

HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED DECEMBER 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

MANAGEMENT DISCUSSION AND ANALYSIS

The First quarter of the year saw the company generating net profits of \$45.5m. This result was 31% above prior year. Total Sales were \$664.7m, 44% better than prior year. Our Shorty Bread products have continued to be well received by our customers and significantly contributed to sales increase.

The company lost 4.7% in margins due to significant price increases on all inputs, supply shortage and shipping delays and costs.

In our continued focus on improving manufacturing technologies and expanding our distribution network, the quarter saw the company investing an additional \$35.5 million in property plant and equipment and intangible assets. This was mainly for additional distribution vehicles and software/business intelligence upgrades.

Overall receivables increased by \$46.4 million to close at \$121 million, whilst overall trade and other payables increased by \$63.9 million to close at \$193.2 million. The increase in receivables is actually a reflection of our growth strategy, as \$34 million of this amount relates to deposits on trucks & production machinery (J\$24.3m) and raw material orders (J\$9.7m). Other prepayments and interest receivable on investments closed at J\$19.7 million. Net trade receivables stood at J\$66.4 million representing 9 days of sale, in comparison to prior year J\$41.5 million representing 8 days of sale. A positive indicator is that despite the growth in receivables and payables, net current assets closed the period at \$425.4 million, or 39% over the prior year.

The Honey Bun foundation was proud to launch its first cohort of SME's who will be receiving an advisory committee to support them for 2022 in their business. There are 19 high level advisors, classified as Nation Builders who will be utilizing the advisory board model developed by The Foundation in 2021 for their SMEs.

Honey Bun is also an avid supporter of youth community and sport development and a proud sponsor of the Jamaica Premier League.

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



Michelle Chong
Chief Executive Officer

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Three Months Ended December 31, 2021

STATEMENT OF COMPREHENSIVE INCOME

HONEY BUN (1982) LIMITED

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

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited Three (3) months ended December 2021	Unaudited Three (3) months ended December 2020
Gross operating revenue	664,699,391	461,317,263
Cost of operating revenue	(400,112,593)	(243,260,544)
Gross profit	<u>264,586,798</u>	<u>218,056,718</u>
Other Gains/(losses)	7,321,470	(1,013,705)
	<u>271,908,268</u>	<u>217,043,013</u>
Administrative, selling and distribution expenses	39.8%	47.3%
Administrative	(132,069,001)	(107,257,917)
Selling & distribution costs	(80,594,448)	(68,780,731)
	<u>(212,663,449)</u>	<u>(176,038,648)</u>
Operating profit before finance costs and taxation	59,244,819	41,004,365
Finance income- interest	767,961	25,563
Finance costs	(3,382,226)	(1,786,066)
Increase/(Decrease) in value of investments classified as fair value through profit or loss	-	498,797
Profit before taxation	<u>56,630,554</u>	<u>39,742,659</u>
Taxation	(11,123,000)	(4,989,000)
Net profit for the period	<u>45,507,554</u>	<u>34,753,659</u>
Total comprehensive income for the period	<u>45,507,554</u>	<u>34,753,659</u>
Earnings Per Share	0.10	0.07

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Three Months Ended December 31, 2021

STATEMENT OF FINANCIAL POSITION

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

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited December 2021	Unaudited December 2020	Audited September 2021
NON-CURRENT ASSETS			
Property, plant and equipment	603,062,134	576,398,130	583,871,161
Right-of-Use Asset	2,577,728	5,155,457	3,222,160
Investments	100,260,301	62,828,954	95,602,465
Intangible assets	8,342,183	1,548,580	5,325,879
Total non-current assets	<u>714,242,347</u>	<u>645,931,121</u>	<u>688,021,666</u>
CURRENT ASSETS			
Inventories	121,992,739	83,529,969	121,399,079
Receivables	121,026,726	74,703,891	107,753,383
Taxation recoverable	4,034,642	2,789,317	4,034,001
Cash & cash equivalents	408,175,001	292,014,787	404,250,464
Total current assets	<u>655,229,108</u>	<u>453,037,964</u>	<u>637,436,927</u>
CURRENT LIABILITIES			
Trade and other payables	193,182,672	129,354,930	195,772,361
Taxation Payable	30,832,046	12,404,912	28,338,290
Current Portion of Long Term Loans	3,017,202	2,851,835	2,974,982
Current Portion of Lease Liability	2,810,633	2,596,966	2,757,004
	<u>229,842,553</u>	<u>147,208,643</u>	<u>229,842,638</u>
Net current assets	425,386,555	305,829,321	407,594,289
Total assets less current liabilities	<u>1,139,628,902</u>	<u>951,760,442</u>	<u>1,095,615,955</u>
NON-CURRENT LIABILITIES			
Long term loans	14,573,825	17,591,027	15,344,144
Lease liability	0	2,812,513	724,290
Deferred tax Liabilities	50,674,475	27,041,906	50,674,475
Total non-current liabilities	<u>65,248,300</u>	<u>47,445,446</u>	<u>66,742,909</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	974,047,044	803,981,438	928,539,488
Total equity	<u>1,074,380,602</u>	<u>904,314,996</u>	<u>1,028,873,046</u>
Total non-current liabilities and equity	<u>1,139,628,902</u>	<u>951,760,442</u>	<u>1,095,615,955</u>

Approved for issue by the Board of Directors on February 2, 2022 and signed on its behalf by:



Herbert Chong (Chairman)



Charles Heholt (Director)

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Three Months Ended December 31, 2021

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

HONEY BUN (1982) LIMITED

Statement of Changes in Equity

For the Three months ended December 31, 2021

(Expressed in Jamaican Dollars except otherwise stated)

	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Totals \$
Balances as at September 30, 2020	46,514,770	53,818,788	769,227,779	869,561,338
Total comprehensive income for the period	-	-	34,753,659	34,753,659
Dividends	-	-	0	0
Balances as at December 31, 2020	<u>46,514,770</u>	<u>53,818,788</u>	<u>803,981,438</u>	<u>904,314,997</u>
Balances as at September 30, 2020	46,514,770	53,818,788	928,539,491	1,028,873,049
Total comprehensive income for the period	-	-	45,507,554	45,507,554
Dividends	-	-	0	0
Balances as at December 31, 2021	<u>46,514,770</u>	<u>53,818,788</u>	<u>974,047,045</u>	<u>1,074,380,604</u>

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Three Months Ended December 31, 2021

STATEMENT OF CASHFLOWS

HONEY BUN (1982) LIMITED

Statement of Cashflows

For the period ended December 31, 2021

(Expressed in Jamaican Dollars except otherwise stated)

	Three months ended December 2021	Three months ended December 2020
CASH FROM OPERATING ACTIVITIES		
Net Profit	45,507,554	34,753,659
Adjustments for items not affecting cash:		
Depreciation	13,753,378	17,292,540
Amortization	190,368	199,954
Loss/(gain) on disposal of property, plant and equipment	0	-
Revaluation of Quoted Securities	0	(498,797)
Interest income	(756,942)	(25,563)
Interest expense	195,906	319,786
Taxation expense	5,368,000	4,989,000
	64,258,266	57,030,579
Changes in non-cash working capital components:		
Inventories	(593,660)	(12,255,425)
Trade and other receivables	(13,273,342)	(2,605,124)
Trade and other payables	(2,589,688)	(565,157)
Tax paid	<u>(2,874,884)</u>	<u>(5,261,132)</u>
Net cash (used in)/provided by operating activities:	<u>44,926,691</u>	<u>36,343,742</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment		
Additions to property, plant and equipment	(32,299,919)	(39,597,834)
Additions to intangible assets	(3,206,672)	-
Investments, net	(5,040,391)	(289,728)
Interest received	756,942	25,563
Net cash used in investing activities	<u>(39,790,040)</u>	<u>(39,861,998)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(1,396,880)	(1,305,720)
Dividends paid	0	(0)
Interest Paid	(195,906)	(319,786)
Net cash (used)/provided by financing activities	<u>(1,592,786)</u>	<u>(1,625,506)</u>
Net increase in cash and cash equivalents	3,541,984	(5,143,762)
Cash and cash equivalents at beginning of year	<u>404,633,018</u>	<u>297,158,549</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u><u>408,175,002</u></u>	<u><u>292,014,787</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 2021, 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 2021.

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 Three Months Ended December 31, 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.

(iv) Impairment:

Impairment provisions for trade receivables are recognized based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

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

	December 2021	December 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 Three Months Ended December 31, 2021

INFORMATION REGARDING SHAREHOLDERS

As at December 31, 2021

TEN LARGEST SHAREHOLDERS

	No. of Stock Units
Next Incorporated	262,447,977
Michelle Chong	55,691,000
Herbert Chong	54,091,000
JMMB Securities Ltd	11,706,307
Mayberry Managed Clients' Account	11,560,233
Cal's Manufacturing	6,644,122
Sagicor Select Fund	3,780,227
QWI Investments	3,484,492
Jamaica Money Market Brokers	3,150,000
Kenneth Lyn	2,780,092

SHAREHOLDINGS OF DIRECTORS

Michelle Chong	55,691,000
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	55,691,000
Herbert Chong	54,091,000
Daniel Chong	2,689,335
Dustin Chong	2,479,035
Paula Graham-Haynes	0
Taariq Abdul-Majeed	0