

# **HONEY BUN (1982) LIMITED**

## **UNAUDITED FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED MARCH 31, 2021

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**HONEY BUN (1982) LIMITED**  
Unaudited Financial Statements  
For the Six Months Ended March 31, 2021

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## MANAGEMENT DISCUSSION AND ANALYSIS

The three months ended March 31, 2021 saw the company earning net profits of \$76.8m or 77% more than the prior year. Gross revenues were \$527.4m or 16% more than last year. The improvement was attributable to a number of factors, including the introduction of new products such as the Hot Dog roll and Cinnamon loaf. Gross profit for the quarter came in at \$253.7m or 18% over prior year, whilst the gross profit ratio closed at 48.1% compared to 47.3% in the prior year.

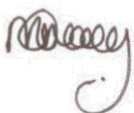
The year to date results also saw improved performance, with revenues coming in at \$988.7m or 13% more than the prior year. Easter bun sales performed well, in particular, Easter bun exports grew 48% over prior year. Gross profits came in at \$471.8m or 11% more than the prior year. The gross profit ratio was 47.7% compared to 48.6% in the prior year. The decline was due to increased cost of raw materials and other manufacturing inputs that occurred mainly in the first quarter. Net profit for the period was \$111.6m, or 21% over prior year.

The company invested \$69.3m 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 \$588.1m or 13% over prior year. Overall receivables decreased by \$38.1 million to close at \$81.0 million, whilst overall trade and other payables fell by \$18.7 million to close at \$161.1 million. Net current assets closed the period at \$325.6 million, or 20% over the prior year.

During the quarter, the company launched its new sliced bun, which has been well received by customers for its added convenience. 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 launched an app (GAPP APP – The Honey Bun Foundation) available on Google Play, Apple app store and [www.thehoneybunfoundation.com](http://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**  
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**STATEMENT OF COMPREHENSIVE INCOME**

**HONEY BUN (1982) LIMITED**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the Six months ended March 31, 2021**

*(Expressed in Jamaican Dollars except otherwise stated)*

	Unaudited Three months ended March 2021	Unaudited Three months ended March 2020	Unaudited Six months ended March 2021	Unaudited Six months ended March 2020
<b>Gross operating revenue</b>	527,401,495	453,503,956	988,718,758	875,977,090
Cost of operating revenue	<u>(273,679,907)</u>	<u>(239,132,710)</u>	<u>(516,940,451)</u>	<u>(449,983,858)</u>
<b>Gross profit</b>	253,721,589	214,371,245	471,778,307	425,993,231
Other Gains/(losses)	<u>4,854,731</u>	<u>5,185,583</u>	<u>3,841,026</u>	<u>5,372,187</u>
	258,576,320	219,556,829	475,619,333	431,365,419
<b>Administrative, selling and distribution expenses</b>				
Administrative	(109,152,733)	(94,864,848)	(216,410,650)	(183,695,801)
Selling & distribution costs	<u>(59,324,600)</u>	<u>(62,994,755)</u>	<u>(128,105,331)</u>	<u>(129,212,170)</u>
	(168,477,333)	(157,859,603)	(344,515,981)	(312,907,971)
Operating profit before finance costs and taxation	90,098,986	61,697,226	131,103,352	118,457,448
Finance income- interest	33,602	67,540	59,165	792,799
Finance costs	(1,849,594)	(3,138,361)	(3,635,660)	(4,571,169)
Increase/(Decrease) in value of investments classified as fair value through profit or loss	<u>(266,834)</u>	<u>(7,121,464)</u>	<u>231,963</u>	<u>(7,121,464)</u>
<b>Profit before taxation</b>	88,016,161	51,504,941	127,758,820	107,557,614
Taxation	<u>(11,191,000)</u>	<u>(8,200,000)</u>	<u>(16,180,000)</u>	<u>(15,134,093)</u>
<b>Net profit for the period</b>	76,825,161	43,304,941	111,578,820	92,423,521
<b>Total comprehensive income for the period</b>	<u>76,825,161</u>	<u>43,304,941</u>	<u>111,578,820</u>	<u>92,423,521</u>
Earnings Per Share	0.16	0.09	0.24	0.20

**HONEY BUN (1982) LIMITED**  
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 For the Six Months Ended March 31, 2021

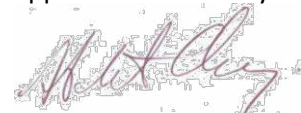
**STATEMENT OF FINANCIAL POSITION**


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

*(Expressed in Jamaican Dollars except otherwise stated)*

	Unaudited March 2021	Unaudited March 2020	Audited September 2020
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	588,089,226	522,026,631	553,448,405
Right-of-Use Asset	4,511,025	7,088,753	5,799,889
Investments	64,632,359	60,361,327	61,326,234
Intangible assets	1,919,228	2,205,680	1,748,534
Total non-current assets	<u>659,151,837</u>	<u>591,682,391</u>	<u>622,323,062</u>
<b>CURRENT ASSETS</b>			
Inventories	74,731,572	94,051,882	71,274,544
Receivables	81,007,930	119,144,757	72,992,313
Taxation recoverable	2,789,868	2,302,465	2,789,071
Cash & cash equivalents	347,589,834	258,045,418	296,979,198
Total current assets	<u>506,119,204</u>	<u>473,544,522</u>	<u>444,035,126</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	161,076,681	179,806,189	129,920,088
Taxation Payable	13,901,902	18,125,844	12,676,799
Current Portion of Long Term Loans	2,892,307	2,670,326	2,811,929
Current Portion of Lease Liability	2,649,252	2,446,217	2,545,711
	<u>180,520,142</u>	<u>203,048,576</u>	<u>147,954,527</u>
Net current assets	<u>325,599,062</u>	<u>270,495,945</u>	<u>296,080,600</u>
Total assets less current liabilities	<u>984,750,899</u>	<u>862,178,337</u>	<u>918,403,661</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term loans	16,852,595	19,808,361	18,319,126
Lease liability	2,130,267	4,779,519	3,481,294
Deferred tax Liabilities	27,041,906	28,217,397	27,041,906
Total non-current liabilities	<u>46,024,767</u>	<u>52,805,277</u>	<u>48,842,326</u>
<b>EQUITY</b>			
Share capital	46,514,770	46,514,770	46,514,770
Capital reserves	53,818,788	53,818,788	53,818,788
Retained earnings	838,392,573	709,039,502	769,227,777
Total equity	<u>938,726,132</u>	<u>809,373,060</u>	<u>869,561,335</u>
Total non-current liabilities and equity	<u>984,750,899</u>	<u>862,178,337</u>	<u>918,403,661</u>

Approved for issue by the Board of Directors on May 12, 2021 and signed on its behalf by:

  
 Herbert Chong (Chairman)

  
 Charles Heholt (Director)

**HONEY BUN (1982) LIMITED**  
 Unaudited Financial Statements  
 For the Six Months Ended March 31, 2021

**STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

**HONEY BUN (1982) LIMITED**

**Statement of Changes in Equity**

**For the Six months ended March 31, 2021**

*(Expressed in Jamaican Dollars except otherwise stated)*

	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Totals \$
<b>Balances as at September 30, 2019</b>	46,514,770	53,818,788	640,181,207	740,514,766
Total comprehensive income for the period	-	-	92,423,521	92,423,521
Dividends	-	-	(23,565,226)	(23,565,226)
<b>Balances as at March 31, 2020</b>	<b>46,514,770</b>	<b>53,818,788</b>	<b>709,039,502</b>	<b>809,373,060</b>
<b>Balances as at September 30, 2020</b>	46,514,770	53,818,788	769,227,779	869,561,338
Total comprehensive income for the period	-	-	111,578,820	111,578,820
Dividends	-	-	(42,414,026)	(42,414,026)
<b>Balances as at March 31, 2021</b>	<b>46,514,770</b>	<b>53,818,788</b>	<b>838,392,573</b>	<b>938,726,132</b>



**HONEY BUN (1982) LIMITED**  
 Unaudited Financial Statements  
 For the Six Months Ended March 31, 2021

**STATEMENT OF CASHFLOWS**

**HONEY BUN (1982) LIMITED**

**Statement of Cashflows**

**For the period ended March 31, 2021**

*(Expressed in Jamaican Dollars except otherwise stated)*

	Six months ended March 2021	Six months ended March 2020
<b>CASH FROM OPERATING ACTIVITIES</b>		
<b>Net Profit</b>	111,578,820	92,423,521
<b>Adjustments for items not affecting cash:</b>		
Depreciation	35,956,461	23,020,019
Amortization	399,906	457,629
Revaluation of Quoted Securities	(231,963)	
Interest income	(59,165)	(792,799)
Interest expense	580,726	656,698
Taxation expense	16,180,000	15,134,093
 <b>Changes in non-cash working capital components:</b>		
Inventories	(3,457,028)	(31,404,263)
Trade and other receivables	(8,909,164)	(24,759,992)
Trade and other payables	31,156,595	29,161,707
 <b>Tax paid</b>	<u>(14,955,693)</u>	<u>(11,162,067)</u>
<b>Net cash (used in)/provided by operating activities:</b>	<u>168,239,496</u>	<u>92,734,546</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(69,308,419)	(41,531,028)
Additions to intangible assets	(570,600)	-
Investments, net	(2,359,967)	31,590,698
Interest received	59,165	792,799
<b>Net cash used in investing activities</b>	<u>(72,179,821)</u>	<u>(9,147,531)</u>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term loans	(2,633,640)	5,915,555
Dividends paid	(42,414,026)	(23,565,226)
Interest Paid	(580,726)	(656,698)
<b>Net cash (used)/provided by financing activities</b>	<u>(45,628,392)</u>	<u>(18,306,369)</u>
 Net increase in cash and cash equivalents	50,431,284	65,280,646
Cash and cash equivalents at beginning of year	<u>297,158,550</u>	<u>192,764,772</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>347,589,834</u>	<u>258,045,419</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.



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**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**

	<b>March 31 2021</b>	<b>March 31 2020</b>
<b>Authorized:</b>		
487,500,000 shares (2020 – 487,500,000 shares)		
<b>Issued and fully paid:</b>		
471,266,950 shares (2020 - 471,266,950 shares)	<u>46,514,770</u>	<u>46,514,770</u>

**HONEY BUN (1982) LIMITED**  
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For the Six Months Ended March 31, 2021

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**INFORMATION REGARDING SHAREHOLDERS**

**As at March 31, 2021**

**TEN LARGEST SHAREHOLDERS**

	<b>No. of Stock Units</b>
Next Incorporated	266,332,660
Michelle Chong	58,691,000
Herbert Chong	54,091,000
Mayberry Managed Clients' Account	12,186,075
Mayberry Jamaican Equites Limited	9,450,532
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
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

