58,691,000 |
| Herbert Chong  | 54,091,000 |
| Paul Moses     | 2,000,000  |
| Charles Heholt | 260,000    |
| Yaneek Page    | 0          |
| Wayne Wray     | 110,000    |

**SHAREHOLDINGS OF SENIOR OFFICERS**

|                     |            |
|---------------------|------------|
| Michelle Chong      | 58,691,000 |
| Herbert Chong       | 54,091,000 |
| Daniel Chong        | 2,689,335  |
| Dustin Chong        | 2,479,035  |
| Paula Graham-Haynes | 0          |
| Alex Balogun        | 0          |