



HONEY BUN (1982) LIMITED
Unaudited Financial Statements
for the Six Months Ended March 31, 2023



Honey Bun receives coveted Safe Quality Food Certification



Honey Bun (1982) Limited, the popular Jamaican bakery established 40 years ago, has attained the internationally recognised Safe Quality Food (SQF) certification. SQF is a rigorous and credible food safety and quality programme that is recognised by retailers, brand owners, and food service providers world-wide. The certification assures consumers that Honey Bun products are manufactured under highest food safety and quality standards.

The SQF certification adds to Honey Bun’s HACCP certification achieved in 2016. Deputy Chief Executive Officer Daniel Chong said that the addition of the SQF certification, “shows that Honey Bun’s facility complies with first world food safety and quality standards. Consumers can trust that what we are doing meets the highest standards and aligns with best practises anywhere in the world.”

Chong noted that it was deliberate and purposeful efforts on the part of the business that resulted in the certification, including training not just for production staff but for all Honey Bun employees.

“At Honey Bun, we believe that our consumers deserve the very best and this certification reflects our longstanding and ongoing commitment to excellence,” said Chong.

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For the Six Months March 31, 2023

SUMMARY DATA

	Mar-23	Mar-22	% Change
Net Profit	\$ 131,058,327	\$ 86,778,344	51%
Earnings per share	0.28	0.18	51%
Total Assets	\$ 1,658,226,338	\$ 1,396,308,624	19%
Cash & Cash equivalent	\$ 390,980,175	\$ 353,667,500	11%

MANAGEMENT DISCUSSION AND ANALYSIS

The company continues to focus on increasing island wide distribution which resulted in an increase in gross revenues second quarter period ending March 31, 2023, over comparative quarter period ending March 31, 2022. Gross Operating revenues for the quarter was \$878.2m or 24% more than the prior comparative period. Gross profit for the quarter came in at \$375.4m or 26% above the prior comparative period, whilst the gross profit ratio closed at 43% compared to 42% for the prior year's second quarter. The three months ending March 31, 2023, saw the company earning net profits of \$61.7m or 50% above the prior comparative period of \$41.2m.

We are pleased to announce the opening of the Morant Bay wholesale outlet in the second quarter of the financial year, bringing the total wholesale outlets across the island to ten (10).

Gross Operating Revenues for the first six months was \$1,695.6m which is 23% better than prior year. The first half of the year saw the company generating net profits of \$131.0m, this resulted in a 50% increase over the prior comparative period. The company's margins increased for the six month period as a result of new operating processes and staff incentives that have increased overall productivity.

Increasing efficiency and profitability through improved technological investment and continue growth in the distribution channel of the company has resulted in additional investments of \$90.4m in property plant and equipment and \$63.5m in right of use assets. This focus has also impacted on the non-current liabilities with an increase of \$47.0m in lease liability being recognized, due to IFRS16 guidelines.

Our credit customer base increased by 15.6% over the prior period resulting in a 24% or \$37.1m increase in receivables. In order to meet increased demand for our products and as a hedge for possible international disruptions in the supply chain, inventory increased by 20% or \$31.1m respectively. Despite this expansion mode the company continues to maintain a healthy bank balance with cash and cash equivalents closing at \$390.9m, an 11% increase in cash when compared with the previous comparative period of \$353.6m. Overall net current assets increased by 19% with a closing balance at period end of \$470.1m.

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

Michelle Chong
Chief Executive Officer

NEW APPOINTMENT



Honey Bun (1982) Limited has appointed its first Deputy Chief Executive Officer, Daniel Chong. Chong, who is currently a director and was formerly Chief Operations Officer of the company, assumed the new role on April 1, 2023.

Chong has been with the company for more than 12 years, having graduated from the University of Waterloo, Ontario, Canada with a degree in Civil Engineering. Before joining Honey Bun, Chong worked at companies in the greater Toronto area in Canada. He has worked for AECOM in transportation design engineering and project management.

Chong also has experience in distribution logistics and route optimization, having worked at ICS Courier. Working with Plan Group expanded his experience in electrical, mechanical and communications infrastructure contracting.

With his keen eye for details, creativity, problem-solving and technical planning capabilities, Chong has contributed significantly to the implementation and management of systems to improve efficiencies that have helped Honey Bun to decrease costs and maximize output. He works closely with the Chief Executive Officer (CEO) on the strategic and technical operations of the company's business.

Executive Chairman and co-founder of Honey Bun, Herbert Chong, said: "In the number of years Daniel has been working in the position of Chief Operations Officer, he has proven himself very capable. He has now been put in more of leadership position for succession planning for the future of Honey Bun. "

Speaking on the appointment, CEO Michelle Chong said: "This role supports our succession plans. It follows on our 40th anniversary and provides an opportunity to hand over the baton while the current CEO is alive and able to continue to support."

She continued: "Daniel is an expert in every part of the business. He is technology savvy; understands the full production process; is financially more than adept; and has the advantage of youth to take on new challenges. He recently completed a course in leadership and was voted best leader at our awards ceremony in December by the staff."

During his tenure with the company, Daniel Chong has been instrumental in setting up the Enterprise Recourse Management software system and maintaining the back-end functionality. Besides his software skills, he also led the review of financial reporting before the employment of the company's financial controller. His skills are rounded and span various aspects of the business.

HONEY BUN (1982) LIMITED
Unaudited Financial Statements
For the Six Months March 31, 2023

STATEMENT OF COMPREHENSIVE INCOME

HONEY BUN (1982) LIMITED

Statement of Profit or Loss and Other Comprehensive Income
For the Six months ended March 31, 2023

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited Three(3) months ended March 23	Unaudited Three(3) months ended March 22	Unaudited YTD Six(6) months ended March 2023	Unaudited YTD Six(6) months ended March 2022
Gross operating revenue	878,235,054	708,712,680	1,695,638,490	1,373,412,071
Cost of operating revenue	(502,884,133)	(410,572,419)	(962,650,575)	(810,685,013)
Gross profit	375,350,921	298,140,260	732,987,915	562,727,058
Other Gains/(losses) **	(3,339,854)	(6,211,946)	(2,636,704)	1,109,523
	372,011,067	291,928,314	730,351,211	563,836,582
	42.7%	42.1%	43.2%	41.0%
Administrative, selling and distribution expenses				
Administrative **	166,565,808	136,810,153	323,098,005	255,961,750
Selling & distribution costs **	125,768,832	101,055,319	235,929,750	197,604,331
	292,334,640	237,865,472	559,027,754	453,566,080
Movement on impairment lossess on financials	0	-	0	-
Operating profit before finance costs and taxation	79,676,426	54,062,842	171,323,456	110,270,501
Finance income- interest **	3,932,058	1,043,953	7,341,486	1,811,913
Finance costs **	(1,987,340)	(296,729)	(3,509,615)	(641,796)
	81,621,143	54,810,065	175,155,327	111,440,619
Increase/(Decrease) in value of investments classified as fair value through profit or loss	-	350,725	-	350,725
Profit before taxation	81,621,143	55,160,790	175,155,327	111,791,344
Taxation	(19,849,000)	(13,890,000)	(44,097,000)	(25,013,000)
Net profit for the period	61,772,143	41,270,790	131,058,327	86,778,344
Total comprehensive income for the period	61,772,143	41,270,790	131,058,327	86,778,344
Earnings Per Share	0.13	0.09	0.28	0.18

** Prior year information reclassified to align with audit classification.

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Six Months March 31, 2023

STATEMENT OF FINANCIAL POSITION

HONEY BUN (1982) LIMITED
Statement of Financial Position
as at March 31, 2023

(Expressed in Jamaican Dollars except otherwise stated)

	Unaudited	Unaudited	Audited
	March 2023	March 2022	September 2022
NON-CURRENT ASSETS			
Property, plant and equipment	707,011,606	616,555,512	665,708,575
Right-of-Use Asset	65,476,640	1,933,296	56,093,973
Investments	97,749,566	98,593,296	98,347,867
Intangible assets	7,340,969	8,056,631	7,485,525
Total non-current assets	<u>877,578,781</u>	<u>725,138,735</u>	<u>827,635,940</u>
CURRENT ASSETS			
Inventories	189,589,836	158,412,918	179,346,068
Receivables	191,952,005	154,796,802	166,351,636
Taxation recoverable	8,125,540	4,292,668	6,765,770
Cash & cash equivalents	390,980,175	353,667,500	346,916,144
Total current assets	<u>780,647,557</u>	<u>671,169,889</u>	<u>699,379,618</u>
CURRENT LIABILITIES			
Trade and other payables	248,707,552	252,667,207	225,373,964
Taxation Payable	38,353,097	18,185,472	13,874,773
Current Portion of Long Term Loans	2,811,929	3,017,202	3,017,202
Current Portion of Lease Liability	20,577,979	2,810,633	2,812,513
	<u>310,450,558</u>	<u>276,680,514</u>	<u>245,078,451</u>
Net current assets	<u>470,196,999</u>	<u>394,489,375</u>	<u>454,301,167</u>
Total assets less current liabilities	<u>1,347,775,780</u>	<u>1,119,628,110</u>	<u>1,281,937,107</u>
NON-CURRENT LIABILITIES			
Long term loans	10,980,645	13,835,393	12,326,941
Lease liability	46,416,030	(682,246)	53,735,473
Deferred tax Liabilities	56,561,843	50,674,475	56,561,843
Total non-current liabilities	<u>113,958,518</u>	<u>63,827,621</u>	<u>122,624,257</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	1,133,483,704	955,466,931	1,058,979,291
Total equity	<u>1,233,817,262</u>	<u>1,055,800,489</u>	<u>1,159,312,850</u>
Total non-current liabilities and equity	<u>1,347,775,780</u>	<u>1,119,628,110</u>	<u>1,281,937,107</u>

Approved for issue by the Board of Directors on May 12, 2023 and signed on its behalf by:



Herbert Chong (Chairman)



Wayne Wray (Director)

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Six Months March 31, 2023

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

HONEY BUN (1982) LIMITED
Statement of Changes in Equity
For the Six months ended March 31, 2023
(Expressed in Jamaican Dollars except otherwise stated)

	Share Capital \$	Capital Reserve \$	Retained Earnings \$	Totals \$
Balances as at September 30, 2021	46,514,770	53,818,788	928,539,491	1,028,873,049
Total comprehensive income for the period	-	-	86,778,344	86,778,344
Dividends	-	-	(59,850,904)	(59,850,904)
Balances as at March 31, 2022	<u>46,514,770</u>	<u>53,818,788</u>	<u>955,466,931</u>	<u>1,055,800,489</u>
Balances as at September 30, 2022	46,514,770	53,818,788	1,058,979,291	1,159,312,850
Total comprehensive income for the period	-	-	131,058,327	131,058,327
Dividends	-	-	(56,553,915)	(56,553,915)
Balances as at March 31, 2023	<u>46,514,770</u>	<u>53,818,788</u>	<u>1,133,483,704</u>	<u>1,233,817,262</u>

HONEY BUN (1982) LIMITED
 Unaudited Financial Statements
 For the Six Months March 31, 2023

STATEMENT OF CASHFLOWS

HONEY BUN (1982) LIMITED

Statement of Cashflows

For the period ended March 31, 2023

(Expressed in Jamaican Dollars except otherwise stated)

	Six months ended March 2023	Six months ended March 2022
CASH FROM OPERATING ACTIVITIES		
Net Profit	131,058,327	86,778,343
Adjustments for items not affecting cash:		
Depreciation	48,947,415	42,094,146
Right of Use Depreciation	7,206,715	1,288,864
Amortization	660,126	571,105
Loss/(gain) on disposal of property, plant and equipment	-	-
Revaluation of Quoted Securities	-	(350,725)
Retained earnings adjustment	-	-
Interest income	(7,341,486)	(1,811,913)
Interest expense	439,848	524,886
Taxation expense	44,097,000	25,013,000
	225,067,945	154,107,706
Changes in non-cash working capital components:		
Inventories	(10,243,768)	(37,013,839)
Trade and other receivables	(25,600,370)	(47,043,419)
Trade and other payables	23,333,589	56,894,847
Tax paid	<u>(20,978,445)</u>	<u>(35,424,485)</u>
Net cash (used in)/provided by operating activities:	<u>191,578,951</u>	<u>91,520,810</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment		
Additions to property, plant and equipment	(90,250,446)	(74,778,497)
Additions to Right of Use assets	(16,589,381)	-
Additions to intangible assets	(515,570)	(3,301,857)
Investments, net	598,300	(3,022,660)
Interest received	7,341,486	1,811,913
Net cash used in investing activities	<u>(99,415,611)</u>	<u>(79,291,100)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(1,551,570)	(1,466,531)
Lease Liabilities	10,446,024	(1,352,907)
Dividends paid	(56,553,915)	(59,850,903)
Interest Paid	(439,848)	(524,886)
Net cash (used)/provided by financing activities	<u>(48,099,308)</u>	<u>(63,195,228)</u>
Net increase in cash and cash equivalents	44,064,031	(50,965,517)
Cash and cash equivalents at beginning of year	<u>346,916,144</u>	<u>404,633,018</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>390,980,175</u>	<u>353,667,500</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

	Mar-23	Mar-22
Authorized:		
487,500,000 shares (2020 – 97,500,000 shares)		
Issued and fully paid:		
471,266,950 shares (2020 - 94,253,390 shares)	46,514,770	46,514,770



HONEY BUN (1982) LIMITED
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INFORMATION REGARDING SHAREHOLDERS

As at March 31, 2023

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	10,428,220
Cal's Manufacturing	6,644,122
Argyle Industries Inc	4,000,000
Sagicor Select Fund	3,780,227
Jamaica Money Market Brokers	3,624,976
QWI Investments	3,484,492

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	-
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	-
Paula Cameron	8,629



THE HONEY BUN FOUNDATION

The Honey Bun Foundation has embarked on a path of building Jamaica, through capacity building of Small and Medium Enterprises (SME). One of their most impactful model has been their Advisory Committee Model. Through this model, qualified SMEs are paired with a group of three advisors each, to work with them for 12 months completing a one-year strategic plan using template designed by the Foundation. This model enables SMEs to grow their business and learn through the guidance of these knowledgeable advisors in such areas as finance, marketing, and corporate governance.



From left: Vicky Myers Wedderburn of Rustique Signs, one of seven SMEs, appointed an Advisory Committee by The Honey Bun Foundation for 2023 with Founder of The Honey Bun Foundation Michelle Chong, President of the Montego Bay Chamber of Commerce, Oral Heaven, and Minister of State in the Ministry of Industry Investment and Commerce, Dr Norman Dunn, at a reception to welcome the 2023 cohort of SMEs to the Foundation's Advisory Committee Model.

The companies participating in the first cohort in 2022 recorded various levels of success as outlined below.



The Honey Bun Foundation's Advisory Committee has helped my business access new markets- new retail markets. It has also resulted in increased profits. Revenue was increased by 50% and a 30% increase in profit over the last year.



The Honey Bun Foundation has provided Dawson's Trading Company its bedrock for growth allowing our company to grow its revenue by over 50% per year, moving Dawson Trading Company from a small to a medium company is just two years

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On March 1, 2023, the foundation also signed a MOU with Jamaica Manufacturers and Exporters Association (JMEA) to offer the model to their members.



From left: Executive Director of the Jamaica Manufacturers and Exporters Association, Kamesha Blake, President of the JMEA John Mahfood, and Founder of The Honey Bun Foundation Michelle Chong, signing a Memorandum of Understanding for the JMEA to offer the Foundation's Advisory Committee Model to its Members.

For 2023, the foundation will continue to build SMEs through their other model: The National Training Calendar, the GAPP App and its Advisory Committee. They will also be paying special attention to the Creative Industry. To this end, veteran creative Ian 'Ity' Ellis- one half of the popular Jamaican comedy duo Ity and Fancy Cat, have been appointed to the Board of the Foundation. Ellis is an accomplished Jamaican creative who is expected to lend his tremendous expertise to governing the Foundation.



Newly appointed Director of The Honey Bun Foundation, Ian 'ity' Ellis

HONEY BUN EXTRAS!

RECIPES

Buccaneer Yum Rum Sundae

Serves 2

Ingredients:

2 Buccaneer original rum cake (5oz)
Two scoops Rum and Raisin or your favorite ice cream
Caramel Sauce
Chopped pecans or almonds.

Method

1. Place each rum cake in serving plate.
2. Drizzle caramel sauce over each cake
3. Place a scoop of Rum and Raisin or ice cream of choice in centre of each rum cake
4. Top with chopped pecans or almonds and enjoy!

Shorty Cinnamon Raisin Bread Pudding

Ingredients

8-10 slices Shorty Cinnamon Raisin Loaf
2 cups milk (whole or almond)
2 eggs beaten
¼ cup granulated sugar
¼ tsp Salt
1 tsp vanilla
¼ tsp nutmeg
1 cup almond chopped.

Method

1. Cut bread into cubes and add to a bowl.
2. Wisk together eggs milk, sugar, salt, nutmeg and vanilla
3. Pour mixture over bread cubes and mix slightly until bread absorbs milk
4. Pour mixture into a greased oven proof dish. Add chopped almonds. Mixture should cover bread completely. If not add more milk to mixture
5. Bake at 350 degrees Fahrenheit for 40-45 minutes until top is golden brown, or knife inserted into centre comes out clean

Glaze

1 cup heavy cream
½ cup icing sugar
1 tsp vanilla
Rum optional

Wish ingredients together until creamy then pour over bread.

WHOLESALE OUTLETS

East Street Outlet

85 East Street
Kingston
Tel: 876 371 0199

Princess Street Outlet

92-92a Princess Street
Kingston
Tel: 876 371 0199

Half Way Tree Outlet

Shop #2 Park Plaza
8 Constant Sprint Road
Kingston 10
Tel: 876 351 5753

Cross Roads Outlet

Shop #5 1-3 & 5 Old Hope Road
Kingston
Tel: 876 855 0902

Retirement Crescent Outlet – Head Office Outlet

22-26 Retirement Crescent
Kingston 5
Tel: 960 9851

Ocho Rios Outlet

Shop B11, Pineapple Shopping Centre
Main Street, Ocho Rios, St. Ann
Tel: 876 579 7836

Old Harbour Outlet

Shop #3, 16 East Street,
Old Harbour, St. Catherine
Tel: 876 442 6601

Spanish Town Outlet

Spanish Town Taxi Stand and Bus Park
Burke Road, Spanish Town
St. Catherine

Morant Bay Outlet

13 South Street,
Morant Bay, St. Thomas

Papine Outlet

Shop #1a, Papine Market Place
Kingston 7
Tel: 876 564 7836