



HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31st March, 2015

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MANAGEMENT COMMENTARY

In the second quarter of the current financial year we realized increased sales of 20% and an increase in gross profits of 24% compared with the corresponding period last year.

Profit before taxes for the quarter was \$30.5 million. This represents an increase of 145% over the prior year. This increase was partially due to the normalizing of distribution costs from the prior year.

Year to date results show increase in sales of 16% and profits by 41%.

The Company's balance sheet shows an increase of noncurrent assets by 14% due to increased investments. We are also satisfied that receivables showed no significant increase after a busy Easter Season and increase in sales.

Exports increased by 43% for the quarter and by 66% year to date for the corresponding periods. This is in keeping with the Company's objective of increasing exports.

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

Michelle Chong
CEO

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STATEMENT OF COMPREHENSIVE INCOME

	Unaudited 3 Months ended 31 March 2015	Unaudited 3 Months ended 31 March 2014	Unaudited 6 Months ended 31 March 2015	Unaudited 6 Months ended 31 March 2014
Revenue	247,650,604	205,779,921	454,058,530	390,594,814
Cost of sales	139,695,617	118,682,717	252,408,821	218,433,970
Gross profit	107,954,987	87,097,204	201,649,709	172,160,844
Finance income	17,925	10,823	35,807	13,524
Other Gains/(losses)	1,130,173	539,759	934,497	1,273,364
	109,103,085	87,647,786	202,620,013	173,447,732
Expenses				
Administrative	44,793,026	43,975,408	89,851,883	85,244,641
Selling & distribution costs	32,027,406	29,998,632	62,311,688	52,938,371
Total Expenses	76,820,432	73,974,040	152,163,571	138,183,012
Profit from operations	32,282,653	13,673,746	50,456,442	35,264,720
Finance costs	1,712,365	1,229,226	3,401,808	2,060,930
Profit before taxation	30,570,288	12,444,520	47,054,634	33,203,790
Taxation				
Total comprehensive income for the period	30,570,288	12,444,520	47,054,634	33,203,790
Earnings per stock unit	0.32	0.13	0.50	0.35

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STATEMENT OF FINANCIAL POSITION

	Unaudited 6 months ended Mar. 31 2015	Unaudited 6 months ended Mar. 31 2014	Audit Sept. 30 2014
ASSETS:			
NON-CURRENT ASSETS:			
Property, plant and equipment	284,549,506	265,277,516	296,611,652
Investments	24,622,246	4,151,679	25,343,421
Intangible assets	3,852,401	6,347,088	5,662,195
	<u>313,024,153</u>	<u>275,776,283</u>	<u>327,617,268</u>
CURRENT ASSETS:			
Inventories	45,131,499	44,690,040	38,411,875
Receivables	72,269,389	66,031,848	69,183,563
Taxation Recoverable	112,493	4,506,587	112,493
Cash & cash equivalents	37,400,389	26,703,406	21,331,039
	<u>154,913,770</u>	<u>141,931,881</u>	<u>129,038,970</u>
CURRENT LIABILITIES:			
Payables	55,775,933	63,941,480	74,650,703
Bank Overdraft	8,915,700	5,296,608	16,138,286
Current Portion of Long Term Loan	10,097,387	6,371,592	10,097,387
	<u>74,789,020</u>	<u>75,609,680</u>	<u>100,886,376</u>
Net current assets	<u>80,124,750</u>	<u>66,322,201</u>	<u>28,152,594</u>
	<u>393,148,903</u>	<u>342,098,484</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	238,587,481	206,149,276	191,532,847
	<u>356,051,223</u>	<u>324,607,028</u>	<u>308,996,589</u>
NON-CURRENT LIABILITIES			
Long term loans	37,097,680	17,491,456	46,773,273
	<u>37,097,680</u>	<u>17,491,456</u>	<u>46,773,273</u>
	<u>393,148,903</u>	<u>342,098,484</u>	<u>355,769,862</u>

Approved for issue by the Board of Directors on 6th May, 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			-	-
Total comprehensive income for the year			33,203,790	33,203,790
Balance at 31 March 2014 (un-audited)	<u>71,942,983</u>	<u>46,514,770</u>	<u>206,149,275</u>	<u>324,607,028</u>
Balance at 1 October 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			-	-
Net Profit			47,054,634	47,054,634
Balance at 31 March 2015 (un-audited)	<u>70,948,972</u>	<u>46,514,770</u>	<u>238,587,481</u>	<u>356,051,223</u>

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STATEMENT OF CASH FLOW

	<u>Six months ended</u> <u>31-Mar-15</u>	<u>Six months ended</u> <u>31-Mar-14</u>
	<u>\$</u>	<u>\$</u>
Cash flows from operating activities		
Profit before taxation	47,054,634	33,203,790
Adjustments for:		
Depreciation	18,093,828	14,715,834
Amortization	1,809,794	1,746,282
Gain on disposal of plant and equipment	(1,214,498)	(785,903)
Investment income	(35,807)	(13,524)
Finance Costs paid	3,401,808	2,060,775
Operating cash flows before movement in working capital	<u>69,109,759</u>	<u>50,927,254</u>
Movements in working capital:		
Inventories	(6,719,624)	(10,958,535)
Receivables	(3,085,826)	12,059,397
Payables	(18,874,770)	(10,650,050)
Taxation	-	-
	<u>(28,680,220)</u>	<u>(9,549,188)</u>
Finance costs paid	(3,401,808)	(2,060,775)
Income taxes paid	-	(4,394,094)
Net changes in working capital	<u>(32,082,028)</u>	<u>(16,004,057)</u>
Net cash from operating activities	37,027,731	34,923,197
Cash flows from investing activities:		
Payment for property, plant and equipment	(6,031,683)	(89,590,233)
Gain on disposal of plant and equipment	1,214,498	785,903
Payment for intangible assets	-	587,130
Investment Income	35,807	13,524
Sale/(purchase) of investments	721,176	-
Net cash used in investing activities	<u>(4,060,202)</u>	<u>(88,203,676)</u>
Cash flows from financing activities:		
Repayment of long term borrowings	(9,675,593)	-
Proceeds from long term borrowings	-	10,553,559
Net cash (used in)/provided by financing activities	<u>(9,675,593)</u>	<u>10,553,559</u>
Net increase in cash and cash equivalent	23,291,936	(42,726,920)
Net cash balances at beginning of year	5,192,753	64,133,718
Net cash and cash equivalent at end of year	<u>28,484,689</u>	<u>21,406,798</u>
Represented by:		
Cash and cash equivalents	37,400,389	26,703,406
Short term borrowings	(8,915,700)	(5,296,608)
	<u>28,484,689</u>	<u>21,406,798</u>

HONEY BUN (1982) LIMITED

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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 3 June 2011.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 March, 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 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.

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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>Mar 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

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INFORMATION REGARDING SHAREHOLDERS

	No. of Stock Units
TEN LARGEST SHAREHOLDERS	
at 31 March 2015	
Herbert Chong	37,500,000
Michelle Chong	37,500,000
Mayberry Managed Clients' Account	3,499,257
Mayberry West Indies Limited	2,128,016
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 31 March 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 31 March 2015	
Daniel Chong	2,060,600