HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED MARCH 31, 2019

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MANAGEMENT COMMENTARY

For the second quarter ended March 31, 2019, revenues increased by 15.5% over the correspondent quarter last year or by $55 million while profits before tax increased by 82% or $32 million. Revenues from export sales have increased by 16% over the prior period. The sales growth was attributable to our meeting customer demand having invested in increasing our production capacity over the period.

For the six months ended March 31, 2019, revenues increased by 15% over the correspondent of last year or $101 million while profits before tax increased by 57% or $41 million. The financial performance was driven by improvements in productivity, process efficiencies and other cost savings initiatives in the production cycle.

Earnings per share for the six months period rose to $0.23 up from $0.13.

Total assets less current liabilities increased by $113 million or 17% above prior year. The company's cash position remains liquid as it continues its capital investment programme while carefully managing its working capital.

Our updated mission to 'Lead through Innovation, Achieve Prosperity and Serve the Greater Good of Mankind' continue to be our focus and guides our business priorities. We have already begun to reap the benefits of our current strategic direction.

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

Herbert Chong
Chairman

Michelle Chong
CEO

HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED MARCH 31, 2019

Statement of Financial Position
March 31, 2019
(Expressed in Jamaica dollar unless otherwise stated)

	Unaudited Period ended March 31, 2019	Unaudited Period ended March 31, 2018	Audited Period ended September 30, 2018
ASSETS:			
NON-CURRENT ASSETS:			
Property, plant and equipment	494,985,495	437,348,130	491,544,316
Investments	85,304,669	75,282,560	85,044,039
Intangible assets	3,171,581	2,289,690	2,489,856
Total non-current assets	583,461,745	514,920,380	579,078,211
CURRENT ASSETS:			
Inventories	60,591,053	51,001,013	41,899,285
Trade and other receivables	61,996,239	106,873,598	66,133,767
Taxation Recoverable		6,660,500	1,767,693
Cash & cash equivalents	165,624,957	83,492,327	99,554,212
Total current assets	288,212,248	248,027,438	209,354,957
CURRENT LIABILITIES:			
Trade and other payables	106,129,601	107,849,343	111,842,573
Taxation Payable			2,709,252
Current Portion of Long Term Loan	3,857,529	6,723,546	6,166,530
	109,987,130	114,572,889	120,718,355
Net current assets	**178,225,119**	**133,454,549**	**88,636,602**
Total assets less current liabilities	**761,686,864**	**648,374,928**	**667,714,813**
NON-CURRENT LIABILITIES			
Long term loans	22,711,330	26,567,885	23,616,622
Deferred taxation	26,227,258	22,769,301	26,227,258
Total non-current liabilities	48,938,588	49,337,186	49,843,880
EQUITY			
Share capital	46,514,770	46,514,770	46,514,770
Capital reserves	64,348,197	59,880,738	64,348,197
Retained earnings	601,885,309	492,642,234	507,007,966
Total Equity	712,748,276	599,037,742	617,870,933
Total non-current liabilities and	**761,686,864**	**648,374,928**	**667,714,813**

Approved for issue by the Board of Directors on May 13, 2019 and signed on its behalf by

Herbert Chong (Director)

Charles Heholt (Director)

HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED MARCH 31, 2019

Statement of Profit or Loss and Other Comprehensive Income

(Expressed in Jamaica dollar unless otherwise stated)

	Three months ended March 31, 2019	Three months ended March 31, 2018	Six months ended March 31, 2019	Six months ended March 31, 2018
Gross operatiing revenue	406,468,114	351,911,212	775,482,443	674,741,022
Cost of operating revenue	(204,780,168)	(187,223,240)	(398,926,566)	(366,090,937)
Gross profit	201,687,945	164,687,972	376,555,876	308,650,085
Other Gains/(losses)	5,209,278	(5,024,782)	7,026,454	(5,348,286)
	206,897,224	159,663,190	383,582,331	303,301,799
Administrative, selling and distribution expenses				
Administrative	(73,545,034)	(65,593,046)	(145,540,499)	(126,756,200)
Selling & distribution costs	(59,752,345)	(52,749,871)	(122,648,680)	(102,836,510)
	(133,297,379)	(118,342,917)	(268,189,179)	(229,592,710)
Operating profit before finance costs and taxation	73,599,844	41,320,273	115,393,152	73,709,089
Finance income- interest	637,887	69,253	727,042	383,545
Finance costs	(1,746,608)	(1,522,504)	(3,960,792)	(2,713,585)
Profit before taxation	72,491,123	39,867,022	112,159,403	71,379,049
Taxation	(1,572,025)	(5,062,413)	(3,144,051)	(8,988,859)
Net profit for the period	70,919,098	34,804,609	109,015,352	62,390,190
Total comprehensive income for the period	70,919,098	34,804,609	109,015,352	62,390,190
Earnings per share	0.15	0.07	0.23	0.13

HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED MARCH 31, 2019

Statement of Changes in Equity
Six months ended March 31, 2019
(Expressed in Jamaica dollar unless otherwise stated)

	Share Capital	Capital Reserve	Retained Earnings	Totals
	$	$	$	$
Balances as at September 30, 2017	46,514,770	59,880,738	439,435,919	545,831,427
Total comprehensive income for the period	-	-	62,390,190	62,390,190
Unrealized gain on available for sale securities	-	-	-	-
Dividends	-	-	(9,183,875)	(9,183,875)
Balances as at March 31, 2018	46,514,770	59,880,738	492,642,234	599,037,742
Balances as at September 30, 2018	46,514,770	64,348,197	507,007,966	617,870,933
Total comprehensive income for the period	-	-	109,015,352	109,015,352
Unrealized gain on available for sale securities	-	-	-	-
Dividends	-	-	(14,138,009)	(14,138,009)
Balances as at March 31, 2019	46,514,770	64,348,197	601,885,309	712,748,276

HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENTS

FOR SIX MONTHS ENDED MARCH 31, 2019

Statement of Cash Flows
Six months ended March 31, 2019
(Expressed in Jamaica dollar unless otherwise stated)

	Six months ended March 31, 2019	Six months ended March 31, 2018	
CASH FROM OPERATING ACTIVITIES			
Profit for the year	109,015,352	62,390,190	*
Adjustments for:			
Depreciation	29,403,937	23,726,805	
Amortization	508,275	306,488	
Profit on sale of property, plant, and equipment	(5,107,292)	723,216	
Other non-cash items			
Investment income	(817,921)	(635,375)	
Finance Costs Paid	3,960,792	2,713,585	
Operating profit before changes in working	136,963,137	89,224,904	
MOVEMENT IN WORKING CAPITAL			
Inventories	(12,138,610)	(3,061,952)	
Receivables	3,195,969	(25,171,308)	
Payables	(5,473,308)	7,944,951	
TOTAL MOVEMENT IN WORKING CAPITAL	(14,415,949)	(20,288,309)	
Cash Generated from operations	**122,547,189**	**68,936,595**	
CASH FROM INVESTING ACTIVITY			
Prepayment Assets		(52,280,221)	
Payment for property plant and	(35,720,639)	(23,509,071)	
Investment Income	817,921	635,375	
Sale/(purchase) of investments	(260,631)	2,797,347	
NET CASH USED IN INVESTING ACTIVITIES	**(35,163,350)**	**(72,356,569)**	
CASH FROM FINANCING ACTIVITY			
Loans Received	-	-	
Loans Repaid	(3,214,294)	(2,834,591)	
Finance Costs paid	(3,960,792)	(2,713,585)	
Dividends paid	(14,138,009)	(9,183,875)	
NET CASH (USED IN)/Provided by FINANCING ACTIVITIES	**(21,313,094)**	**(14,732,051)**	
NET INCREASE/DECREASE IN CASH	**66,070,745**	**(18,152,026)**	
Net Cash balances at beginning of period	99,554,211	101,644,353	
Net Cash at End of Period	165,624,957	83,492,327	

* The six months cash flow statement ended March 31, 2018 was restated due to profit after tax being used instead of profit before tax

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 for the six months ended March 31, 2019 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 2018, 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 2018.

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 and 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 2018.

(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.

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 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

	March 2019	March 2018
Authorized:	$	$
487,500,000 shares (2015 – 97,500,000 shares)		
Issued and fully paid:		
471,266,950 shares (2015 - 94,253,390 shares)	46,514,770	46,514,770

INFORMATION REGARDING SHAREHOLDERS

As at March 31, 2019

TEN LARGEST SHAREHOLDERS	No. of Stock Units
Next Incorporated	266,332,660
Michelle Chong	58,691,000
Herbert Chong	54,091,000
Mayberry Jamaican Equites Limited	17,398,827
Mayberry Managed Clients' Account	14,024,213
Daniel Chong	5,045,670
JCSD Trustee Services Ltd- Sigma Global Venture	3,616,120
Kenneth Lyn	2,780,092
Sagicor Pooled Equity Fund	2,500,000
Apex Pharmacy	2,417,229

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	5,045,670