

HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE NINE MONTHS ENDED JUNE 30, 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 Nine Months Ended June 30, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

The three months ended June 30, 2021 saw the company earning net profits of \$64.9m or 221% above the prior year. Gross revenues were \$566.3m or 54% more than last year. The improvement was attributable to a number of factors, including the introduction of new products such as Cinnamon raisin loaf and the Hot dog roll. Gross profit for the quarter came in at \$279.4m or 61% over prior year, whilst the gross profit ratio closed at 48.3% compared to a similar 48.3% in the prior year.

The year to date results also saw improved performance, with revenues coming in at \$1,555m or 25% more than the prior year. Export sales grew by 21% over prior year. Gross profits came in at \$751.2m or 25% more than the prior year. The gross profit ratio was 48.3% consistent with the 48.3% in the prior year. Net profit for the period was \$176.5m, or 56% over prior year.


Our 50% remission in taxes expired May 2021, as such all earnings from June 2021 will be at the full income tax rate. This has been reflected in our Financial Statements.

The company invested \$84m 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 \$588.7m or 4% over prior year. Net current assets closed the period at \$345 million, or 40% over the prior year.

During the quarter, Donuts for Nurses, the company's annual signature CSR was successfully executed for a third year to celebrate International Nurses Day. Boxes of donuts were delivered islandwide. 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 continue to support the small business sector and launched an app (GAPP APP – The Honey Bun Foundation) available on Google Play, Apple app store and 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 Nine Months Ended June 30, 2021

STATEMENT OF COMPREHENSIVE INCOME

HONEY BUN (1982) LIMITED
Statement of Profit or Loss and Other Comprehensive Income
For the Nine months ended June 30, 2021

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited Three months ended June 2021	Unaudited Three months ended June 2020	Unaudited Nine months ended June 2021	Unaudited Nine months ended June 2020
Gross operating revenue	566,362,897	367,422,762	1,555,081,655	1,243,399,852
Cost of operating revenue	(286,907,245)	(193,381,161)	(803,847,696)	(643,365,019)
Gross profit	279,455,653	174,041,602	751,233,960	600,034,834
Other Gains/(losses)	1,588,526	2,062,619	5,429,552	7,434,806
	281,044,179	176,104,221	756,663,512	607,469,640
Administrative, selling and distribution expenses	49.3%	47.4%	48.3%	48.3%
Administrative	(118,605,218)	(93,013,931)	(335,015,868)	(276,709,732)
Selling & distribution costs	(79,779,666)	(60,946,452)	(207,884,997)	(190,158,622)
	(198,384,884)	(153,960,383)	(542,900,865)	(466,868,354)
Operating profit before finance costs and taxation	82,659,295	22,143,838	213,762,647	140,601,286
Finance income- interest	22,798	15,894	81,963	808,693
Finance costs	(2,271,499)	(1,509,592)	(5,907,159)	(6,080,761)
Increase/(Decrease) in value of investments classified as fair value through profit or loss	1,177,265	2,200,862	1,409,228	(4,920,602)
Profit before taxation	81,587,859	22,851,003	209,346,679	130,408,617
Taxation	(16,698,000)	(2,611,000)	(32,878,000)	(17,745,093)
Net profit for the period	64,889,859	20,240,002	176,468,679	112,663,523
Total comprehensive income for the period	64,889,859	20,240,002	176,468,679	112,663,523
Earnings Per Share	0.14	0.04	0.37	0.24



HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Nine Months Ended June 30, 2021

STATEMENT OF FINANCIAL POSITION

HONEY BUN (1982) LIMITED
Statement of Financial Position
as at June 30, 2021

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited June 2021	Unaudited June 2020	Audited September 2020
NON-CURRENT ASSETS			
Property, plant and equipment	584,856,249	562,139,762	553,448,405
Right-of-Use Asset	3,866,592	6,659,131	5,799,889
Investments	95,809,624	63,134,331	61,326,234
Intangible assets	1,747,305	1,976,865	1,748,534
Total non-current assets	<u>686,279,770</u>	<u>633,910,089</u>	<u>622,323,062</u>
CURRENT ASSETS			
Inventories	114,155,416	93,783,688	71,274,544
Receivables	81,510,996	55,959,391	72,992,313
Taxation recoverable	2,789,959	2,302,959	2,789,071
Cash & cash equivalents	375,367,740	234,733,064	296,979,198
Total current assets	<u>573,824,111</u>	<u>386,779,102</u>	<u>444,035,126</u>
CURRENT LIABILITIES			
Trade and other payables	201,267,023	124,002,584	129,920,088
Taxation Payable	21,970,658	10,215,072	12,676,799
Current Portion of Long Term Loans	2,892,307	2,821,833	2,811,929
Current Portion of Lease Liability	2,649,252	2,446,217	2,545,711
	<u>228,779,241</u>	<u>139,485,706</u>	<u>147,954,527</u>
Net current assets	<u>345,044,870</u>	<u>247,293,396</u>	<u>296,080,600</u>
Total assets less current liabilities	<u>1,031,324,640</u>	<u>881,203,485</u>	<u>918,403,661</u>
NON-CURRENT LIABILITIES			
Long term loans	16,144,730	18,987,786	18,319,126
Lease liability	1,487,623	4,385,240	3,481,294
Deferred tax Liabilities	27,041,906	28,217,397	27,041,906
Total non-current liabilities	<u>44,674,259</u>	<u>51,590,423</u>	<u>48,842,326</u>
EQUITY			
Share capital	46,514,770	46,514,770	46,514,770
Capital reserves	53,818,788	53,818,788	53,818,788
Retained earnings	886,316,823	729,279,504	769,227,777
Total equity	<u>986,650,381</u>	<u>829,613,063</u>	<u>869,561,335</u>
Total non-current liabilities and equity	<u>1,031,324,640</u>	<u>881,203,485</u>	<u>918,403,661</u>

Approved for issue by the Board of Directors on August 4, 2021 and signed on its behalf by:



Herbert Chong (Chairman)



Charles Heholt (Director)

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Nine Months Ended June 30, 2021

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

HONEY BUN (1982) LIMITED

Statement of Changes in Equity

For the Nine months ended June 30, 2021

(Expressed in Jamaican Dollars except otherwise stated)

	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Totals \$
Balances as at September 30, 2019	46,514,770	53,818,788	640,181,207	740,514,766
Total comprehensive income for the period	-	-	112,663,523	112,663,523
Dividends	-	-	(23,565,226)	(23,565,226)
Balances as at June 30, 2020	46,514,770	53,818,788	729,279,504	829,613,063
Balances as at September 30, 2020	46,514,770	53,818,788	769,227,779	869,561,338
Total comprehensive income for the period	-	-	176,468,679	176,468,679
Dividends	-	-	(59,379,636)	(59,379,636)
Balances as at June 30, 2021	46,514,770	53,818,788	886,316,822	986,650,381



HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Nine Months Ended June 30, 2021

STATEMENT OF CASHFLOWS

HONEY BUN (1982) LIMITED

Statement of Cashflows

For the period ended June 30, 2021

(Expressed in Jamaican Dollars except otherwise stated)

	Nine months ended June 2021	Nine months ended June 2020
CASH FROM OPERATING ACTIVITIES		
Net Profit	176,468,679	112,663,523
Adjustments for items not affecting cash:		
Depreciation	54,560,103	34,657,084
Amortization	599,863	686,444
Revaluation of Quoted Securities	(1,409,228)	
Interest income	(81,963)	(808,693)
Interest expense	856,301	971,069
Taxation expense	32,878,000	17,745,093
 Changes in non-cash working capital components:		
Inventories	(42,880,872)	(31,136,069)
Trade and other receivables	(9,412,229)	38,425,374
Trade and other payables	71,346,936	(26,641,897)
 Tax paid	<u>(23,585,027)</u>	<u>(21,684,333)</u>
Net cash (used in)/provided by operating activities:	<u>259,340,563</u>	<u>124,877,595</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(84,034,651)	(92,851,603)
Additions to intangible assets	(598,634)	-
Investments, net	(32,359,967)	28,817,694
Interest received	81,963	808,693
Net cash used in investing activities	<u>(116,911,289)</u>	<u>(63,225,216)</u>
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(3,984,148)	4,852,208
Dividends paid	(59,379,636)	(23,565,226)
Interest Paid	(856,301)	(971,069)
Net cash (used)/provided by financing activities	<u>(64,220,084)</u>	<u>(19,684,087)</u>
 Net increase in cash and cash equivalents	78,209,190	41,968,292
Cash and cash equivalents at beginning of year	<u>297,158,550</u>	<u>192,764,772</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>375,367,740</u></u>	<u><u>234,733,065</u></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.

HONEY BUN (1982) LIMITED
Unaudited Financial Statements
For the Nine Months Ended June 30, 2021

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

	June 30 2021	June 30 2020
Authorized:		
487,500,000 shares (2020 – 487,500,000 shares)		
Issued and fully paid:		
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 Nine Months Ended June 30, 2021

INFORMATION REGARDING SHAREHOLDERS

As at June 30, 2021

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	11,917,870
Mayberry Jamaican Equites Limited	9,533,646
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
Daniel Chong	2,689,335
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