



HONEY BUN (1982) LIMITED

UNAUDITED FINANCIAL STATEMENT

FOR THE NINE MONTHS ENDED JUNE 30, 2022



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

HONEY BUN (1982) LIMITED
Unaudited Financial Statements
For the Nine Months Ended June 30, 2022

MANAGEMENT DISCUSSION AND ANALYSIS

For the three months ended June 30, 2022, sales were \$789.4m or 39% more than last year. Net profit was \$49m or 24% below the prior year. The decline in net profits was attributable to several factors, the continued rise in cost of sales and the full tax rate being applied in 2022 being two major factors. Gross profit for the quarter came in at \$292.7m or 5% over prior year, whilst the gross profit ratio closed at 37% compared to 49% in the prior year. The decrease in gross profit is attributable to the continued increase in cost of direct raw material.

Total Sales for the first nine months was \$2,162.8m which is 39% better than prior year. The first nine months of the year saw the company generating net profits of \$138m. This result was 22% below prior year. The company's margins declined for the quarter, due to continuous global price increases in key ingredients from suppliers mainly due to supply shortage and shipping challenges. Flour prices increased again in late April.

Investments made in our distribution channels continue to yield significant contribution to revenue growth, as our products become more easily available island wide. Year-to-date the company has invested \$90.7 million in property plant and equipment and intangible assets in our continued focus on improving manufacturing technologies and expanding our distribution network.. Significant expenditures were made to acquire additional distribution vehicles and software/business intelligence upgrades.

Overall receivables increased by \$116 million to close at \$197.3 million, whilst overall trade and other payables increased by \$52.1 million to close at \$253.4 million. The increase in receivables is a reflection of our growth strategy, as \$73.8 million of this amount relates to deposits on production machinery and raw material orders (J\$14m). Other prepayments and interest receivable on investments closed at J\$9 million. Net trade receivables stood at J\$97.9 million representing 16.5 days of sale, in comparison to prior year J\$60.5 million, representing 14.2 days of sale. A positive indicator is that despite the growth in receivables and payables, net current assets closed the period at \$432.5 million, or 25% over the prior year.

As a part of our commitment to our shareholders, the company distributed interim dividend of J\$12 million in June, despite the increasing working capital and capital expenditure requirements.

Our Corporate Social Responsibility (CSR) activities included our "Donuts for Nurses" programme in May, for a fourth consecutive year. This campaign saw over 30 hospitals and health centres benefitting from the activation.

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 Nine Months Ended June 30, 2022

STATEMENT OF COMPREHENSIVE INCOME

HONEY BUN (1982) LIMITED

Statement of Profit or Loss and Other Comprehensive Income

For the Nine months ended June 30, 2022

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited Three months ended June 2022	Unaudited Three months ended June 2021	Unaudited Nine (9) months ended June 2022	Unaudited Nine (9) months ended June 2021
Gross operating revenue	789,400,409	566,362,897	2,162,812,481	1,555,081,655
Cost of operating revenue	(496,700,413)	(286,907,245)	(1,307,385,426)	(803,847,696)
Gross profit	292,699,996	279,455,652	855,427,055	751,233,960
Other Gains/(losses)	(578,235)	1,356,563	694,111	5,429,552
	292,121,761	280,812,215	856,121,166	756,663,512
Administrative, selling and distribution expenses	37.1%	49.3%	39.6%	48.3%
Administrative	(136,839,288)	(118,605,218)	(419,679,482)	(335,015,868)
Selling & distribution costs	(89,084,681)	(79,779,666)	(252,011,470)	(207,884,997)
	(225,923,969)	(198,384,884)	(671,690,952)	(542,900,865)
Operating profit before finance costs and taxation	66,197,792	82,427,332	184,430,213	213,762,647
Finance income- interest	7,547,297	22,798	9,359,211	81,963
Finance costs	(3,507,047)	(2,271,499)	(9,687,929)	(5,907,159)
Increase/(Decrease) in value of investments classified as fair value through profit or loss	-	1,409,228	187,901	1,409,228
Profit before taxation	70,238,042	81,587,859	184,289,396	209,346,679
Taxation	(21,196,000)	(16,698,000)	(46,209,000)	(32,878,000)
Net profit for the period	49,042,042	64,889,859	138,080,396	176,468,679
Total comprehensive income for the period	49,042,042	64,889,859	138,080,396	176,468,679
Earnings Per Share	0.10	0.14	0.29	0.37
Fully paid up Share Capital	471,266,950	471,266,950	471,266,950	471,266,950



HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Nine Months Ended June 30, 2022

STATEMENT OF FINANCIAL POSITION

HONEY BUN (1982) LIMITED
Statement of Financial Position
as at June 30, 2022

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited June 2022	Unaudited June 2021	Audited September 2021
NON-CURRENT ASSETS			
Property, plant and equipment	644,914,696	584,856,249	583,871,161
Right-of-Use Asset	1,261,864	3,866,592	3,222,160
Investments	99,476,416	95,809,625	95,602,465
Intangible assets	7,771,077	1,747,305	5,325,879
Total non-current assets	<u>753,424,053</u>	<u>686,279,771</u>	<u>688,021,666</u>
CURRENT ASSETS			
Inventories	178,896,575	114,155,416	121,399,079
Receivables	197,383,735	81,510,996	107,753,383
Taxation recoverable	5,950,855	2,789,959	4,034,001
Cash & cash equivalents	335,762,360	375,367,740	404,250,464
Total current assets	<u>717,993,524</u>	<u>573,824,111</u>	<u>637,436,927</u>
CURRENT LIABILITIES			
Trade and other payables	253,451,234	201,267,023	195,772,361
Taxation Payable	27,198,710	21,970,658	28,338,290
Current Portion of Long Term Loans	3,088,904	2,905,925	2,974,982
Current Portion of Lease Liability	1,665,942	1,899,812	2,757,004
	<u>285,404,790</u>	<u>228,043,419</u>	<u>229,842,638</u>
Net current assets	432,588,735	345,780,692	407,594,289
Total assets less current liabilities	<u>1,186,012,788</u>	<u>1,032,060,462</u>	<u>1,095,615,955</u>
NON-CURRENT LIABILITIES			
Long term loans	13,028,397	16,131,112	15,344,144
Lease liability	27,510,280	2,237,063	724,290
Deferred tax Liabilities	50,674,475	27,041,906	50,674,475
Total non-current liabilities	<u>91,213,151</u>	<u>45,410,081</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	994,466,078	886,316,823	928,539,488
Total equity	<u>1,094,799,637</u>	<u>986,650,381</u>	<u>1,028,873,046</u>
Total non-current liabilities and equity	<u>1,186,012,788</u>	<u>1,032,060,462</u>	<u>1,095,615,955</u>

Approved for issue by the Board of Directors on August 10, 2022 and signed on its behalf by:



Herbert Chong (Chairman)



Wayne Wray (Director)

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Nine Months Ended June 30, 2022

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

HONEY BUN (1982) LIMITED

Statement of Changes in Equity

For the Nine months ended June 30, 2022

(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	-	-	176,468,679	176,468,679
Dividends	-	-	(59,379,636)	(59,379,636)
Balances as at May 31, 2021	46,514,770	53,818,788	886,316,823	986,650,381
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	-	-	138,080,396	138,080,396
Dividends	-	-	(72,155,689)	(72,155,689)
Balances as at June 30, 2022	46,514,770	53,818,788	994,464,198	1,094,797,757



HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Nine Months Ended June 30, 2022

STATEMENT OF CASHFLOWS

HONEY BUN (1982) LIMITED

Statement of Cashflows

For the period ended June 30, 2022

(Expressed in Jamaican Dollars except otherwise stated)

	Nine months ended June 2022	Nine months ended June 2021
CASH FROM OPERATING ACTIVITIES		
Net Profit	138,080,396	176,468,679
Adjustments for items not affecting cash:		
Depreciation	28,831,517	23,542,364
Amortization	380,736	266,604
Loss/(gain) on disposal of property, plant and equipment	0	-
Revaluation of Quoted Securities	0	(498,797)
Interest income	(776,892)	(36,699)
Interest expense	362,703	416,037
Taxation expense	11,123,000	8,049,000
	178,001,461	208,207,189
Changes in non-cash working capital components:		
Inventories	(57,497,496)	(42,880,872)
Trade and other receivables	(89,630,352)	(9,412,229)
Trade and other payables	57,678,873	71,346,936
Tax paid	<u>(14,179,433)</u>	<u>1,243,973</u>
Net cash (used in)/provided by operating activities:	<u>74,373,054</u>	<u>228,504,997</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment		
Additions to property, plant and equipment	(87,914,755)	(53,016,912)
Additions to intangible assets	(2,825,934)	(265,375)
Investments, net	(4,256,505)	(33,270,399)
Interest received	776,892	36,699
Net cash used in investing activities	<u>(94,220,302)</u>	<u>(86,515,987)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	23,494,983	(3,984,148)
Dividends paid	(72,153,808)	(59,379,636)
Interest Paid	(362,703)	(416,037)
Net cash (used)/provided by financing activities	<u>(49,021,528)</u>	<u>(63,779,821)</u>
Net increase in cash and cash equivalents	(68,870,658)	78,209,189
Cash and cash equivalents at beginning of year	<u>404,633,018</u>	<u>297,158,550</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>335,762,360</u>	<u>375,367,740</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.

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

	June 2022	June 2021
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 Nine Months Ended June 30, 2022

INFORMATION REGARDING SHAREHOLDERS

As at June 30, 2022

TEN LARGEST SHAREHOLDERS

No. of Stock Units

Next Incorporated	258,447,977
Herbert Chong	54,091,000
Michelle Chong	51,691,000
JMMB Securities Ltd	14,459,000
Mayberry Managed Clients' Account	11,282,479
Cal's Manufacturing	6,644,122
Argyle Industries Inc	4,000,000
Sagicor Select Fund	3,780,227
QWI Investments	3,484,492
Jamaica Money Market Brokers	3,173,878

SHAREHOLDINGS OF DIRECTORS

Herbert Chong	54,091,000
Michelle Chong	51,691,000
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

Herbert Chong	54,091,000
Michelle Chong	51,691,000
Daniel Chong	2,689,335
Dustin Chong	2,479,035
Paula Graham-Haynes	0
Taariq Abdul-Majeed	0