



HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED 31st December, 2014

MANAGEMENT COMMENTARY

The first quarter of 2015 saw increase in sales of 11.6% and of gross profits by 11.3% compared with the corresponding period last year.

Profits before taxes for the quarter were \$16.5 million. This represents a decrease of 16.8% over the prior year. This reduction was mainly due to increased distribution cost resulting from the takeover of a large contract distributor to maintain our customer service and the lease of vehicles due to accidents of two of our main distribution vehicles. Improvements in this area will be seen in the next quarter. Further, a one off cost was incurred during this period as the building on the property acquired was demolished.

The company's balance sheet shows an increase of noncurrent assets by 13% due to the investment in property. We are also happy to report that the receivables were reduced by 14% while also reducing our payables by 12% when compared with the corresponding period last year.

Exports continue to rise and increased year over year corresponding period by over 150%. This was mainly due to the export of the company's Buccaneer Jamaica brand of fruit cakes to the UK market where Honey Bun displayed their cakes in ASDA for the first time. We have also seen increased demand in the local market.

It is critical for us at Honey Bun to have a strong foundation for sustainable growth. In 2014 this included continued improvement on sound Corporate Governance and a strong technology-based business environment. As a result we were recognized by the Jamaica Manufacturers' Association by being awarded the Digicel ICT Award for Technology for the 2nd year in a row and the runner up for Exporter of the year in the Small Exporter category. We were also awarded the Jamaica Stock Exchange Junior Market Award for Corporate Disclosure and Investor Relations for the third consecutive year and the overall best Junior Market company for 2011 and 2013.

The recent acquisition of 24 Retirement Crescent has consolidated the three properties with land space to expand our business.

Based on plans in place, the increase in exports and the general outlook for the local economy, we expect to see improved results for 2015.

Michelle Chong
CEO

HONEY BUN (1982) LIMITED
Statement of comprehensive income
Three Months ended 31 December 2014

	Unaudited 3 Months ended 31 December 2014	Unaudited 3 Months ended 31 December 2013
Revenue	206,407,926	184,814,893
Cost of sales	112,713,204	100,647,237
Gross profit	93,694,722	84,167,656
Finance income	17,883	2,675
Other Gains/(losses)	(195,676)	642,526
	93,516,929	84,812,857
Expenses		
Administrative	45,058,857	41,269,234
Selling & distribution costs	30,284,282	22,939,738
	75,343,139	64,208,972
Profit from operations	18,173,790	20,603,885
Finance costs	1,689,443	789,626
Profit before taxation	16,484,347	19,814,259
Taxation	-	-
Total comprehensive income for the year	16,484,347	19,814,259
Earnings per stock unit	\$0.17	\$0.21

HONEY BUN (1982) LIMITED
Statement of financial position
Three Months ended 31 December 2014

	UNAUDITED		AUDITED
	3 months ended Dec. 31 2014	3 months ended Dec. 31 2013	Sept.2014
ASSETS:			
NON-CURRENT ASSETS:			
Property, plant and equipment	289,543,133	271,337,963	296,611,652
Investment	25,293,522	4,151,679	25,343,421
Intangible assets	4,757,295	7,171,636	5,662,195
	<u>319,593,950</u>	<u>282,661,278</u>	<u>327,617,268</u>
CURRENT ASSETS:			
Inventories	46,683,053	43,379,485	38,411,875
Receivables	57,447,238	66,567,902	69,183,563
Taxation Recoverable	4,506,587	4,506,587	112,493
Cash & cash equivalents	8,517,131	9,266,612	21,331,039
	<u>117,154,009</u>	<u>123,720,586</u>	<u>129,038,970</u>
CURRENT LIABILITIES:			
Payables	46,874,819	53,083,955	74,650,703
Bank Overdraft	14,255,594	16,780,132	16,138,286
Current Portion of Long Term Loan	10,097,387	6,371,592	10,097,387
	<u>71,227,800</u>	<u>76,235,679</u>	<u>100,886,376</u>
Net current assets	<u>45,926,209</u>	<u>47,484,907</u>	<u>28,152,594</u>
	<u>365,520,159</u>	<u>330,146,185</u>	<u>355,769,862</u>
EQUITY & LIABILITIES:			
Shareholders' equity			
Share capital	46,514,770	46,514,770	46,514,770
Capital reserves	70,948,972	71,942,982	70,948,972
Retained earnings	208,017,194	192,759,745	191,532,847
	<u>325,480,936</u>	<u>311,217,497</u>	<u>308,996,589</u>
NON-CURRENT LIABILITIES			
Long term loans	40,039,223	18,928,688	46,773,273
Deferred tax Liabilities			
	<u>40,039,223</u>	<u>18,928,688</u>	<u>46,773,273</u>
	<u>365,520,159</u>	<u>330,146,185</u>	<u>355,769,862</u>

Approved for issue by the Board of Directors on 10^h February, 2015 and signed on its behalf by



Herbert Chong
Director



Charles Heholt
Director

HONEY BUN (1982) LIMITED
Statement of Changes in Shareholders' Equity
Three months ended 31 December 2014

	Capital Reserves \$	Share Capital \$	Retained Earnings \$	Totals \$
Balance at 30 September 2013	71,942,983	46,514,770	172,945,485	291,403,238
Unrealised gains on securities available for sale			-	-
Reversal of deferred taxation			-	-
Dividends			-	-
Total comprehensive income for the year			19,814,259	19,814,259
Balance at 31 December 2013	<u>71,942,983</u>	<u>46,514,770</u>	<u>192,759,745</u>	<u>311,217,497</u>
Balance at 30 September 2014	70,948,972	46,514,770	191,532,847	308,996,589
Unrealised gains on securities available for sale			-	-
Reversal of deferred taxation			-	-
Dividends			-	-
Total comprehensive income for the year			16,484,347	16,484,347
Balance at 31 December 2014	<u>70,948,972</u>	<u>46,514,770</u>	<u>208,017,194</u>	<u>325,480,936</u>

HONEY BUN (1982) LIMITED
Statement of Cash Flows
Three months ended 31 December 2014

	Three months ended 31 December 2014 \$	Three months ended 31 December 2013 \$
Cash flows from operating activities		
Profit before taxation	16,484,347	19,814,259
Adjustments for:		
Depreciation	9,457,134	7,409,498
Amortization	904,900	921,734
Gain on disposal of plant and equipment	35,554	(223,971)
Investment income	(17,883)	(2,675)
Finance Costs paid	1,689,443	789,626
Operating cash flows before movement in working capital	28,553,495	28,708,471
Movements in working capital:		
Inventories	(8,271,178)	(9,647,982)
Receivables	11,736,325	1,204,106
Payables	(27,775,884)	(11,188,336)
Taxation	(4,394,094)	-
	(28,704,831)	(19,632,212)
Finance costs paid	(1,689,443)	(789,626)
Income taxes paid	-	(4,394,094)
Net changes in working capital	(30,394,274)	(24,815,932)
Net cash from operating activities	(1,840,779)	3,892,539
Cash flows from investing activities:		
Payment for property, plant and equipment	(2,388,616)	(88,344,344)
Proceeds from disposal of property plant and equipment	(35,554)	223,971
Payment for intangible assets	-	587,130
Investment Income	17,883	2,675
Sale/(purchase) of investments	49,899	-
Net cash used in investing activities	(2,356,388)	(87,530,568)
Cash flows from financing activities:		
Issue of shares net of expenses		
Repayment of long term borrowings	(6,734,050)	
Proceeds from long term borrowings		11,990,791
Dividends paid		
Net cash (used in)/provided by financial activities	(6,734,050)	11,990,791
Net increase in cash and cash equivalent	(10,931,217)	(71,647,238)
Net cash balances at beginning of year	5,192,753	64,133,718
Net cash and cash equivalent at end of year	(5,738,464)	(7,513,520)

HONEY BUN (1982) LIMITED
Notes to the interim financial information
Three months ended 31 December 2014

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 3 June 2011.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the three months ended 31 December, 2014 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 judgements, 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 judgements 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.

HONEY BUN (1982) LIMITED
Notes to the interim financial information
Three Months ended 31 December 2014

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>Dec 2014</u>	<u>Dec 2013</u>
	\$	\$
<u>Authorized:</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
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9. INFORMATION REGARDING SHAREHOLDERS

	No. of Stock Units
TEN LARGEST SHAREHOLDERS at 31 December 2014	
Herbert Chong	37,500,000
Michelle Chong	37,500,000
Mayberry Managed Clients' Account	3,499,257
Daniel V. Chong & Dustin Chong	2,060,600
Krystal T. Chong & Dylan Chong	1,970,600
Mayberry West Indies Limited	1,931,067
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 31 December 2014	
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 31 December 2014	
Daniel Chong	2,060,600