



ANNUAL REPORT 2023

TASTE THE MMMMAGIC



STRATEGY RETREAT



In August, the management team journeyed to the hills of St Andrew, to plot the company's strategic direction for the next three years. Facilitated by Carole Narcisse & Associates, it was two intense days as we charted the path for the continued growth and success of Honey Bun Ltd. The retreat also provided numerous opportunities for bonding among team members - cementing strong relationships necessary to achieve the Company's mission to Lead, Achieve and Serve.





CORPORATE PHILOSOPHY

VISION

Making Life more delicious for everyone everywhere!

MISSION

We are bound to LEAD through Innovation, ACHIEVE Prosperity for our stakeholders and SERVE the greater good of Mankind.

CORPORATE VALUES

I am committed to the Vision, Mission, success and core values of **Honey Bun (1982) Limited**.

CUSTOMERS • EMPLOYEES • SHAREHOLDERS • SUPPLIERS • COMMUNITY AT LARGE

TEAM WORK: I am a team player and team leader. I do whatever it takes to stay together and achieve team goals. I focus on co-operation and always come to a resolution, not a compromise. I am flexible in my work and able to change if what I am doing is not working. I ask for help when I need it and I am compassionate to others who ask me.

I will consistently do what is right, always show respect and display the right attitude towards everyone and my surrounding environment.

ACCOUNTABILITY: I am truly responsible for my choices, actions and outcomes.

APPRECIATION: I am a truly grateful person. I say thank you and show appreciation often and in many ways.

CONTINUOUS IMPROVEMENT: Good is not enough. I always deliver products and services of exceptional

quality that add value to all involved for the long term. I will strive to always improve on current processes through innovation and communication. I learn from my mistakes and will embrace learning and personal development for myself and others around me. If a challenge arises, I use a system correction before I look for a people correction.

COMMUNICATION: I speak positively of my fellow team members and my clients in both public and private. I speak with good purpose using empowering and positive conversation. I never use or listen to sarcasm or gossip. I acknowledge what is being said as true for the speaker at that moment. I make every effort to greet people using their name. I always apologize for any upsets and then look for a solution. I only discuss concerns in private with the person involved.

INTEGRITY: I will always be open and honest and uphold strong moral values.



LEAD • ACHIEVE • SERVE



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NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of HONEY BUN (1982) LIMITED will be held on:

DATE: Wednesday, March 6, 2024
TIME: 10:00 am
PLACE: Courtleigh Hotel & Suites, Somerset Suite, 85 Knutsford Boulevard, Kingston 5
PURPOSE: For shareholders to consider, and if thought fit, to approve resolutions concerning the following items of routine business:

1. To receive and approve the Report of the Board of Directors and the Audited Accounts for the financial year ended September 30, 2023.
2. To re-appoint Yaneek Page and Wayne Wray, who have retired by rotation in accordance with the Articles of Incorporation, and being eligible, offer themselves for re-election.
3. To authorize the Board of Directors to fix the remuneration of Directors.
4. To authorize the Board of Directors to appoint the auditors.
5. To authorize the Board of Directors to fix the remuneration of the Auditors of the Company.
6. To ratify a dividend of \$0.12 per share paid on February 17, 2023, to shareholders on record as at February 3, 2023.
7. To ratify a dividend of \$0.04 per share paid on July 5, 2023, to shareholders on record as at July 5, 2023.

Dated this 31st day of December, 2023
BY ORDER OF THE BOARD OF DIRECTORS

Michelle Chong
COMPANY SECRETARY

The following accompanies this Notice of Annual General Meeting:

- (1) A Form of Proxy. A shareholder who is entitled to attend and vote at the Annual General Meeting of the Company may appoint a proxy to attend in his/her place. A proxy need not be a shareholder of the Company. All completed original proxy forms must be deposited together with the power of attorney or other documents appointing the proxy, at the registered office of the Company at least 48 hours before the Annual General Meeting.
- (2) The Annual Report can be viewed online at the Company's website www.honeybunja.com or on the Jamaica Stock Exchange's website www.jamstockex.com.

HONEY BUN IS NOW SQF CERTIFIED



Honey Bun (1982) Limited attained the internationally recognised Safe Quality Food (SQF) certification within the financial year. SQF is a rigorous and credible food safety and quality programme that is recognised by retailers, brand owners, and food service providers worldwide. The certification assures consumers that Honey Bun products are manufactured under the 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 practices 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.





CORPORATE DATA

DIRECTORS

EXECUTIVE CHAIRMAN

Mr. Herbert V. Chong

EXECUTIVE

Mrs. Michelle Chong – CEO

Mr. Daniel Chong – Deputy CEO

INDEPENDENT

Mr. Paul Moses

Mr. Charles Heholt

Mr. Wayne Wray

Mrs. Yaneek Page

LIST OF SENIOR OFFICER

Mr. Herbert Chong – Chairman

Mrs. Michelle Chong – CEO

Mr. Daniel Chong – Deputy CEO

LIST OF SENIOR OFFICER (Cont'd)

Ms. Paula Cameron – FC

Mr. Dustin Chong - CSMO

Ms. Paula Graham-Haynes – Corp.Sec.

ATTORNEYS-AT-LAW

Levy Cheeks & Company

2nd Floor, 1 Barbados Avenue,

Kingston 5

BANKERS

Bank of Nova Scotia Jamaica Limited

2 Knutsford Boulevard,

Kingston 5

Sagicor Bank Limited

24-28 Barbados Avenue

Kingston 5

BANKERS (Cont'd)

National Commercial Bank

37 Duke Street

Kingston

Victoria Mutual Building Society

73-75 Half Way Tree Road

Kingston 10

AUDITOR

BDO Chartered Accountants

26 Beechwood Avenue

Kingston 5

REGISTRAR AND TRANSFER AGENT

Jamaica Central Securities Depository

40 Harbour Street

Kingston

HONEY BUN (1982) LIMITED

REGISTERED OFFICE

22-26 Retirement Crescent

Kingston 5, Jamaica, W.I.

Telephone (876) 960-9851-2

www.honeybunja.com

Honeybunja/





SHAREHOLDERS' PROFILE

INFORMATION REGARDING SHAREHOLDERS

AS AT 30TH SEPTEMBER, 2023

TEN LARGEST SHAREHOLDERS	NO. OF STOCK UNITS	% HOLDING
Next Incorporated	258,447,977	54.84
Herbert Chong	54,091,000	11.48
Michelle Chong	51,691,000	10.97
JMMB Securities Ltd. (House Account #2)	14,700,000	3.12
Mayberry Managed Client Account	8,232,949	1.75
CAL'S Manufacturing Limited	6,644,122	1.41
Argyle Industries Inc.	4,000,000	0.85
Jamaica Money Market Brokers Ltd.	3,799,976	0.81
Sagikor Select Funds Ltd. – Mfg & Dist.	3,780,227	0.80
QWI Investments Limited	3,484,492	0.74

SHAREHOLDINGS OF DIRECTORS		
Herbert Chong	54,091,000	11.48
Michelle Chong	51,691,000	10.97
Daniel Chong	2,747,635	0.58
Paul Moses	2,000,000	0.42
Charles Heholt	260,000	0.06
Wayne Wray	110,000	0.02
Yaneek Page	0	0.00

SHAREHOLDINGS OF SENIOR OFFICERS		
Herbert Chong	54,091,000	11.48
Michelle Chong	51,691,000	10.97
Daniel Chong	2,747,635	0.58
Dustin Chong	2,479,035	0.53
Paula Cameron	15,644	0.003
Paula Graham-Haynes	0	0.00

ABOUT US

Honey Bun was founded in 1982 by Herbert Chong, now Executive Chairman, and Michelle Chong, now CEO of the company. Under their leadership, the company has grown exponentially from a small retail bakery to a wholesale bakery publicly listed on the Jamaica Junior Stock Exchange.

Specializing in individually packaged pastries and baked snacks, Honey Bun produces several variations of over a dozen products resulting in a range of over 40 SKUs from three brands: Honey Bun, Shorty Bread, Goldie, and Buccaneer Jamaica Rum Cakes.

Honey Bun was the first Jamaican bakery to be **SQF** certified, in 2023. Since its listing on the JSE in 2011, the company has continuously been recognized by the JSE for innovation, operations, and leadership. The Company has built a strong reputation for transparency and good Corporate Governance, having won the JSE Award for Corporate Disclosure and Investor Relations seven times, and the Governor General's Award for Best Practices five times, among many others.

The 24/7 baking operation, located in Kingston, Jamaica with over 400 employees, embodies its mission statement; "We are bound to **LEAD** through Innovation, **ACHIEVE** Prosperity for our stakeholders and **SERVE** the greater good of Mankind". In 2019, the CEO founded The Honey Bun Foundation, which focuses on the growth of SMEs and the Creative Industry, to help grow the Jamaican economy.

Honey Bun exports through the Caribbean region and the USA, along with the UK and Canada. Our products can be found in major chains including Publix in the USA, ASDA and Tesco in the UK, and Loblaws in Canada, as well as small independent stores.





SALES REVENUE

\$3.41B

FROM

\$2.95B

21/22

SALES GROWTH

16%

FROM

38%

21/22

AFTER TAX PROFIT

\$232.M

FROM

\$203.5M

21/22

FINANCIAL HIGHLIGHTS

EARNINGS PER SHARE

\$0.49

FROM

\$0.43

21/22

DIVIDENDS PAID

\$75.4M

FROM

\$73.M

21/22

CASH & CASH EQUIVALENT

\$464.8M

FROM

\$346.9M

21/22

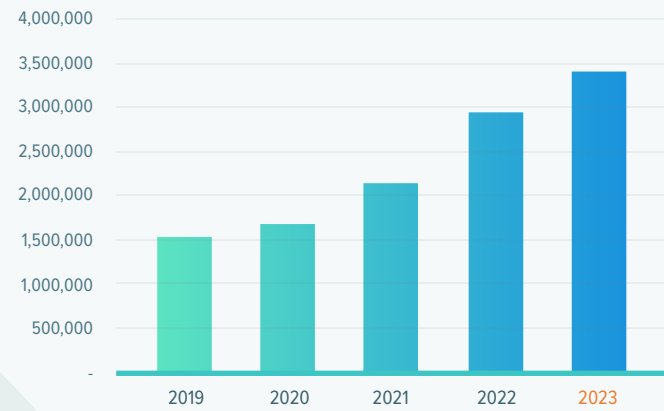
FINANCIAL DATA

FIVE-YEAR FINANCIAL REVIEW

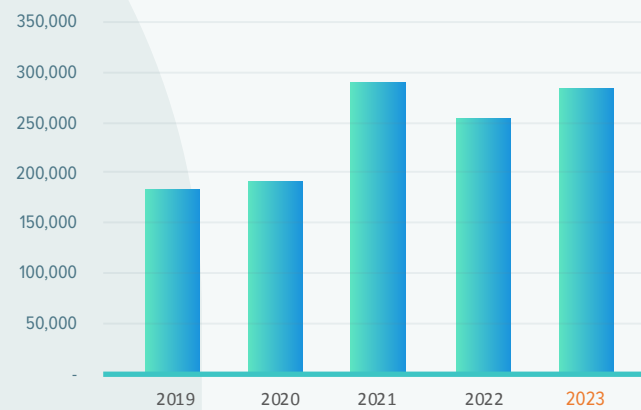
PROFIT & LOSS	2019	2020	2021	2022	2023
	['000]	['000]	['000]	['000]	['000]
Sales Revenue J\$-'000	1,543,975	1,674,779	2,145,398	2,953,317	3,412,758
Percentage increase over prior year	17%	8%	28%	38%	16%
Cost of Sales	799,170	875,505	1,123,208	1,777,509	1,936,581
Percentage of Sales	51.8%	52.3%	52.4%	60.2%	56.7%
Gross Profit	744,806	799,275	1,022,190	1,175,807	1,476,177
Percentage increase over prior year	24%	7%	28%	15%	26%
Percentage of Sales	48%	48%	48%	40%	43%
Administrative Expenses J\$-'000	299,273	333,747	402,054	531,029	664,556
Percentage increase over prior year	7%	12%	20%	32%	25%
Selling & Distribution Expenses J\$-'000	277,462	292,484	348,067	408,056	518,282
Percentage increase over prior year	29%	5%	19%	17%	27%
Operating expenses	576,735	626,231	750,121	939,085	1,182,838
Percentage increase over prior year	17%	9%	20%	25%	26%
Percentage of Sales	37%	37%	35%	32%	35%
Financial Expenses J\$-'000	1,514	1,886	1,563	3,257	7,850
Percentage increase over prior year	-70%	25%	-17%	108%	141%
Pretax Profit J\$-'000	182,580	191,040	290,199	254,441	284,455
Percentage increase over prior year	86%	5%	52%	-12%	12%
Earnings Per Share (EPS) J\$	0.33	0.35	0.46	0.43	0.49
Dividends Paid J\$-'000	28,276	37,701	59,380	73,046	75,403
Percentage increase over prior year	50%	33%	58%	23%	3%
Total Assets	957,942	1,066,358	1,325,459	1,527,016	1,738,278
Percentage increase over prior year	21%	11%	24%	15%	14%
Shareholders Equity	740,515	869,561	1,028,873	1,159,313	1,316,001
Percentage increase over prior year	20%	17%	18%	13%	14%
EBITDA J\$-'000	244,856	265,358	363,281	342,770	391,011
Taxation	26,11	24,292	71,507	50,955	52,364
Depreciation and Amortisation	60,762	72,432	71,519	85,071	98,706
Net Profit after Tax J\$-'000	156,469	166,748	218,691	203,486	232,091
Efficiency ratio (Admin/Revenue)	19%	20%	19%	18%	19%
COS as a % of Revenue	52%	52%	52%	60%	57%
Sales and Distribution expenses as a % of Revenue	18%	17%	16%	14%	15%
Operating expenses as a % of Revenue	37.4%	37.4%	35.0%	31.8%	34.7%
Return on assets	17.9%	16.5%	18.3%	14.3%	14.2%
Return on equity	21.1%	19.2%	21.3%	17.6%	17.6%



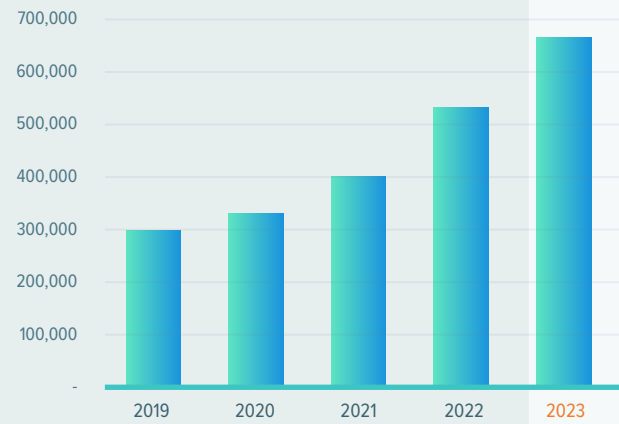
SALES REVENUE



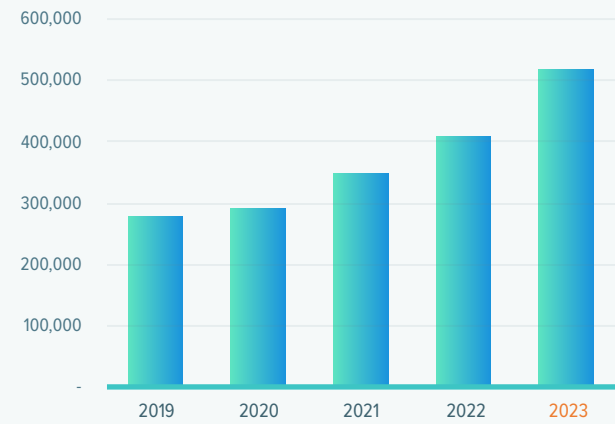
PRE TAX PROFIT



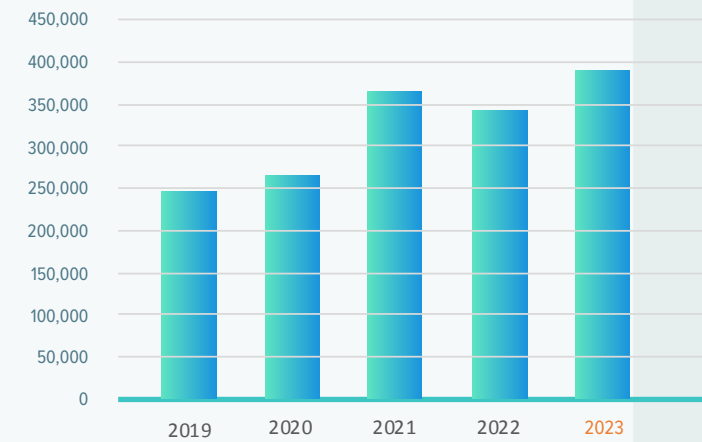
ADMINISTRATIVE EXPENSES



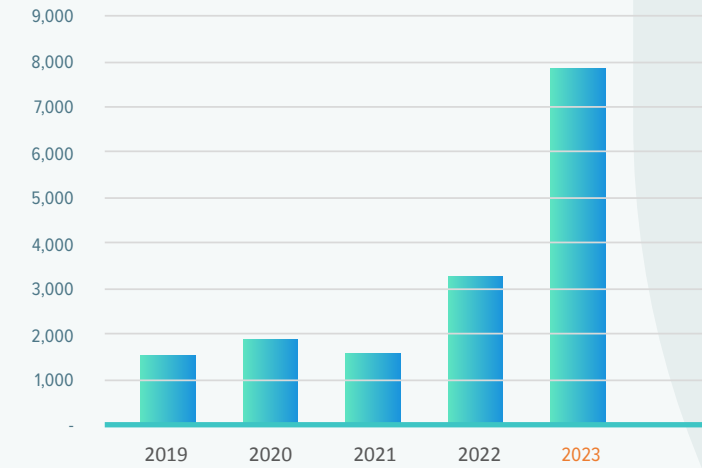
SELLING AND DISTRIBUTION EXPENSES



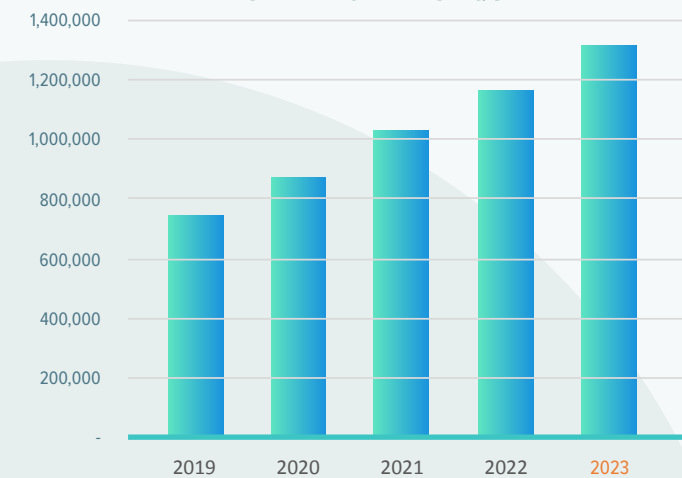
EARNINGS BEFORE INTEREST, TAX AND DEPRECIATION



FINANCIAL EXPENSES - INTEREST



SHAREHOLDER'S EQUITY



NEW



JELLY BREAD



**FRESHLY MADE
RASPBERRY JELLY FILLED BREAD**

**TRY
NOW**

HONEY BUN WHOLESALE OUTLETS

RETIREMENT CRESCENT

22-26 Retirement Crescent
Kingston 5
Tel: 876 960 9851

HALF WAY TREE

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

CROSS ROADS OUTLET

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

EAST STREET OUTLET

85 East Street
Kingston
Tel: 876 371 0199

PRINCESS STREET

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

PAPINE OUTLET

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

OCHO RIOS OUTLET

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

OLD HARBOUR

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

SPANISH TOWN

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

MORANT BAY OUTLET

13 South Street
Morant Bay
St. Thomas
Tel: 876 878 2963

SANTA CRUZ OUTLET

Shop No. 2, 22 Main Street
Santa Cruz
St. Elizabeth

SAVANNA-LA-MAR OUTLET

88 Great George Street
Savanna-larMar
Westmoreland



EXECUTIVE CHAIRMAN'S STATEMENT

J\$3.41B
INCREASE IN SALES REVENUE
REPRESENTING
16%



For the Financial year 2022/23, Honey Bun (1982) Limited, achieved both a major milestone and another record performance, surpassing the \$3 billion dollar revenue target. The achievement of and exceeding our goal, can be attributed to several factors. At the beginning of the financial year, the inflationary impact on raw materials resulted in us increasing our prices. However, the continued efficiencies gained in production, increased investment in equipment, and our continued focus on increasing the distribution channels to the end customer were some of the major driving forces in achieving our goals. Our exports decreased by 18% over prior year, due to supply chain disruptions in our specialized ingredients. In response, we have increased our Inventory stocking levels of these items to combat any future disruptions.

KEY HIGHLIGHTS OF THE FINANCIAL YEAR 2022/2023

- **Revenues increased** by 16% to \$3.41B (2022: \$2.95B)
- **Gross profits increased** by 26% to \$1.48B (2023: \$1.18B) due to efficiencies gained in production, and some economies of scale received. Gross profit margins increased from 40% to 43% of sales.
- **Administrative expenses** increased by 25% to \$664.5M due in part IFRS 16 depreciation, repairs and maintenance

and an increase in minimum wages.

- **Selling and distribution expenses** increased by 27% to \$518.2M, in addition to the increased costs incurred in marketing and distribution which grew sales by 16%. There were additional costs due to minimum wage increases, gas prices and the inflationary effect on cost of materials and services.
- **Pre-tax Profits** grew by 12% or \$30M above prior year, closing the year at \$284.5M.
- **Earnings Per share** increased by 6 cents closing at 49 cents per share or a 14% increase.
- **Dividends** of \$75.4M were paid out during the year compared to prior period of \$73M averaging 16 cents per share compared to prior period of 15.5 cents per share

One additional outlet was opened in the financial year bringing the total to 10 outlets across the island. The Morant Bay outlet was opened in the third quarter of the year. Our drive to increase our distribution channel island-wide will see us opening more outlets in the coming years.

We are pleased to announce the appointment of Mr. Daniel Chong on April 1, 2023 as the company's first Deputy Chief Executive Officer, and we also give a resounding congratulations to our Chief Executive Officer, Mrs. Michelle Chong on being inducted into the Order of Distinction in the rank of Officer.

FUTURE OUTLOOK

The management will continue to build out our strategic plans to achieve our long-term growth goals whilst maximizing shareholder value and producing exceptional quality

products for our customers. As the demand for our products increase, we will also look to enlarge our production facility, capacity, and automation in the new year. We will also be engaging a new business model to include more innovative retail sales.

During the coming year, the management team will continue to focus on product development, furthering our reach to the end customers both island wide and in our export markets, and obtaining greater benefits through process changes, technology and developments in baking equipment.

GRATITUDE

I wish to thank our other Directors for their support over the years as they continue to provide wisdom and support well beyond our expectations. I also want to especially thank all our stakeholders including our dedicated and loyal staff, and our customers for continuing to choose their local Honey Bun Brands as the brand they love and trust.


Herbert V. Chong
Executive Chairman





DIRECTORS' REPORT



The Directors are pleased to present their report for Honey Bun (1982) Limited for the Financial Year ending 30th September, 2023.

FINANCIAL REPORT

The Statement of Comprehensive Income shows pretax profit of \$284.5 Million in revenue. Details of these results, along with a comparison of the previous year's performance and the state of affairs of the Company, are set out in the Management Discussion and Analysis and the Financial Statements which are included as part of this Annual Report.



DIRECTORS

The Directors of the Company as at 30th September, 2023 are:

- Mr. Herbert Chong (Executive Chairman)
- Mrs. Michelle Chong (CEO/ Executive Director)
- Mr. Daniel Chong (Deputy CEO Executive Director)
- Mr. Wayne Wray (Independent Director)
- Mr. Paul Moses (Independent Director)
- Mr. Charles Heholt (Independent Director)
- Mrs. Yaneek Page (Independent Director)

The Directors to retire by rotation in accordance with the Articles of Incorporation are Wayne Wray and Yaneek Page. Both being eligible will offer themselves for re-election.

AUDITORS

The auditors of the Company are BDO

Chartered Accountants, located at 26 Beechwood Avenue, Kingston 5.

DIVIDENDS

A dividend of \$0.12 per share was paid on February 17, 2023, to shareholders on record at February 3, 2023 and on July 5, 2023, an interim dividend of \$.04 per share was paid on July 5, 2023, to shareholders on record as at June 21, 2023.

We wish to thank all our customers, suppliers, agents, employees and shareholders for their continued support.

Dated December 31, 2023
FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Michelle Chong
COMPANY SECRETARY



DIRECTORS' PROFILE



HERBERT CHONG
EXECUTIVE CHAIRMAN

Herbert who is a co-founder of Honey Bun (1982) Limited, along with his wife Michelle, is the Executive Chairman. Herbert gained much of his entrepreneurial skills in Toronto, Canada as a Business Operator in the Food Industry. Herbert is an astute businessman and a respected mentor in and outside of the business community, who lives by the ethos that his word is his bond. He has a vast knowledge and experience in construction and manufacturing. With this knowledge, he continuously provides hands-on refresher instructions to production workers.

A graduate of the University of Technology, Jamaica where he completed studies in Technical

Engineering, Herbert is also a proud past-student of Campion College, and a co-founder of the Campion College Alumni. He is a prominent and very active member of his community as a Justice of the Peace, and a member of the St. Andrew North Police Civic Committee.



MICHELLE CHONG
EXECUTIVE DIRECTOR/
CHIEF EXECUTIVE OFFICER

Michelle co-founded Honey Bun (1982) Limited with her husband Herbert, growing it from a retail bakery to the fastest growing wholesale bakery in Jamaica. She led the Company to its listing on the Jamaica Junior Stock Exchange in 2011, and since then the company has won numerous awards from the entity for good Corporate Governance and best practices in Corporate Disclosure and Investor Relations.

Her passion for developing people, helping them to reach their highest potential, has created a unique and dynamic culture that continues to be one of Honey Bun's key competitive features.

In 2023, Michelle was conferred with the Order of Distinction (O.D) by the government of Jamaica for Entrepreneurship and Philanthropy. Her contribution to nation building has been in the form of the numerous small companies she has advised and mentored over the years. This dedication was formalized in the formation of 'The Honey Bun Foundation' in 2019.

With over 40 years experience in manufacturing, Michelle is past president of the Jamaica Exporters Association, Michelle was instrumental its merger with the Jamaica Manufacture's Association, creating what is today the Jamaica Manufacture's and Exporter's Association (JMEA).

She is a graduate of York University, Toronto, Canada, where she gained a Bachelor of Arts degree in Psychology. She is a certified HACCP consultant through BRI International, Canada, and the Bureau of Standards, Jamaica. Michelle is also a Quality Ambassador for the Jamaica Bureau of Standards. Her many awards and accomplishments include: being named among the "Most Influential & Powerful Business Women" and "Top Chief Executive Officers in the Caribbean" as well as a "Woman of Distinction" for contribution in business, by the Jamaica Gleaner. In 2019, she was also awarded the "Thought Leader of the Year" award from the Canadian based International School of Greatness



DANIEL CHONG
EXECUTIVE DIRECTOR/
DEPUTY CHIEF EXECUTIVE OFFICER

Daniel's ability to apply sustainable practical measures to the improvement of the Company's operations influenced the Company's decision to promote him to the position of Deputy Chief Executive Officer.

In his current capacity, he oversees the strategic planning for the factory and day-to-day operations of the company. With his keen eye for details and technical planning capabilities, he has contributed significantly to the creation of various systems to improve efficiencies.

Daniel was instrumental in setting up the Enterprise Recourse Management software system and maintaining the back-end functionality. In addition to his



software skills, he also led the accounting and finance department before the employment of the company's Financial Controller.

Daniel graduated from the University of Waterloo with an Honours Degree in Civil Engineering. He also completed the American Institute of Baking programme in Preventative Maintenance. A pragmatic and enterprising professional with over six years' experience in Engineering and Distribution Logistics and over twelve years' experience in Bakery Management, Daniel is highly proficient in baking, engineering, accounting, and management systems.



PAUL MOSES
INDEPENDENT DIRECTOR

Paul holds a Bachelor of Science degree in Economics from the University of the West Indies,

and is the founder and Managing Director of Checker International Limited from which he retired in April 2023.

He has acted as a consultant to Honey Bun since 2000, imparting his vast knowledge and wealth of experience, which have assisted with various strategic initiatives for the company since then.

Paul is a former Director of the Jamaica Exporters Association. He was also part of the management team for Kem Products Limited, having started his career at Seprod as a management trainee. Paul is also a Director of Capacity Concepts Limited founded in 2016. Capacity Concepts Limited is a business consultancy company with an emphasis on helping companies build Sales platforms.

He has served as an advisor to Honey Bun since 1998, and was instrumental in several changes which put Honey Bun on track for future success. He transitioned to being a director when the company went public in 2011.



CHARLES HEHOLT
INDEPENDENT DIRECTOR

Charles is the Operations Manager of I.G.L. Limited, a position he has held for seven years. His wealth of knowledge and business acumen was garnered from various senior management roles he has held within the GraceKennedy Group of Companies.

A qualified Materials Engineer, Charles is a graduate of McMaster University in Hamilton, Canada. He holds professional certifications in Project Management, Health and Safety Management, and received training in leadership and management, among other areas.

Charles was selected as a director based on his vast knowledge of productivity, problem-solving and operational skills, as well as his other business management skills.



YANEK PAGE
INDEPENDENT NON-EXECUTIVE DIRECTOR

Yaneek chairs Honey Bun's Compensation, Nomination & Corporate Governance Committee. A transformational performance leader and powerhouse coach to more than 15,000 professionals spanning over 100 countries in the last decade, Yaneek is the founder of Market Entry USA, an accelerator for entrepreneurs with ambitions of penetrating the US Market. The former market lead for WEConnect International for the Caribbean, Yaneek was responsible for the certification of women-owned businesses across the region as market-ready and eligible to do business with global corporations.

As the lead trainer in strategic planning for the VVGrow program since 2013, Yaneek has a wealth of



experience in supporting business leaders and entrepreneurs. She is an alumnus of the UK based Cherie Blair Foundation mentorship program and a VV Grow Fellow. As a social entrepreneur she founded the Caribbean's first litigant support organization.

She has received numerous awards including the US-based Enterprising Woman of the Year; and Gleaner/PSOJ 50 under fifty which honored business leaders under 50 shaping Jamaica's future. She created history at the Sir Arthur Lewis Institute of Social and Economic Studies by graduating top of her post graduate cohort and copping all the awards, including Most Outstanding Research Paper, Overall, Most Outstanding Student and Award of Degree with Distinction. She holds a Bachelor of Science degree in Management Studies and Psychology and a Master's degree in Development Studies with a concentration on Social Policy. She is a Certified Entrepreneurship Trainer and Certified Business Resilience Manager and has completed other certificate courses in Securities & Investments and Real Estate Sales & Management, among many others. Yaneek is certified with the American Contract Compliance Association (ACCA) training in Contract Compliance 2023.



WAYNE WRAY
INDEPENDENT DIRECTOR

Chair of Honey Bun's Audit & Risk Management Committee, Wayne is a Business and Financial Consultant. His portfolio of experience and expertise spans several industries, including executive leadership and management positions in the fields of Finance and Banking.

Licensed by the Financial Services Commission as an investment advisor, Wayne is the principal director of Wiltshire Consulting & Advisory Limited, a business advisory firm with local and international clientele.

As a Justice of the Peace, he is committed to nation building, and serves as a Mentor and Director on the Boards of several publicly-listed and privately-held companies as well as community development organisations.



Congratulates

MICHELLE CHONG

CEO of Honey Bun and Founder of The Honey Bun Foundation

"Appointment as a Member of the Order of Distinction (OD), for sterling service to the nation in the field of Entrepreneurship and Philanthropy."





CORPORATE GOVERNANCE

BOARD MISSION

Honey Bun's Board of Directors represents the owners' interest in maintaining and growing a successful business, including optimizing long term financial growth. The mission of the Board is to be accountable and transparent in increasing long term value for the stakeholders. The Board is committed to achieving the highest standards of corporate governance, corporate responsibility and risk management in directing and controlling the business.

The Board is responsible for ensuring that Honey Bun is managed in such a way to achieve this result. The Board has the responsibility to ensure that management is capably executing its responsibilities. The Board's responsibility is to regularly monitor the effectiveness of management policies and decisions including the execution of its strategies.

In addition to fulfilling its obligations for increased stockholder value, the Board has a responsibility to deliver holistic performance embracing corporate responsibility towards Honey Bun's stakeholders all of whom are essential to a successful business.

BOARD CHARTER

The Board makes decisions, reviews and approves key policies and decisions of the Company in particular in relation to:

1. Corporate governance
2. Compliance with laws, regulations and the Company's code of business conduct

3. Corporate citizenship, ethics, environment
4. Strategy and operating plans
5. Business development including major investments and disposals
6. Financing and treasury
7. Appointment or removal of Directors
8. Remuneration of Directors & Executives
9. Risk management
10. Financial reporting and audit
11. Pensions

SPECIFIC RESPONSIBILITIES

Chairman

The Chairman is principally responsible for the effective operation and chairing of the Board and for ensuring that information that it receives is sufficient to make informed judgments. He also provides support to the CEO, particularly in relation to external affairs.

Company Secretary

The Company Secretary is responsible for ensuring that Board processes and procedures are appropriately followed and support effective decision-making and governance. She is appointed by, and can only be removed by the Board. She is also responsible for ensuring that new Directors receive appropriate training and induction into Honey Bun. She ensures compliance with laws, rules and regulations and timely filing of all documents with the respective bodies including the JSE.

Company Mentor

Each company that joins the Junior Market is required to appoint a mentor who acts as a compliance adviser to

the Board of Directors. The mentor must be a suitably experienced person, and he must enter into the standard form Mentor Agreement and be approved by the JSE for the purposes of the Company's admission to the Junior Market.

The duties and the responsibilities of the mentor as it relates to governance include overseeing of establishing procedures and controls for the purposes of compliance with good standard of corporate governance, among them: holding regular board meetings, establishment of board committees - audit and remuneration, good fiscal discipline, and adhering to junior market rules

Board Members

Each Board Member is expected to commit sufficient time for preparing and attending meetings of the Board and its Committees. Regular attendance at Board meetings is a prerequisite unless explicitly agreed upfront; a Director should not miss two consecutive regular Board meetings. Because in-depth knowledge of the particulars of the Company's business is vital for each Director in making informed and objective decisions, management is to allow direct involvement and review of operational activities.

Similarly, Management is to also communicate to Board members opportunities to interact in strategy and day-to-day business settings. Board members are strongly encouraged to take advantage of such opportunities as frequently as feasible. The Directors have complete access to the Leadership of the Company. The quorum for the Board meetings is three (3) directors of whom two must be independent directors.

The company maintains a record of the attendance of each Board Member at all meetings.

SELECTION AND COMPOSITION OF THE BOARD

The Board is responsible for the over viewing of the interest of all stakeholders on the matters as outlined above. The composition of the Board should be such that these interests are best served and therefore the Directors require diversity in skills and characteristics.

The Directors shall have power at any time and from time to time to appoint any other person to be a Director of the Company, either to fill a casual vacancy or as an addition to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed. Any Director so appointed shall hold office only until the next following annual general meeting, when he shall retire but shall be eligible for re-election. New Directors are considered for appointment based on:

1. The boards determination that there is a need for appointment based on resignations, death, rotation or to enlarge the knowledge base of the company.
2. The diversity of experience they provide to the board.
3. The experience they possess in their field.
4. Shall not be involved in another capacity which might be considered a conflict of interest.

New Directors considered for appointment must:

1. Provide professional CV for the boards consideration
2. Provide references from professional bodies



Each newly appointed Director of the company shall be inducted by the Secretary as outlined by the Company in the Orientation Procedures of Directors

SIZE OF THE BOARD

Unless otherwise determined by a general meeting, the number of directors of the Company shall be not more than ten (10) in numbers.

Executive and Non-Executive/ Independent Directors

An Executive Director is one who is employed to the Company and is normally responsible for aspects of the its day-to-day operations. At any time the number of Executive Directors should not exceed 50 % of the total number of Directors. Non-Executive/Independent Directors are expected to be free of any interest or relationship that might influence their independent judgement in executing their responsibilities.

CONFLICTS OF INTEREST/ DISCLOSURE

A Director who has an interest in the Company or in any transactions with the Company which could create or appear to create a conflict of interest must disclose such interests to the Company. These would include:

1. Any Interest in contracts or proposed contracts with the company
2. General disclosure on interest in a firm, which does business with the company
3. Interest in securities held in the Company
4. Emoluments received by the Company
5. Loans or Guarantees granted by the Company to/for the Director.

Disclosure shall be made at the first opportunity at a Board Meeting and such disclosure shall be recorded in the Minutes of the Board Meeting. The Director shall then excuse himself from the Board

meetings when the Board is deliberating over any such contract/matter and shall not vote on any such issue. The disclosure of Director's interest shall include interests of his family and affiliates.

DISCLOSURE ON RELATED PARTY TRANSACTIONS

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 Related Party Disclosures as the "reporting entity")

(a) A person or close member of that person's family is related to a reporting entity if that person:

- i. has control or joint control over the reporting entity;
- ii. has significant influence over the reporting entity ; or
- iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

(b) An entity is related to a reporting entity if any of the following conditions applies:

- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others.)
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member)
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity
- v. The entity is associated with a post-employment benefit plan for the benefit of the employees of either the reporting entity or an entity related to the reporting entity.

vi. The entity is controlled or jointly controlled by a person identified in (a)

vii. A person identified in (a)i above, has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

A related party transaction is a transfer of resources, services or obligations between related parties, regardless of whether a price is charged.

The financial statements of the company shall report on detailed financial transactions with any related party and the balances.

TRADING IN SECURITIES

A director/officer should not deal in any of the securities of Honey Bun at any time when he is in possession of unpublished price-sensitive information in relation to those securities.

After the end of each accounting quarter and the year, the directors and officers of the company shall not purchase or sell shares of the company until after the release of the financial results to the Jamaica Stock Exchange.

Further details are covered in the company document on Code on Trading in Securities. Election, Terms, Re-election and Retirement Election, terms, re-election and retirement of each Board member is conducted in line with the articles of association of the Company, articles 92 to 100. Equally the maximum number of terms of the Chairman should not exceed 10 successive years, unless a resolution of exemption of this rule is passed by the Board.

BOARD COMPENSATION

The level of compensation of the Non-Executive Directors reflects the time, commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Non-Executive Directors of the quality required. The compensation is competitive and subject to regular review to what is paid in comparable situations elsewhere. A review by the Board of the remuneration policies for all Directors and the members of the management team will take place during a regular Compensation and Nomination Committee meeting annually.

DIRECTORS' AREAS OF COMPETENCE	HERBERT CHONG	MICHELLE CHONG	DANIEL CHONG	PAUL MOSES	CHARLES HEHOLT	YANEK PAGE	WAYNE WRAY
FINANCE							
SALES & MARKETING							
HUMAN RESOURCE							
LEGAL							
BUSINESS							
GOVERNANCE							
RISK MANAGEMENT							
MANUFACTURING							
ENVIRONMENT MANAGEMENT							



DIRECTOR INDUCTION AND TRAINING

The Board and Management will conduct a comprehensive orientation process for new Directors to become familiar with the Company's vision, strategic direction, core values, financial matters, corporate governance practices and other key policies and practices through a review of background material, meetings with senior management and visits to the Company's facilities. The Board recognizes the importance of training for its Directors. It is the responsibility of the Company Secretary to advise the Directors about their training, including corporate governance issues. Directors are encouraged to participate in continuing Director training programs.

All Directors will make continuous efforts to keep themselves up to date regarding economic, social and corporate developments, laws/rules/regulations, stock market, accounting and financial matters, etc affecting the company's operational and future plans. The Company Secretary will provide necessary up dates/documents to the Directors on a continuous basis to help them to keep abreast of the developments. The company will, from time to time, sponsor the directors/secretary for attending appropriate training courses/seminars to enable them to keep abreast of the developments.

ACCESS TO OUTSIDE ADVISORS AND FUNDS

The Company will make such funds available to the Board and in particular the Non-Executive Directors as is reasonably required for those Directors to objectively make decisions. This may include providing funds to access outside advisors and cover cost associated with travel and the gathering of relevant information for the execution of their responsibilities.

CODE OF CONDUCT

The Board expects all Directors, as well as officers and employees, to act ethically at

all times and to adhere to all Honey Bun's codes and policies. The Board will not permit any waiver of any of these policies for any Director or Executive officer. If an actual or potential conflict of interest arises for a Director, the Director shall promptly inform the Chairman. If a conflict exists and cannot be resolved, the Director should resign.

BOARD COMMITTEES

The Board has established 2 Committees, each with clearly defined terms of reference, procedures, responsibilities and powers:

Audit and Risk Management Committee

The primary purpose of the company's Audit & Risk Management Committee is to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations. (See HB Audit & Risk Management Committee Charter).

Compensation, Nomination and Corporate Governance Committee

The Compensation, Nomination and Corporate Governance Committee's purpose is to assist the Board in ensuring that the composition, structure, policies and processes of Honey Bun (1982) Limited meet all relevant legal and regulatory requirements and global Corporate Governance best practice standards. Its additional purpose is to develop, recommend and review Corporate Governance Principles applicable to listed companies. It also has the responsibility for the initiation of the evaluation of the Board and its committees and to make recommendations with respect to the structure and effectiveness of each. (See HB Compensation, Nomination and Corporate Governance Charter).

The members of the Committees, as appointed by the Board of Directors are listed on the schedule of the Board and

Committee members (REF: Schedule of Directors and Committee Members).

BOARD MEETINGS

Frequency of Meetings

During each financial year, there will be a minimum of 4 regular Board meetings. Special Board meetings may occur at such other times as any member of the Board may request. These meetings are held after the quarterly financial reports are available but before submission to the JSE. A calendar of dates for board meetings should be circulated to the board members at the beginning of each financial year by the Company Secretary.

Operational Review

To further engage the Board and strengthen its in-depth knowledge of the particulars of the Company's business a monthly Income Statement is prepared for the board by the 15th of each month. A detailed quarterly management report is also provided by the CEO and each department head describing the achievements and challenges within their department for that period. From these reports the Non Executive Directors may request further information to allow for direct involvement and review of operational activities.

Discussions and Decisions

At all meetings of the Board and its Committees, the members are expected to express their opinions/views frankly and openly. Decisions will be taken after hearing and discussing the views of all members. Efforts will be made to arrive at a consensus but when it is not possible to do so, decisions will be taken based on the majority votes. Minutes of the meeting will record the votes cast.

Strategy and Operating Plan Setting Meeting

The Board is consulted on a regular basis on matters which are of strategic importance to the Company. Annually at the company

budget and strategic planning sessions the board members meet with the company executive and management team to review the Company's strategy in depth prior to final agreement of such strategy and annual operating plans.

Selection of Agenda Items for Board Meetings

The Chairman and Company Secretary will establish the agenda for each Board meeting. Each Board member may suggest the inclusion of item(s) on the agenda. Information important to the Board's understanding of the business will be distributed electronically and or in writing to the Board before the Board meetings. As a general rule, presentations on specific subjects should be sent to the Board members in advance to save time at Board meetings and focus discussion on the Board's questions. On those occasions in which the subject matter is extremely sensitive, the presentation will be discussed at the meeting.

Additional Attendees to the Meeting

The Board encourages the Management to, where it can assist the ability of the Board members to execute their responsibilities, bring managers into Board meetings who: (a) can provide additional insight into the items being discussed because of personal involvement in these areas, and/or (b) are managers with future potential that the senior management believes should be given exposure to the Board.

BOARD EVALUATIONS

In order to meet the set responsibilities and obligations to the Company's goals and objectives, the board shall develop a system for assessing the Board's functioning and performance. An evaluation system will address the areas of critical importance and should include, but is not limited to, the following:

1. Appraising the basic organization of the Board of Directors;



2. Survey the effectiveness and efficiency of the operation of the Board and its committees;
3. Assess the Board's overall scope of responsibilities;
4. Evaluate the flow of information; and
5. Validate the support and information provided by management.

Evaluations will be facilitated on an annual basis. The board shall review the results and consider any recommendations to assist in the development of the Board and its members.

Information obtained or disclosed during the evaluation process shall be confidential.

EVALUATION OF CHAIRMAN, DIRECTORS AND CHIEF EXECUTIVE OFFICER

It is the policy of the Board of Directors that the non-executive Directors meet in an executive session no less than once per year to review and evaluate the performance of the board members. The evaluation will be

based on objective and subjective criteria, including an assessment of the performance of the business, accomplishment of long-term strategic objectives, and management development. A clear understanding between the non-executive Directors and the Chief Executive Officer regarding the Company's expected performance and how that performance is to be measured is critical to the process.

ANNUAL GENERAL MEETINGS

General meetings with shareholders are held annually and communication with shareholders in corporate decisions are shared on a timely basis. The agenda for the meeting is structured to allow shareholders to give input and have their queries answered. The Directors convene for an AGM debrief during which shareholders' concerns and views are discussed to determine actions. Minutes of the Annual General Meetings are posted on the Company's website.

Visit our website www.honeybunja.com and see Investor Relations for our Policies.

ATTENDANCE AT MEETINGS FOR THE YEAR 2022/2023	BOARD	AUDIT & RISK MANAGEMENT COMMITTEE	COMPENSATION, NOMINATION & CORPORATE GOVERNANCE COMMITTEE	ANNUAL GENERAL MEETING
NUMBER OF MEETINGS HELD	6	4	4	1
Herbert Chong* - Executive Chairman	6 (Chair)	4 (as Invitee)	4 (as Invitee)	1 (Chair)
Michelle Chong* - Executive Director	6	4 (as Invitee)	4 (as Invitee)	1
Daniel Chong* - Executive Director	6	4 (as Invitee)	4 (as Invitee)	1
Paul Moses - Independent Director/Member	6	3	3	1
Charles Heholt - Independent Director/Member	6	4	4	1
Yaneek Page - Independent Director/Member	6	4	4 (Ctee. Chair)	1
Wayne Wray - Independent Director/Member	6	4 (Ctee. Chair)	4	1

*Herbert Chong, Michelle Chong and Daniel Chong - Attend Committee meetings as Invitees.

AUDIT AND RISK MANAGEMENT COMMITTEE OF THE BOARD

PURPOSE

The primary purpose of a company's audit committee is to provide oversight of the financial reporting process, the audit process, the company's system of internal controls and compliance with laws and regulations.

COMPOSITION

The committee will consist of at least three members that are independent of the organisation. The members should collectively possess sufficient knowledge of audit, finance, specific industry knowledge, IT, law, governance, risk and control.

The Audit and Risk Management Committee shall consist of Non-Executive/Independent Directors of the Company duly appointed by the Board. The Chairman of the Audit and Risk Management Committee shall also be appointed by the Board. The Board Chairman and CEO shall not be a member of the Committee. The Committee shall consist of not less than three members.

From time to time, non-Committee members may be invited to attend meetings of the Committee, if it is considered appropriate.

SECRETARY

The Company Secretary may act as the secretary of the Committee. The secretary shall be required to:

1. circulate the notices and minutes of the Committee meetings;

2. distribute to the Committee, all agenda of items to be considered, together with supporting papers and/or related documents which are prepared for consideration by the Committee at least five (5) working days before the meeting;
3. keep detailed records of the Committee meetings; and
4. have such other duties as may be assigned by the Committee from time to time.

Quorum

The quorum necessary for the transaction of business shall be fifty per cent plus one (50% + 1) of its members, the majority of whom shall be independent. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. A member participating in a meeting by video link or audio link shall be counted for the purposes of a quorum.

DECISIONS AND MEETING FREQUENCY

Decisions

Decisions are taken by simple majority. In the event of equality of votes, the



chairperson shall have a second or casting vote. The committee shall provide updates to the board as a recommendation to be voted on at Board meetings.

Frequency of Meetings

The Audit and Risk Management Committee shall meet at least four times a year following the end of each quarter and at such other times as any member of the Committee or the external/internal auditors may request.

Notice of meetings

Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairperson or any other member of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be considered, together with supporting papers, shall be forwarded to each member of the Committee and any other person required to attend at least five (5) working days before the date of the meeting. Circulation of documents may be effected by electronic mail.

The Committee chairperson should attend the Annual General Meeting to answer shareholders' questions on the Committee's activities.

AUDIT DUTIES

Audit and Risk Management Committee Charter

On behalf of the Board, the Audit and Risk Management Committee shall:

1. monitor and review the integrity of

the financial reporting of the Company, reviewing significant financial reporting judgments;

2. review the Company's annual and interim financial statements and related policies and assumptions and any accompanying reports or related policies and statements.
3. review and recommend approval of the Company's annual Operational and Capital Budgets.
4. review and recommend approval of the Audited Financial Statements for release to the Jamaica stock exchange.
5. monitor and review the effectiveness of the Company's internal audit function.
6. monitor and review the external auditor's independence, objectivity and effectiveness.
7. develop and implement policy on the engagement of the external auditor to supply non-audit services.
8. ensure that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the Company

RISK MANAGEMENT DUTIES

1. The Audit and Risk Management Committee shall review the Risk Register of the company and provide feedback and guidance.
2. Monitor the adequacy and effectiveness of the Company's systems of risk management and control, the Business Risk Assurance function and external auditors.
3. Review the External Auditors Management Letter to the company and address all matters.

RESOURCES TO FULFIL COMMITTEE MANDATE

The Committee shall:

1. Have access to sufficient resources in order to carry out its duties, including access to the requisite legal expertise, chartered company secretarial and any other resources, expertise, and assistance as required.
2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

3. Give due consideration to laws and regulations, the provisions of the Corporate Governance Principles and any other applicable rules, as appropriate
4. Arrange for periodic reviews of its own performance and, review its constitution and terms of reference to ensure it is operating at maximum effectiveness; and recommend any changes it considers necessary to the Board for approval.

RISK MANAGEMENT

Risk Management is an integral part of the Company's strategic plans. Risk Management is the active process whereby we address the risks attached to our activities; encouraging the understanding of the potential upside and downside of all those factors which can affect the firm. Risk Management increases the probability of success, and reduces both the probability of failure and the uncertainty of achieving the firm's overall objectives.

At Honey Bun, risk management is an ongoing continuous process which translates into tactical and operational objectives; assigning responsibility throughout the firm with each manager and employee responsible for the management of risk as part of their job description at all levels. It

supports accountability, performance measurement and reward, thus promoting operational efficiency. This is done by way of a Controlled Documented procedure, whereby policies and procedures are provided and approved; checklists conducted on the floor; and audits of procedures completed. Through the controlled documentation of procedure, a process of continuous improvement is managed.

We provide for an Independent Internal Audit process while we also manage risks ongoing. The Board of Directors (BOD) determines once a year during the budget review the strategic areas for internal audits for each year.

The Company arranges adequate coverage for various areas of known risks which can possibly be insured.



TYPES OF RISK

At Honey Bun the areas of exposure to Risk mainly include but are not limited to the following:

Disasters

Our Disaster Recovery Plan identifies our exposure to threats and ensures that systems are in place so that the business activities can function in the event of any disruption. We continuously focus on improving key processes that will enhance our responses to this risk and conduct systems testing to ensure continuance in the event of disruptions.

IT Disaster Recovery Plan

A separate document outlines the IT disaster Recovery Plan in the IT manual whereby the company is able to manage a system or back up, recovery and testing recovery of its database and programs. It also provides for protection for antivirus software and provides for the system security.

Food Safety

Products liability risks and reputational risks arise from the risk of large-scale damage awards through jury verdicts or settlements in products liability lawsuits and from increasingly strict product safety laws and regulations (violations which may also be used against a company in a private lawsuit). A comprehensive program to manage products liability risks include all relevant business functions of the company, from engineering, procurement, manufacturing and quality control to sales and distribution.

Health and Safety

At Honey Bun Safety comes first and this is communicated at the entry to and throughout the plant. All employees have a responsibility to ensuring safety.

Financial

Financial risks can expose the company to loss of money. These risks are provided for through the development of systems of control, checks and balances and by way of avoiding in as much as possible any conflict of interest.

Distribution

Distribution in the process by which Honey Bun makes its products available to the market both locally and globally. Information Technology

Information Technology is an integral component to all aspects of the business. It provides for communication, record keeping, reporting and daily operations. It is critical that these areas are properly maintained, information saved and secured and that the systems are available to support operation so that the business will not suffer significant disruption from system failure.

Industrial Disputes

The Company responsibility towards its employees is paramount as we consider the significant value that they provide for the company. Next to ingredients, our employees are the next largest component in the production of products. It is critical that we manage risks that might arise from any Industrial Disputes.

Reputational Risk

We are engaged in a business where as food manufacturers, a public entity and as a responsible corporate citizen, our reputation is critically important to us. In managing Honey Bun’s reputational risk - we shall do everything in our power to ensure that the relationship we enjoy between ourselves and our stakeholders is ethical. As a public entity with our operating activities overseen by the Financial Services Commission and the Jamaica Stock Exchange, we ensure that these relationships are positively nurtured and sustained. We are also audited by the Bureau of Standards. We conduct Customers’ Audits annually as part of our Customer Service policy. As part of the same policy, we have strict guidelines on the treatment of Customer complaints as we maintain accountability and transparency, compensating those who suffer any loss.

Intellectual Property

Safeguarding the integrity of our company’s intellectual property (IP) – includes the registration of trademarks, logos, and , know-how Preventing the misappropriation of intellectual property are all important parts of the overall risk management of the company.

Security Risk

(including criminal or terrorist activities)
In our local climate Security is a critical factor. Occurrence of criminal action can result in the loss of life and or significant financial loss. As such, the company provides policy and procedures to reduce these risks to safeguard our employees and our assets.

Environment

HoneyBun values itself on good corporate governance and recognizes the need to responsibly manage our carbon footprint as part of the global challenges. We recognize our responsibility to adequately manage our waste and other aspects of our environment such as energy and other natural resources. We seek to establish key performance indicators in this regard to establish a ‘green’ identity and to ensure that we do not place our local and global environment at risk. We recognize that without these measures the company also places its reputation at risk.

RISK REGISTER

Honey Bun maintains a Risk Register which journals potential risks, both Economic and Operational [1.5.10 REF Risk Register]. This risk register provides for the scoring of both likelihood and seriousness and provides for a metric for the company’s ability to control the risk. Risks are broken down by Categories and Departments and includes the mitigation strategy.

The executive management team updates the register from time to time and the CEO reports updates to the audit committee at quarterly board meetings.

At January 2022 the risk register included a section to update the scores as the risks are reduced or eliminated. Focus is also taken on the scores over 100 on the register and are reviewed by the directors in the audit committee meetings.



COMPENSATION, NOMINATION & CORPORATE GOVERNANCE COMMITTEE OF THE BOARD

PURPOSE

The Committee's purpose is to assist the Board in ensuring that the composition, structure, policies and processes of Honey Bun (1982) Limited meet all relevant legal and regulatory requirements and global Corporate Governance best practice standards. Its additional purpose is to develop, recommend and review Corporate Governance Principles applicable to listed companies. It also has the responsibility for the initiation of the evaluation of the Board and its committees and to make recommendations with respect to the structure and effectiveness of each.

COMPOSITION

The Committee shall consist of at least three (3) members of the Board chosen for their competence and experience and the majority shall be independent directors as so defined in the Company's Corporate Governance Principles.

Members of the Committee and the Committee chairperson shall be appointed and removed by the Board in its sole discretion and shall serve until the end of their tenure, resignation or removal.

The Committee chairperson shall be an independent director and may serve for a maximum of five consecutive years.

In the absence of the committee chairperson, the remaining members present shall elect one (1) of themselves to chair the meeting who would qualify under these terms of reference to be appointed to that position by the Board.

The chairperson of the Board shall not be chairperson of the committee.

SECRETARY

1. The Company Secretary may act as the secretary of the Committee. The secretary shall be required to:
2. Circulate the notices and minutes of the Committee meetings;
3. Distribute to the Committee, all agenda of items to be considered, together with supporting papers and/or related documents which are prepared for consideration by the Committee at least five (5) working days before the meeting;
4. Keep detailed records of the Committee meetings; and
5. Have such other duties as may be assigned by the Committee from time to time.

QUORUM

The quorum necessary for the transaction of business shall be fifty per

cent plus one (50% + 1) of its members, the majority of whom shall be independent. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee. A member participating in a meeting by video link or audio link shall be counted for the purposes of a quorum.

DECISIONS & MEETING FREQUENCY

Decisions

Decisions are taken by simple majority. In the event of equality of votes, the chairperson shall have a second or casting vote. The committee shall provide updates to the board as a recommendation to be voted on at Board meetings. Ultimately, the Board has final decision on all matters as noted below, while the subcommittees of the board review and recommends to the board what decisions should be made based on their review to the matter. Ultimately, the Board has final decision on all matters as noted below, while the subcommittees of the board review and recommends to the board what decisions should be made based on their review of the matter.

Frequency of Meetings

The Committee shall meet at least four (4) times per year.

Notice of meetings

Meetings of the Committee shall be called by the secretary of the Committee at the request of the Committee chairperson or any other member of the Committee. Unless otherwise agreed, notice of each meeting confirming the venue, time and

date together with an agenda of items to be considered, together with supporting papers, shall be forwarded to each member of the Committee and any other person required to attend at least five (5) working days before the date of the meeting. Circulation of documents may be effected by electronic mail.

The Committee chairperson should attend the Annual General Meeting to answer shareholders' questions on the Committee's activities.

COMPENSATION DUTIES

Board Compensation

The level of compensation of the Non-Executive Directors reflects the time, commitment and responsibilities of the role. It consists of a package appropriate to attract, retain and motivate Non-Executive Directors of the quality required. The compensation is competitive and subject to regular review to what is paid in comparable situations elsewhere. A review by the Board of the remuneration policies for all Directors and the members of the management team will take place during a regular Compensation and Nomination Committee meeting annually.

This committee also approves the annual wage increase on the budget

NOMINATION DUTIES

Evaluation of Chairman, Directors and Chief Executive Officer

It is the policy of the Board of Directors that the non-executive Directors meet in an executive session no less than once per year to review and evaluate the performance of the board members. The

evaluation will be based on objective and subjective criteria, including an assessment of the performance of the business, accomplishment of long-term strategic objectives, and management development. A clear understanding between the non-executive Directors and the Chief Executive Officer regarding the Company's expected performance and how that performance is to be measured is critical to the process.

Director Induction and Training

The Board and Management will conduct a comprehensive orientation process for new Directors to become familiar with the Company's vision, strategic direction, core values, financial matters, corporate governance practices and other key policies and practices through a review of background material, meetings with senior management and visits to the Company's facilities. The Board recognizes the importance of training for its Directors. It is the responsibility of the Company Secretary to advise the Directors about their training, including corporate governance issues. Directors are encouraged to participate in continuing Director training programs.

All Directors will make continuous efforts to keep themselves up to date regarding economic, social and corporate developments, laws/rules/regulations, stock market, accounting and financial matters, etc affecting the company's operational and future plans. The Company Secretary will provide necessary up dates/documents to the Directors on a continuous basis to help them to keep abreast of the

developments. The company will, from time to time, sponsor the directors/secretary for attending appropriate training courses/seminars to enable them to keep abreast of the developments.

1. The Committee shall at least once per year review the structure, size, and composition (including the skills, knowledge, experience and diversity) of the Board and make recommendations to the Board with regard to any changes.
2. Give full consideration to succession planning for directors and other senior executives in the course of its work, taking into account the challenges and opportunities facing the Company, and the skills and expertise needed on the Board in the future.
3. Keep under review the leadership needs of the organization, both executive and non-executive, with a view to ensuring the continued ability of the organization to compete effectively in the marketplace.
4. Keep up to date and fully informed about strategic issues and commercial changes affecting the Company and the market in which it operates.
5. Be responsible for identifying and nominating for the approval of the Board, candidates to fill Board vacancies as and when they arise.
6. Before any appointment is made by the Board, evaluate the balance of skills, knowledge, experience and diversity on the Board, and in the light of this evaluation prepare a description of the role and capabilities required for a particular appointment. In identifying suitable candidates, the Committee shall:

- a) Consider the use of open advertising or the services of external advisers to facilitate the search;
- b) consider candidates from a wide range of backgrounds;
- c) consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender, taking care that appointees have enough time available to devote to the position.
- d) For the appointment of a chairperson, the Committee should prepare a job specification, including the time commitment expected. A proposed chairperson's other significant commitments should be disclosed to the Board before appointment and any changes to the chairperson's commitments should be reported to the Board as they arise.
- e) Prior to the appointment of a director, the proposed appointee should be required to disclose any other business interests that may result in a conflict of interest and be required to report any future business interests that could result in a conflict of interest.
- f) Ensure that on appointment to the Board, non-executive directors receive a formal letter of appointment setting out clearly what is expected of them in terms of time commitment, Committee service and involvement outside of Board meetings.
- g) Review the results of the Board performance the evaluation process that relates to the composition of the Board.
- h) Review the time required from non-executive directors. Performance evaluation should be used to assess whether the non-executive directors are spending enough time to fulfil their duties.
- i) Report to the Board on the advisability

of permitting a member of the Board to become a member of another company's Board and develop a policy on whether and how to cap the number of directorships a director may hold.

j) Report to the Board on any conflicts of interest that may arise if a member of the Board accepts a position on another company's Board. The Committee shall also make recommendations to the board concerning: (i) formulating plans for succession for both executive and non-executive directors and in particular for the key roles of chairperson and chief executive; (ii) membership of the audit and remuneration committees, and any other Board Committees as appropriate, in consultation with the chairpersons of those Committees; (iii) any matters relating to the continuation in office of any director at any time including the suspension or termination of service of an executive director as an employee of the Company subject to the provisions of the law and their service of the contract; and (iv) the appointment of any director to executive or other officer.

CORPORATE GOVERNANCE DUTIES

In order to fulfil its purpose, the Committee shall carry out the duties below as appropriate:

1. Review for the Board's approval and or update the Company's Corporate Governance Policy.
2. Develop for the Board's approval and review the chart of authorities and delegation of authorities to management.
3. Consider possible conflicts of interests of directors and any related party transactions of directors and

make relevant proposals to the Board in accordance with the Company's Corporate Governance Policy.

4. Review any change in status (including fulfilment of independence requirements) and professional affiliation of current directors and make relevant proposals to the Board in accordance with the Company's Corporate Governance Policy.

5. Review, every two (2) years, Honey Bun (1982) Limited's Articles of Incorporation and overall Corporate Governance policy and practices and submit to the Board any suitable recommendations in relation to its amendment.

6. Review at least every two (2) years, the adequacy of the charters of the Board and its various subcommittees and submit to the Board any suitable recommendations in relation to any amendments.

7. Oversee the development and implementation of a Board induction process for new directors and a programme of continuing directors' development as needed.

8. Develop a process for evaluating Board effectiveness as well as to coordinate the Board effectiveness evaluation.

9. Monitor trends and best practices in corporate governance and nomination practices in order to properly discharge its duties.

10. Ensure adequacy of communication with shareholders

11. Perform any other activities relevant to these Terms of Reference, at the request of the Board or as required by the Company's Corporate Governance Policy.

RESOURCES TO FULFIL COMMITTEE MANDATE

The Committee shall:

1. Have access to sufficient resources in order to carry out its duties, including access to the requisite legal expertise, chartered company secretarial and any other resources, expertise, and assistance as required.

2. Be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

3. Give due consideration to laws and regulations, the provisions of the Corporate Governance Principles and any other applicable rules, as appropriate

4. Arrange for periodic reviews of its own performance and, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board for approval.



DANIEL CHONG

HONEY BUN APPOINTS DEPUTY CEO

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. He 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 with Marcia Woon Choy 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.



STRATEGY TEAM



HERBERT CHONG
Executive Chairman



MICHELLE CHONG
Chief Executive Officer/
Executive Director



PAULA GRAHAM-HAYNES
Corporate Secretary



PAULA CAMERON
Financial Controller



SYDONI KNIGHT
Human Resource
Operations Manager



DANIEL CHONG
Deputy Chief Executive Officer/
Executive Director



DUSTIN CHONG
Chief Sales &
Marketing Officer



LORIANN TATER
Business Development
Manager



WUNLYM SHIM
Information Technology
Consultant



NASHAUNA LALAH
General Manager,
Honey Bun Foundation



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS STRATEGY

Honey Bun (1982) Limited was founded on the values of quality, excellence, international best practices, the development of people, and great tasting baked products. We strive to deliver high-quality, fresh, individually packaged products to our customers.

We pride ourselves on being guided and motivated by our Mission Statement: **Lead** through innovation, **Achieve** success for our stakeholders and to **Serve** the greater good.

PERFORMANCE SUMMARY

During the financial year 22/23, - one with its fair share of challenges, Honey Bun exceeded its goal of \$3 billion in revenue. Supply chain issues continued from previous years as the company experienced delivery delays in some of our key ingredients, especially for our international products. The year was also marked with high inflation, and an adjustment to the minimum wage. Despite those challenges, Honey Bun contained its prices to a single digit increase and posted record gains.

Revenue for the financial year ending 2023 grew by 16%, relative to the same period last year, to close at \$3.41 billion (2022: \$2.95B). Revenue increased as a result of changes in our distribution methodologies. These changes included additional distribution channels, rationalization of

shelving spacing, and a price increase. An additional outlet was opened during the year and additional routes were added island wide.

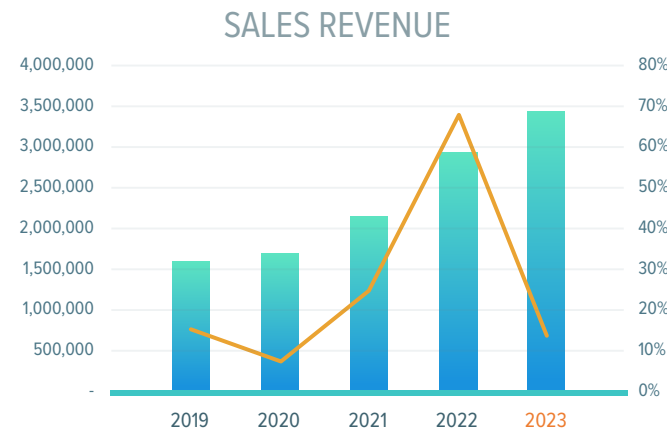
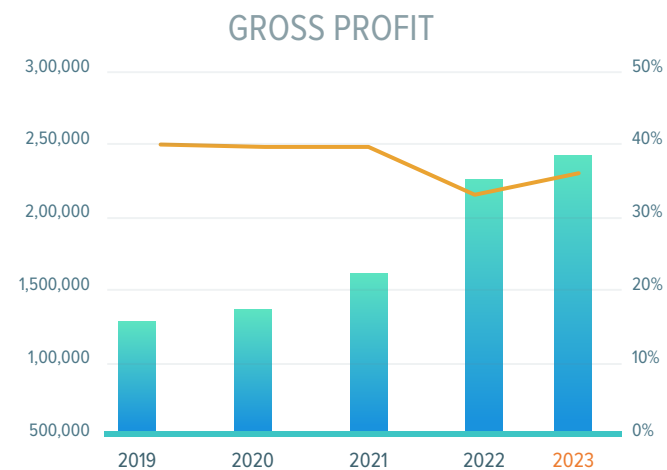


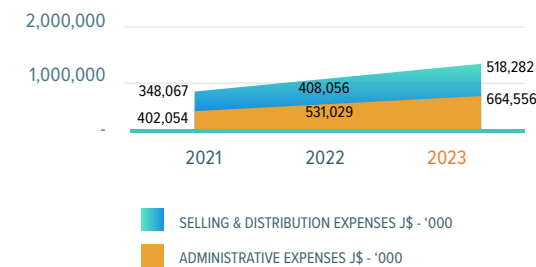
Chart 1. 5 year sales revenue and percentage increase

Gross profit margin increased by 3% closing at 43% of sales (2022: 40%). The company embarked on a project of efficiency in production, investment in equipment and changes in processes to reduce waste.

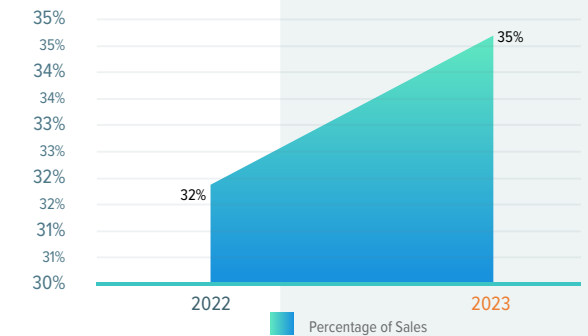


Operating expenses comprising Administrative and Selling & Distribution, increased by 26% or \$243.8 million closing at \$1.18 billion. Operating expenses represented 35% of sales, increasing by three (3) percentage points year over year. Administrative expenses increased by 25% to \$664.5 million. Overall, the significant movements seen in administrative expenses were IFRS 16 depreciation, repairs and maintenance, labour and related costs due to increases in staff complement and the minimum wage increase. Selling & Distribution expenses increased from \$518.3 million (2022: \$408.1M) or 27%. There were also major increases in outlet rentals, rentals of distribution vehicles, gas, and labour costs.

TOTAL OPERATING EXPENSES COMPOSITION



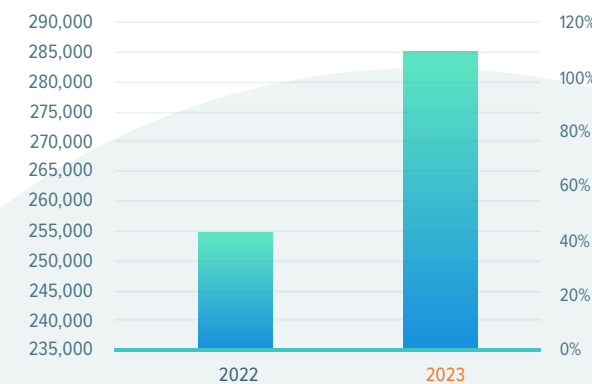
OPERATING EXPENSES AS A PERCENTAGE OF REVENUE



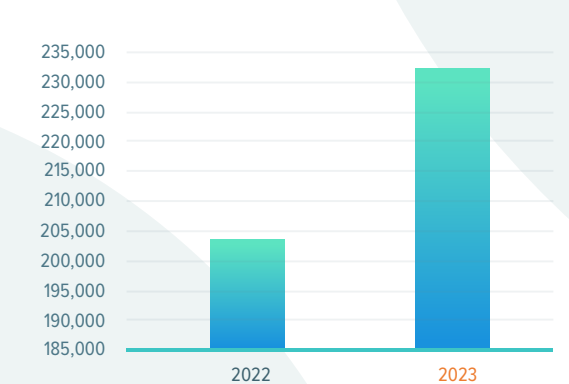
Pretax profit experienced a turnaround of 12% to \$284.5 million (2022: \$254.4M) when compared to a decrease in 2022 of 12%. Growth in revenue coupled with cost of sales curtailment served to counter the increases in expenses.

Net profit after tax at year end was \$232.1 million (\$203.5M), representing a 14% increase year over year. Taxation accrued for the year was \$52.4 million when compared to the prior year of \$51 million.

PRETAX PROFIT



NET PROFIT AFTER TAX

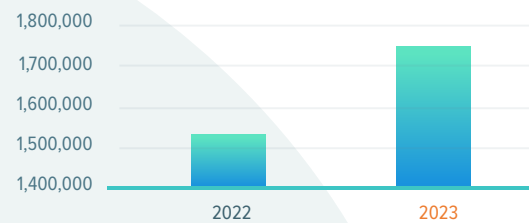




FINANCIAL POSITION

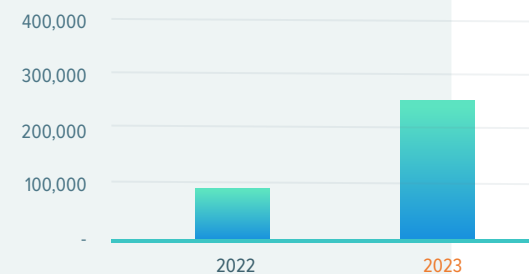
Total Assets increased by 14% or \$211.2 million closing at \$1.74 billion (2022: \$1.53B). Return on assets remained flat year over year at 14.2% (2022:14.3%). **Non-Current Assets** closed the financial year at \$913.5 million (2022: \$827.6M), an increase of 10% year over year. Property, plant and equipment increased by \$70 million or 11% while Investments increased by 21%. Investments were made in property plant and equipment to enable automation to improve efficiencies. Purchases such as pan washers, and pillow packer machine reduced packaging time.

TOTAL ASSETS



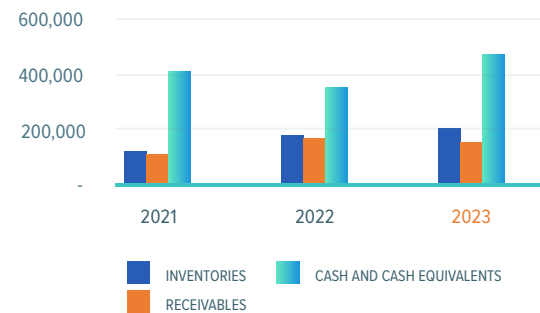
Current assets increased by 18% year over year closing at \$824.8 million (2022: \$699.4m). Inventories increased by 12.8% (2022: 47.7%) with a closing balance of \$202.3 million (2022: \$179.3M). Inventories increased in response to the continuing supply chain disruptions and increased sales. Receivables decreased by 11% (2022: increase of 54%) year over year. Impairment losses provision for 2023 was \$21.5 million vs a decrease in 2022 of \$7.5 million. This was mainly due to collections issues with a few of our

CURRENT LIABILITIES



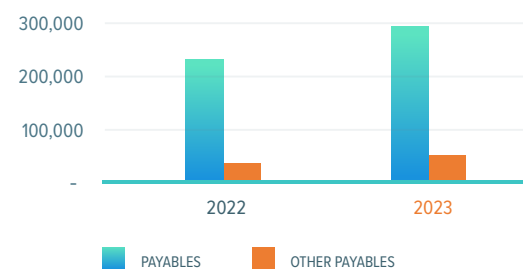
distributors. Cash and cash equivalents increased by 34% or \$118 million (2022: \$346.9M) compared to a decrease of 14% in 2022. Cash provided from operating activities increased by 113% or \$209 million

CURRENT ASSETS



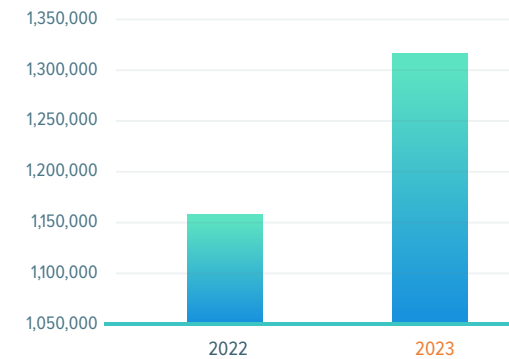
Current liabilities increased by 25% from \$256.2 million to \$319.2 million. Included in payables are year over year increases of trade payables of 12%, accrued staff vacation of 34%, and other payables of 73%.

CURRENT LIABILITIES COMPOSITION

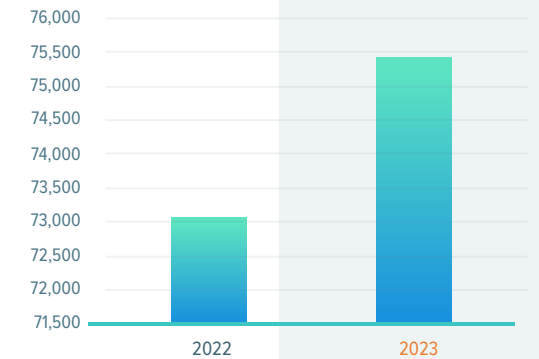


Shareholders' equity increased by 14% to \$1.31 billion from \$1.16 billion. The increase reflects the company's performance in adding an additional \$232.0 million (2022: \$203.4) or 12% increase in net profit less the payment of dividends for the year of \$75.4 million (2022: \$73.0M). Returns on equity remained the same at 17.6% year over year.

SHAREHOLDER'S EQUITY



DIVIDEND PAID



Awards

The company was the recipient of the JSE/PSOJ Corporate Governance award for the fifth consecutive year, and the winner of the Corporate Disclosure & Investor relations award for the second consecutive year.

The Honey Bun Foundation

The Foundation intensified its drive to uplift small to medium sized enterprises (SMEs) by signing a Memorandum of Understanding with the Jamaica Manufacturers and Exporters Association to offer its Advisory Committee model to its members.

We closed out the 2022 cohort and welcomed a new cohort for 2023. We offer the 2022 cohort a heartfelt thank you for being a part of the Foundation's work and many successes in the future. We also extend our greatest appreciation to our talented and selfless advisors who believe in and continue to support our efforts.

We are pleased to announce that Ian "Ity" Ellis was appointed to the board of directors to support the Foundation's purposeful move into working with businesses in the creative industry.

Future Plans

Significant growth is again projected for the next five years at Honey Bun. Plans are in progress to increase capacity and distribution. Distribution plans continue to include additional outlets and increase our fleet. Although the company experienced a decline in exports in the financial year, there are plans to increase the company's inroads into the export market in both the United Kingdom, United States and Canada.

An internal auditor was subcontracted; however, the decision was made to move the function in-house. To that end, during the fiscal year 2024 the department will be created. The decision was made for greater response time and continual review of the company's policies and procedures and to obtain greater efficiencies. Honey Bun continues to be committed to providing great returns and value to all our stakeholders and shareholders.


Michelle Chong
 Chief Executive Officer/
 Executive Director



HUMAN RESOURCE MANAGEMENT

SPOTLIGHTS ON HUMAN RESOURCES

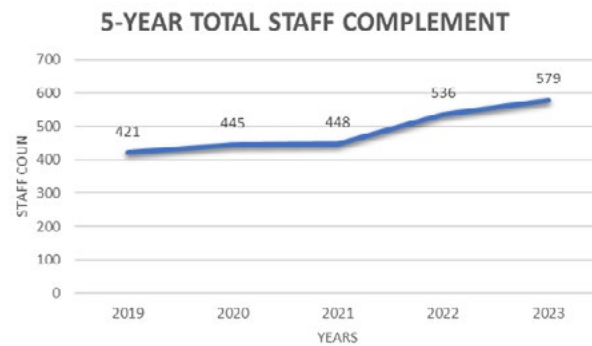
The Mission of the Human Resource department is to provide a solid Human Resource Management Foundation in delivering exemplary and innovative support to all employees while ensuring that the right staff are Recruited, Rewarded and Retained.

It is the department’s objective to hire qualified individuals and maintain the company’s high standards. The year has been marked by several achievements, challenges, and strategic initiatives aimed at aligning our human capital with the company’s goals and objectives.

The Human Resource Department is committed to the development and well-being of its employees. We believe that our Human Capital Resources are one of our strongest resources and that a variety of perspectives and experiences found in a diverse workforce sparks innovation, and creativity and enriches the company culture. We are bound by our core values, **ACCOUNTABILITY, RESPECT, CONTINUOUS IMPROVEMENT, APPRECIATION, COMMUNICATION, and TEAMWORK.** With these values embedded in all phases of the employment life cycle, including recruitment, training and development, and promotion, we have been able to cultivate high levels of satisfaction while improving the diversity of our team.

HUMAN RESOURCES

As the company grew and increased its capacity over the years, so have the number of employees providing employment for more Jamaicans. Our organization, which grows annually, boasts a diverse workforce of over 500 employees.



EMPLOYEE TESTIMONIAL

ROSEMARIE WALKER

(Production Operations Manager)

“As I reflect on my remarkable journey, I am filled with gratitude to have had the privilege of being a part of the Honey Bun family for the past 21 years. I am humbled and honored to share my testimonial with all of you.

Over these two decades, I have witnessed incredible growth and evolution within the company, and I am proud to have played a role in contributing to its success. The unwavering support and opportunities provided by Honey Bun have allowed me to not only grow professionally but also forge meaningful relationships with my colleagues and mentors.

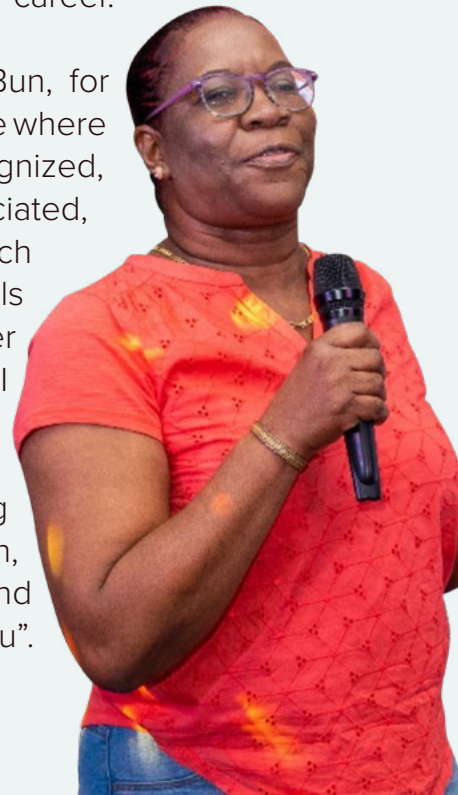
Throughout the years, I have had the chance to work on diverse projects, face challenges head-on, and celebrate numerous successes. The collaborative spirit of our team has been a driving force, fostering an environment where ideas are valued, innovation is encouraged, and each team member is recognized for their unique contributions.

What has kept me dedicated to Honey Bun for these 21 years is not just the work I do, but simply knowing that I am a part of a team, ‘serving the greater good’ for our employees, stakeholders, and community. The camaraderie, respect, and shared commitment to excellence have made every day a rewarding experience.

As I look back on this incredible journey, I want to express my deepest gratitude to each member of the Honey Bun family.

Your support, encouragement, and shared passion for our company’s mission have been the pillars of my career.

Thank you, Honey Bun, for providing a workplace where dedication is recognized, hard work is appreciated, and where each employee truly feels like a valued member of a larger family. I am excited about the future and look forward to continuing this journey of growth, collaboration, and success with all of you”.





EMPLOYEE CARE

The Mission of the Human Resource Department
The Health and Safety of each employee is vital and our Occupational Health & Safety Committee members pride themselves in enforcing strict safety practices throughout their daily activities. The members, which are selected from various departments in the Company, are certified First Aid and Fire Wardens. The team members participated in its usual Fire Safety/Safety Wardens Certification Training Program this year. The Company undergoes Fire and disaster preparedness drills intermittently.

< SAFETY, SURVEILLANCE & SECURITY OFFICER



ANNUAL SCHOLARSHIP GRANT

As a part of Honey Bun's commitment to **SERVE** the **GREATER GOOD** for our employees and their families, Gabriella Jones, daughter of Simone Riley Jones (*Distribution Warehouse Manager*) was awarded a PEP scholarship for her outstanding performance in the PEP finals. Gabriella moves on to the Immaculate Conception High School.

EMPLOYEE PROMOTIONS

Employee Career and Personal Development are very important to us. Our organization has witnessed significant growth and progress in the professional and personal development of our employees. Several individuals have been promoted, showcasing their dedication and exceptional performance in their respective roles. Through various development programs and certifications, our employees have continuously enhanced their skills and knowledge, positioning themselves as valuable assets to the company. These are some of the employees who were promoted due to their stellar performances.



Clockwise from top left:
Sherine Johnson & Zavion Thomas- Regional Sales Supervisors, *Tiffany Worrell*- Accounts Recon & Receivables Supervisor, *Shaquille Joiles*- Raw Materials Storeroom Clerk, *Asefa Erskine*- General Sales Manager, *Velicia Marsha-Spence*- Regional Sales Manager (with additional regions)

INCENTIVE PROGRAMS

At Honey Bun, we manage various incentive programs to encourage staff to be innovative and perform extraordinarily. These programs play a crucial role in acknowledging and rewarding the hard work and dedication of our staff. By recognizing their efforts with incentives such as year-end bonuses, performance-based rewards, and special recognition events, we not only demonstrate our appreciation but also motivate and inspire

our staff to continue excelling in their roles. These incentive plans serve as a powerful tool in fostering a positive and productive work environment while reinforcing the values and goals of our organization.

TRAINING AND LEADERSHIP DEVELOPMENT

To attract and retain high-performing individuals, we are committed to partnering with our employees to provide opportunities for their professional



development. Continuous training is always at the forefront of the department's strategic goals for fostering **GROWTH** and **SERVING** the **GREATER GOOD** of all our employees. We support the education and career development of our employees. A Training Calendar is in place for refresher skills and to remind staff of accurate Standard Operating Procedures. This year, one lucky employee was selected for Tertiary education studies in Logistics & Supply Chain Management.

COMMUNICATION & FEEDBACK

Communication and feedback have been integral components of our Human Resources strategy throughout the year. We prioritized transparent and open communication channels to ensure that employees at every level feel heard and valued. Regular departmental meetings are held to facilitate direct dialogue between leadership and staff, fostering a sense of unity and shared purpose. Additionally, we continue to gain feedback through employee opinion surveys and have seen where valuable insights into workplace satisfaction allow us to make data-driven decisions to enhance the employee experience.

Our commitment to maintaining an open-door policy has encouraged employees to voice their concerns and ideas, creating

a culture of trust and collaboration. Looking ahead, we will continue to invest in communication tools and platforms to further strengthen our connectivity and responsiveness, ultimately promoting a workplace where everyone feels empowered to contribute and succeed.

EMPLOYEE WELL-BEING

We have expanded our employee care initiatives to include counseling and empowerment sessions as a valuable benefit for our staff. Recognizing the importance of mental health and personal development, we introduced confidential counseling services through an independent company. These sessions provide employees with a supportive and private space to address personal and work-related challenges, contributing to overall well-being and resilience. Additionally, empowerment sessions have been conducted to equip our workforce with tools and resources for professional growth and self-improvement. These sessions cover a range of topics, and motivational talks, aiming to inspire and empower employees to reach their full potential. Moving forward, we remain committed to nurturing the holistic well-being of our staff through continued investment in counseling and empowerment programs.



WORKPLACE ANNIVERSARY

Employee Marla Russell (Sales Outlet Team Leader) celebrated her workplace anniversary of 31 years on September 10th. Ms. Russell joined the company on September 10, 1992, as a Production Worker. She was promoted to Distribution Warehouse Supervisor and then promoted to Sales Outlet Team Leader.





MARKETING HIGHLIGHTS

The Honey Bun (1982) Limited Marketing Team continued to connect with our customers to build brand equity, increase brand awareness, and grow consumer loyalty through our various brands – Honey Bun, Shorty, Buccaneer Rum Cake.

ZONE PROMOTIONS

During the year, we had several promotions ranging from in-store push promotion, sampling, and outdoor promotion in high-traffic areas within all zones. These promotions gave us a chance to directly engage our consumers at their point of purchase on a personal level. We also gave away branded apparel and products were given away at these promotions.

CHRISTMAS CAKE

Honey Bun has always had one of the best Christmas cakes on the market. Over the years, we have focused our attention on primarily supplying the local market with our cakes. However, this year we upgraded our package to make it Export ready for a full thrust in the International Market.



FUNFEST – NEW YEAR’S DAY EDITION

Funfest Unique Family Festival New Year’s Day staging allowed us to connect with over 8,000 of our consumers from all segments of the market. The event, which is held at Hope Gardens, has music, rides, games and attractions, and entertainment for the entire family.



Sigma Corporate Run 2023

As a team, we shared in the camaraderie among Jamaica’s business and fitness communities by participating in the Sigma Corporate Run.

EXPO Jamaica 2023

After a two-year hiatus due to the COVID-19 pandemic, JMEA Expo Jamaica made its return in April 2023. Honey Bun was excited to jump on board to showcase our extensive portfolio of products to local and international buyers and consumers. The buyers’ days allowed us to meet and interact with prospective customers, which we are confident will translate into future sales. On the customers’ days, products were sold at discounted prices, so that our consumers could stock up on their favorite snacks. Everyone who visited the Honey Bun booth was treated with samples and branded apparel.





Tru Juice 5K

We sponsored the Tru-Juice 5k in aid of the Linstead Hospital. At the event, we offered samples of our Shorty Loaf bread and Cinnamon Raisin Bread with various toppings which are ideal for breakfast.



Funfest – Emancipation Edition

Funfest Emancipation edition was once again a success. The event which attracted over 8,000 patrons was again held at Hope Gardens in St. Andrew. We used the opportunity to launch the newest addition to the Honey Bun portfolio – Jelly Bread. Hundreds of Jelly Bread samples were given away to patrons.

New Campaign

To close out the financial year 2023, we launched a new Honey Bun Campaign – **Taste the Mmmagic**. The campaign will be fleshed out in the upcoming financial year.



Funfest – Emancipation Edition

HONEY BUN WHOLESALE OUTLETS



On Friday May 25, 2023 Honey Bun Limited opened its newest outlet, in Morant Bay, St Thomas, bringing to 10 the total number of outlets now across the island.

This follows the opening of the Honey Bun outlet at East Street in Old Harbour, St. Catherine in October 2022, which was the last of five new outlets opened in just two years for the wholesale baking company which celebrated its 40th anniversary last year.



“This active expansion is in keeping with the business’ commitment to “meet our customers’ demands. They need our products readily available.” - Deputy CEO Daniel Chong



CORPORATE SOCIAL RESPONSIBILITY

We continued to extend support to various charities, foundations, fundraising exercises, educational institutions, and other outreach programmes. Each week we have made donations of products to Missionaries of the Poort as well as other charities in need.

Honey Bun gifts nurses with sweet treats

On Friday May 12, Honey Bun Limited made a special presentation to the Nurses Association of Jamaica (NAJ) to mark International Nurses Day, kickstarting what will be six weeks of sweet treats for nurses at various health centres across the island. This was the fourth consecutive year that Honey Bun has given gifts to nurses as part of its initiative dubbed 'Donuts for Nurses'.

Daniel Chong, Honey Bun's Deputy CEO said that the annual gift to the island's nurses was meant to show a little love to the healthcare workers. "This is our way of saying to the nurses that we love you and we appreciate you," he said. "Our nurses are so important to all of us, so we feel like we at Honey Bun are acting on behalf of the people of Jamaica by ensuring that our nurses feel our collective love."

The first presentation was made at the Terra Nova All-Suite hotel at Waterloo Road, St Andrew where senior nurses and the leadership of the NAJ had gathered to celebrate the day.

Marketing and Business Development Manager at Honey Bun Loriann Tater, said, 'Our Donut for Nurses initiative is one of

the highlights of our Corporate Social Responsibility initiatives. It has been a privilege and an honour year after year to donate to these nurses who have been the backbone of our nation's healthcare. Bringing a little sweetness to their days is the least we can do."

Patsy Edwards-Henry, president of the Nurses Association thanked the baking company on behalf of the nurses of Jamaica, for the years of support that extends post International Nurses Day and reaching nurses across the island and not just in the corporate area.

The baking company started its Donuts for Nurses initiative in 2020 – amid the raging COVID-19 pandemic - gifting nurses across the island with fresh-baked donuts every week, starting on International Nurses Day, until the end of June. Chong noted that given the strong positive response from the nurses, the initiative would continue for years to come. To date the contribution has been to the tune of over J\$2,000,000.





MOU Signing : From left: Executive Director of JMEA Kamesha Turner Blake, former president of JMEA John Mahfood and Founder of The Honey Bun Foundation Michelle Chong, signing a MOU for the JMEA to offer the foundation's Advisory Committee model to their members.

In 2023, the Honey Bun Foundation significantly strengthened its collaboration in the ecosystem, through the signing of a Memorandum of Understanding (MOU), with the Jamaica Manufacturers and Exporters Association (JMEA).

In March, the JMEA signed on to adopt the Honey Bun Foundation's Advisory Committee model and offer to its members. They on boarded five of their members, with some of their directors serving as advisors.

ADVISORY COMMITTEE

In February, the Foundation closed out its 2022 cohort of nine SMEs with the participants all reporting tremendous growth in their businesses. Here is what some of our SMEs had to say on how the Foundation has impacted their business:

SHILOAH BEEHIVE:

"The Honey Bun Foundation's Advisory Committee has helped

my business access new markets. New retail markets were added, and this has improved the accessibility of our products for customers.

As a result, revenue has increased by 50% and a 30 % increase in profit.

The guidance in financial planning, gave us a thorough understanding of organizing the business for financial success. There is a greater appreciation for the use of financial tools to measure our performance and allocating our resources effectively to achieve targets".

*-Amanda Mckenzie:
Executive Director*



*-Candice Gordon
Founder*



DAWSON TRADING

"Through its Advisory Committee Model, 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 in just two years".

-Jordan Dawson- Managing Director

SHEVILLE NATURAL

"The Honey Bun Foundation's Advisory Committee Model was truly a transformational experience. It has helped me to develop strategies and framework necessary to convert my company from a hobby into a business that is poised for growth. It was truly refreshing to have a group of persons I could share my ideas with and get meaningful feedback. Throughout the year, Sheville was able to move from basically 1 distribution outlet to 10, double its sales revenue and for the first time able to take on staff.

JMEA EXPO 2023

In April the Foundation appointed veteran creative Ian 'Ity' Ellis to its board of directors. Ellis has a wealth of experience, and his expertise will greatly assist the Foundation in its offerings for the Orange Economy.

Through collaboration with DBJ, the Foundation was able to have one of its 2023 SMEs- Rustique Signs show in the JMEA Expo 2023, which took place over three days in April at the National Arena. In total, there were three SMEs at the trade show that were supported by the Foundation: Sheville Naturals, Rustique Signs and Dawson Trading. Dawson Trading also won the Ray Hadeed Award for Best Micro Small and Medium Manufacturing enterprise of the year at this years JMEA M&E awards.

For 2023, the Foundation accepted five SMEs to its Advisory Committee Model: Rustique Signs, Netty's Farm, Wood and Water Brewery, Infinity Integrated Marketing and Zen Bowls.

*-Ian 'Ity' Ellis
newly appointed Director*





FINANCIAL STATEMENT

30 SEPTEMBER 2023

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INDEPENDENT AUDITORS' REPORT

To the Members of
Honey Bun (1982) Limited

Report on the Financial Statements

Opinion

We have audited the financial statements of Honey Bun (1982) Limited set out on pages 76 to 112, which comprise the statement of financial position as at 30 September 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the company as at 30 September 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Jamaican Companies Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Partners: S. M. McFarlane, J. Hibbert, D. Hobson, B. Vanriel, K. Heron
Associate Partner: D. Brown
Offices in Montego Bay, Mandeville and Ocho Rios
BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Key audit matters (cont'd)

Key audit matter	How the matter was addressed in our audit
<p><i>Expected credit losses in relation to financial assets.</i></p> <p>See notes 3(l)(iii), 5(c)(ii) and 18 to the financial statements for management's related policies and disclosures.</p> <p>Trade receivables amounted to \$122.6 million at 30 September 2023 and the expected credit loss provision totalled \$27.2 million.</p> <p>Management makes judgement regarding the collectability of receivables by making certain assumptions and judgements in arriving at the provision for impairment. The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Customers were placed in aging buckets and a default risk percentage calculated using the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and the aging of receivables.</p>	<p>The company's accounting policy as it relates to the impairment provision for trade receivables was obtained and the reasonableness of the accounting policy assessed in relation to the requirements of the relevant standard.</p> <p>We focused on this area due to the number of significant judgements made by management in relation to future economic scenarios.</p> <ul style="list-style-type: none"> We updated our understanding of management's ECL model including source data, the effectiveness of the implementation and the mathematical accuracy of the model. We tested the reliability of the source data used in the design of the model by confirming a sample to the historical data. We tested manual and automated controls over the aging of receivables. Our testing of automated controls involved using our own information technology specialist to test the design, implementation and operating effectiveness of the automated controls. We evaluated the appropriateness of management's assumptions and judgement in arriving at the forward looking multiple, by assessing the basis of the multiple economic scenarios used and the weighting assigned by management. The main macro factors used were compared to external public information and calculations tested through re-computation. We determined whether the default risk percentage was accurately calculated and correctly applied to the relevant buckets of accounts receivable.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Report on the Audit of the Financial Statements (continued)

Key audit matters (cont'd)

Key Audit Matter	How the matter was addressed in our audit
	Based on our audit procedures performed, the assumptions used by management in determining the increase in credit risk and forward looking information were considered reasonable. Therefore, no adjustments to the financial statements were deemed necessary.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual Report but does not include the financial statements and our auditors' report thereon. The Annual Report is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the financial statements that give a true and fair view in accordance with IFRS and the Jamaican Companies Act, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern.



INDEPENDENT AUDITORS' REPORT (CONT'D)

To the Members of
Honey Bun (1982) Limited

Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that presents a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on additional matters as required by the Jamaican Companies Act

We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, proper accounting records have been kept, so far as appears from our examination of those records, and the financial statements, which are in agreement therewith, give the information required by the Jamaican Companies Act, in the manner required.

The engagement partner on the audit resulting in this independent auditors' report is Sonia McFarlane.

Chartered Accountants

29 December 2023

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 30 SEPTEMBER 2023

	<u>Note</u>	<u>2023</u> <u>₹</u>	<u>2022</u> <u>₹</u>
REVENUE	6	3,412,758,125	2,953,316,659
COST OF SALES		(1,936,580,951)	(1,777,509,447)
GROSS PROFIT		1,476,177,174	1,175,807,212
Other operating income	7	<u>5,046,218</u>	<u>2,538,962</u>
		1,481,223,392	1,178,346,174
EXPENSES:			
Administrative		(664,556,384)	(531,029,046)
Selling and distribution		<u>(518,281,900)</u>	<u>(408,055,802)</u>
	8	<u>(1,182,838,284)</u>	<u>(939,084,848)</u>
Movement on impairment losses on financial assets	8	<u>(21,465,832)</u>	<u>7,537,841</u>
OPERATING PROFIT		276,919,276	246,799,167
Finance income - interest		16,181,564	12,563,725
Finance costs	10	<u>(7,849,564)</u>	<u>(3,257,435)</u>
		285,251,276	256,105,457
Depreciation in value of investments classified as fair value through profit or loss		<u>(796,513)</u>	<u>(1,664,083)</u>
PROFIT BEFORE TAXATION		284,454,763	254,441,374
Taxation	11	<u>(52,363,530)</u>	<u>(50,955,193)</u>
NET PROFIT, BEING TOTAL COMPREHENSIVE INCOME		<u>232,091,233</u>	<u>203,486,181</u>
EARNINGS PER STOCK UNIT	12	<u>0.49</u>	<u>0.43</u>



STATEMENT OF FINANCIAL POSITION

30 SEPTEMBER 2023

	Note	2023 ₹	2022 ₹
ASSETS			
NON-CURRENT ASSETS:			
Property, plant and equipment	13	735,778,703	665,708,575
Investments	14	118,896,545	98,347,866
Intangible assets	15	7,147,254	7,485,525
Right-of-use assets	16	<u>51,671,506</u>	<u>56,093,973</u>
		<u>913,494,008</u>	<u>827,635,939</u>
CURRENT ASSETS:			
Inventories	17	202,314,925	179,346,068
Receivables	18	147,599,094	166,351,636
Taxation recoverable		10,087,665	6,765,770
Cash and cash equivalents	19	<u>464,782,400</u>	<u>346,916,144</u>
		<u>824,784,084</u>	<u>699,379,618</u>
		<u>1,738,278,092</u>	<u>1,527,015,557</u>
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	20	46,514,770	46,514,770
Capital reserve	21	53,818,788	53,818,788
Retained earnings		<u>1,215,667,812</u>	<u>1,058,979,291</u>
		<u>1,316,001,370</u>	<u>1,159,312,849</u>
NON-CURRENT LIABILITIES:			
Deferred taxation	22	58,167,544	56,561,842
Long term loans	23	8,866,651	12,196,653
Lease liability	16	<u>35,973,459</u>	<u>42,743,947</u>
		<u>103,007,654</u>	<u>111,502,442</u>
CURRENT LIABILITIES:			
Payables	24	278,981,215	225,373,963
Taxation payable		16,972,625	13,874,773
Current portion of long term loans	23	3,330,002	3,147,491
Current portion of lease liability	16	<u>19,985,226</u>	<u>13,804,039</u>
		<u>319,269,068</u>	<u>256,200,266</u>
		<u>1,738,278,092</u>	<u>1,527,015,557</u>

Approved for issue by the Board of Directors on 22 December 2023 and signed on its behalf by:

Herbert Chong - Chairman

Wayne Wray - Director

STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 30 SEPTEMBER 2023

	Note	Share Capital ₹	Capital Reserve ₹	Retained Earnings ₹	Total ₹
BALANCE AT 30 SEPTEMBER 2021					
		46,514,770	53,818,788	928,539,488	1,028,873,046
TOTAL COMPREHENSIVE INCOME					
Profit for the year		-	-	203,486,181	203,486,181
TRANSACTION WITH OWNERS					
Dividends	25	-	-	(73,046,378)	(73,046,378)
BALANCE AT 30 SEPTEMBER 2022					
		46,514,770	53,818,788	1,058,979,291	1,159,312,849
TOTAL COMPREHENSIVE INCOME					
Profit for the year		-	-	232,091,233	232,091,233
TRANSACTION WITH OWNERS					
Dividends	25	-	-	(75,402,712)	(75,402,712)
BALANCE AT 30 SEPTEMBER 2023					
		<u>46,514,770</u>	<u>53,818,788</u>	<u>1,215,667,812</u>	<u>1,316,001,370</u>



	<u>Note</u>	<u>2023</u> \$	<u>2022</u> \$
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net profit		232,091,233	203,486,181
Items not affecting cash resources:			
Depreciation	13	97,385,700	83,928,868
Adjustment to property, plant and equipment		6,389	-
Amortisation	15	1,320,252	1,142,211
Amortisation - right-of-use assets	16	17,322,456	7,442,775
Adjustment for right-of-use assets	16	4,165,558	-
Effect of exchange rate translation		(4,836,889)	(4,156,249)
Interest income		(16,181,564)	(12,563,725)
Interest expense		641,893	882,508
Interest expense - right-of-use assets		7,207,670	2,374,927
Taxation expense	11	<u>52,363,530</u>	<u>50,955,193</u>
		391,486,228	333,492,689
Changes in operating assets and liabilities:			
Inventories		(22,968,857)	(57,946,989)
Receivables		22,431,340	(58,322,727)
Payables		<u>53,562,957</u>	<u>29,564,235</u>
		444,511,668	246,787,208
Taxation paid		<u>(50,981,871)</u>	<u>(62,263,110)</u>
Cash provided by operating activities		<u>393,529,797</u>	<u>184,524,098</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property, plant and equipment	13	(167,462,217)	(165,766,282)
Additions to intangible assets	15	(981,981)	(3,301,857)
Investments	19	(20,137,000)	-
Interest received		<u>12,423,385</u>	<u>12,367,022</u>
Cash used in investing activities		<u>(176,157,813)</u>	<u>(156,701,117)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayment of long-term loans		(3,147,491)	(2,974,982)
Dividends paid	25	(75,402,712)	(73,046,378)
Interest paid		(641,893)	(882,508)
Lease payment		<u>(24,862,518)</u>	<u>(9,622,825)</u>
Cash used in financing activities		<u>(104,054,614)</u>	<u>(86,526,693)</u>
Increase/(decrease) in cash and cash equivalents		113,317,370	(58,703,712)
Exchange effect on foreign cash balances		4,548,886	1,369,392
Cash and cash equivalents at beginning of year		<u>346,916,144</u>	<u>404,250,464</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	19	<u>464,782,400</u>	<u>346,916,144</u>

1. IDENTIFICATION AND PRINCIPAL ACTIVITIES:

- (a) Honey Bun (1982) Limited is a limited liability company incorporated and domiciled in Jamaica. The registered office of the company is 26 Retirement Crescent, Kingston 5, Jamaica. The company is listed on the Junior Market of the Jamaica Stock Exchange since 3 June 2011. Next Incorporated, a company registered under the Belize IBC Act 2000 owns 56.5% of the issued shares of the company.
- (b) The principal activities of the company are the manufacturing and distribution of baked products to the local and export markets.

2. REPORTING CURRENCY:

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). These financial statements are presented in Jamaican dollars, which is considered the company's functional and presentation currency.

3. SIGNIFICANT ACCOUNTING POLICIES:

The principal accounting policies applied in the preparation of these financial statements are set out below. The policies have been consistently applied to all the years presented. Where necessary, prior year comparatives have been reclassified to conform to current year presentation.

(a) Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations adopted by the International Accounting Standards Board, and have been prepared under the historical cost convention as modified by the revaluation of certain freehold land and buildings and plant and machinery. They are also prepared in accordance with requirements of the Jamaican Companies Act.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Although these estimates are based on management's best knowledge of current events and action, actual results could differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

New, revised and amended standards and interpretations that became effective during the year

Certain new standards, interpretations and amendments to existing standards have been published that became effective during the current financial year. The company has assessed the relevance of all such new standards, interpretations and amendments and has concluded that the following new standards, interpretations and amendments are immediately relevant to its operations.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New, revised and amended standards and interpretations that became effective during the year (cont'd)

Amendments to IAS 1, 'Presentation of Financial Statements', (effective for accounting periods beginning on or after 1 January 2022). These amendments clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendments also classify what IAS 1 means when it refers to the 'settlement' of a liability.

Amendment to IAS 16, 'Property, plant and equipment' (effective for accounting periods beginning on or after 1 January 2022). This amendment prohibits an entity from deducting from the cost of an item of PP&E any proceeds received from selling items produced while the entity is preparing the asset for its intended use. Instead, the entity will recognise such sales proceeds and related cost in profit or loss. It also clarifies that an entity is 'testing whether the asset is functioning properly' when it assesses the technical and physical performance of the asset. The financial performance of the asset is not relevant to this assessment. Entities must disclose separately the amounts of proceeds and costs relating to items produced that are not an output of the entity's ordinary activities.

Amendments to IAS 37, 'Provisions, contingent liabilities and contingent assets' (effective for accounting periods beginning on or after 1 January 2022). This amendment specifies which costs a company includes when assessing whether a contract will be loss making. It clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts. Before recognising a separate provision for an onerous contract, the entity recognises any impairment loss that has occurred on assets used in fulfilling the contract.

The adoption of the above standards and interpretations did not have any impact on the company's financial statements.

New standards, amendments and interpretations not yet effective and not early adopted

The following amendments to standards which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the fund's future financial statements:

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(a) Basis of preparation (cont'd)

New standards, amendments and interpretations not yet effective and not early adopted (cont'd)

Amendments to IAS 1, 'Non-current liabilities with covenants', (deferred until accounting periods starting not earlier than 1 January 2024). These clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions. The company does not expect any impact on the financial statements from adoption of this amendment.

Narrow scope amendments to IAS 1, 'Practice statement 2 and IAS 8, (effective for annual periods beginning on or after 1 January 2023). The amendments aim to improve accounting policy disclosures and to help users of the financial statements to distinguish between changes in accounting estimates and changes in accounting policies. The company does not expect any significant impact on the financial statements from adoption of these amendments.

Amendments to IAS 12 (Effective for periods beginning on or after 1 January 2023). The main change in *Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)* is an exemption from the *initial recognition exemption* provided in IAS 12.15(b) and IAS 12.24. Accordingly, the initial recognition exemption does not apply to transactions in which equal amounts of deductible and taxable temporary differences arise on initial recognition. This is also explained in the newly inserted paragraph IAS 12.22A.

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

(b) Foreign currency translation

Foreign currency transactions are accounted for at the exchange rates prevailing at the dates of the transactions.

Monetary items denominated in foreign currency are translated to Jamaican dollars using the closing rate as at the reporting date.

Exchange differences arising from the settlement of transactions at rates different from those at the dates of the transactions and unrealized foreign exchange differences on unsettled foreign currency monetary assets and liabilities are recognized in profit or loss.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(c) Property, plant and equipment

Items of property, plant and equipment are measured at cost, except for certain freehold land and buildings and plant and machinery which are measured at valuation, less accumulated depreciation and impairment losses, (deemed cost).

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of material and direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation on all items of property, plant and equipment is calculated on the straight-line basis at annual rates estimated to write off the carrying value of the assets over the period of their estimated useful lives. Land is not depreciated. The expected useful lives of the other property, plant and equipment are as follows:

Buildings	40 years
Furniture and fixtures	10 years
Bakery fixtures	2 to 5 years
Computers and accessories	4 years
Motor vehicles	5 years
Plant and machinery	10 years

Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amounts and are included in profit or loss. On disposal of revalued assets, amounts in revaluation reserve relating to those assets are transferred to retained earnings.

(d) Inventories

Inventories are stated at the lower of cost and fair value less costs to sell. Cost is determined as follows:

Finished goods	-	Cost of product plus all indirect costs to bring the item to a saleable condition.
Raw material	-	Cost of product plus duty and related cost in bringing the inventories to their present location.
Goods-in-transit	-	Cost of goods converted at the year end exchange rate.

Net realisable value is the estimate of the selling price in the ordinary course of business, less selling expenses.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(e) Provisions

Provisions are recognized when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

(f) Revenue recognition

Performance obligations and revenue recognition policies:

Revenue is measured based on the consideration specified in a contract with a customer. The company recognises revenue when it transfers control over a good or service to a customer.

The nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies are as follows:

Type of service	Nature and timing of satisfaction of performance obligations, including significant payment terms.	Revenue recognition under IFRS 15.
Sale of baked products	Customers obtain control of goods when the goods are delivered to and accepted by them. Invoices are generated and the revenue is recognized at that point in time.	Revenue is recognised when the goods are delivered and have been accepted by the customers.
	Invoices are usually payable within 30 days.	

Interest income

Interest income is recognised in profit or loss using the effective interest method. The “effective interest rate” is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instruments to its gross carrying amount.

When calculating the effective interest rate for financial instruments, the company estimates future cash flows considering all contractual terms of the financial instrument, but not ECL.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(g) Impairment of non-current assets

Property, plant and equipment and other non-current assets are reviewed for impairment losses whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the greater of an asset's net selling price and value in use. For the purpose of assessing impairment, assets are grouped at the lowest level for which there are separately identified cash flows.

(h) Borrowings

Borrowings are recognized initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost.

Borrowing costs incurred for the construction of the qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(i) Current and deferred income taxes

Current tax charges are based on taxable profits for the year, which differ from the profit before tax reported because taxable profits exclude items that are taxable or deductible in other years, and items that are never taxable or deductible. The company's liability for current tax is calculated at tax rates that have been enacted at the reporting date.

Deferred tax is the tax that is expected to be paid or recovered on differences between the carrying amounts of assets and liabilities and the corresponding tax bases. Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred tax is charged or credited to profit or loss, except where it relates to items charged or credited to other comprehensive income or equity, in which case deferred tax is also dealt with in other comprehensive income or equity.

(j) Trade and other payables

Trade payables are stated at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(k) Intangible assets

Computer software:

Acquired computer software licenses are capitalized on the basis of the cost incurred to acquire and bring to use the specific software. These costs are amortised over the estimated useful life of three (3) years on a straight line basis.

Costs associated with developing or maintaining computer software programmes are recognised as expenses as incurred.

(l) Financial instruments

A financial instrument is any contract that gives rise to both a financial asset in one entity and a financial liability or equity of another entity.

Financial assets

(i) Classification

The company classifies its financial assets as amortised cost and fair value through profit or loss. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest (SPPI). They are initially recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The company's financial assets measured at amortised cost comprise cash and cash equivalents, receivables, due from related company and short term deposits.

Cash and cash equivalents are carried in the statement of financial position at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand and short term deposits with original maturity of three months or less.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

Financial assets (cont'd)

(i) Classification (cont'd)

Fair value through profit or loss (FVTPL)

The company has made an irrevocable election to classify its investments at fair value through profit or loss rather than through other comprehensive income as the company considers this measurement to be the most representative of the business model for those assets. They are carried at fair value with changes in fair value recognized in profit or loss.

The company's financial assets measured at FVTPL are its investments securities which includes equity instruments in the statement of financial position.

(ii) Recognition and Measurement

Regular purchases and sales of financial assets are recognized on the trade-date - the date on which the company commits to purchase or sell the asset. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the company has transferred substantially all risks and rewards of ownership.

The company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss - is removed from other comprehensive income and recognized in profit or loss.

(iii) Impairment

Impairment provisions for trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses (ECL).

During this process the probability of the non-payment of the trade receivables is assessed by taking into consideration historical rates of default for each segment of trade receivables as well as the estimated impact of forward looking information. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime ECL for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within the statement of profit or loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(l) Financial instruments (cont'd)

(iii) Impairment (cont'd)

Equity instruments at FVTPL are not subject to an impairment assessment.

Financial liabilities

The company's financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method. At the reporting date, the following were classified as financial liabilities: long term loans, payables and lease liability.

(m) Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operation Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

A segment is a distinguishable component of the company that is engaged either in providing products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The company's activities are limited to the manufacture and distribution of baked products to Jamaican and overseas consumers. Overseas revenue is less than 10% of gross operating revenue and not considered a separate segment. No additional segment information is provided.

(n) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributed to the issue of ordinary shares are recognized as a deduction from equity.

(o) Other receivables

Other receivables are stated at amortised cost less impairment losses, if any.

(p) Dividend distribution

Dividend distribution to the company's shareholders is recognized as a liability in the company's financial statements in the period in which the dividends are approved by the company's shareholders. In the case of interim dividends, this is recognized when declared by the directors.

Dividend for the year that are declared after the reporting date are dealt with in the subsequent events note.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(q) Leases

All leases are accounted for by recognizing a right-of-use asset and a lease liability for all leases with a term greater than 12 months.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the company's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expensed in the period to which they relate.

On initial recognition, the carrying value of the lease liability also includes amounts expected to be payable under any residual value guarantee, the exercise price of any purchase option granted in favour of the company if it is reasonably certain to assess that option, any penalties payable for terminating the lease, if the term of the lease has been estimated on the basis of termination option being exercised.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for lease payments made at or before commencement of the lease, initial direct costs incurred and the amount of any provision recognized where the company is contractually required to dismantle, remove or restore the leased asset.

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, whichever is shorter.

When the company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining lease term.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D):

(r) Related parties

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in IAS 24 *Related Party Disclosures* as the "reporting entity" in this case the company).

(a) A person or a close member of that person's family is related to the company if that person:

(i) has control or joint control over the company;

(ii) has significant influence over the company; or

(iii) is a member of the key management personnel of the company or of a parent of the company.

(b) An entity is related to the company if any of the following conditions applies:

(i) The entity and the company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the company or an entity related to the company.

(vi) The entity is controlled, or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the company or to the parent of the company.

(c) A related party transaction is a transfer of resources, services or obligations between a related parties, regardless of whether a price is charged.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES:

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Critical judgements in applying the company's accounting policies

In the process of applying the company's accounting policies, management has not made any judgements that it believes would cause a significant impact on the amounts recognized in the financial statements.

(b) Key sources of estimation uncertainty

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Fair value estimation

A number of assets and liabilities included in the company's financial statements require measurement at, and/or disclosure of, fair value.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement of the company's financial and non-financial assets and liabilities utilises market observable inputs and data as far as possible. Inputs used in determining fair value measurements are categorized into different levels based on how observable the inputs used in the valuation technique utilized are; the 'fair value hierarchy:

- Level 1 Quoted prices in active markets for identical assets or liabilities. (unadjusted)
- Level 2 Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The classification of an item into the above levels is based on the lowest level of the inputs used that has a significant effect on the fair value measurement of the item. The fair values of quoted instruments are based on the spread between the bid and ask prices at valuation date.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

4. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D):

(b) Key sources of estimation uncertainty (cont'd)

(ii) Income taxes

Estimates are required in determining the provision for income tax. There are some transactions and calculations for which the ultimate tax determination is uncertain. The company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(iii) Depreciable assets

Estimates of the useful life and the residual value of property, plant and equipment are required in order to apply an adequate rate of transferring the economic benefits embodied in these assets in the relevant periods. The company applies a variety of methods in an effort to arrive at these estimates from which actual results may vary. Actual variations in estimated useful lives and residual values are reflected in the statement of income through impairment or adjusted depreciation provisions.

(iv) Net realizable value of inventories

Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made, of the amount the inventories are expected to realize. The estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the period to the extent that such events confirm conditions existing at the end of the period.

Estimates of net realizable value also take into consideration the purpose for which the inventory is held.

(v) Measurement of the expected credit loss allowance

Allowances are determined upon origination of the trade receivable based on a model that calculates the expected credit loss (ECL) of the trade receivables.

Under this ECL model, the company segments its trade receivables in a matrix by days past due and determined for each age bracket an average rate of ECL, considering actual loss experience over the last 12 months and analysis of future default, that is applied to the balance of the trade receivables.

The average ECL rate increases in each segment of days past due until the rate is 100% for the segment of 365 days or more past due. The use of assumptions make uncertainty inherent in such estimates.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

5. FINANCIAL RISK MANAGEMENT:

The company is exposed through its operations to the following financial risks:

- Credit risk
- Fair value or cash flow interest rate risk
- Foreign exchange risk
- Other market price, and
- Liquidity risk

In common with all other businesses, the company is exposed to risks that arise from its use of financial instruments. This note describes the company's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the company's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Principal financial instruments

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Receivables
- Cash and bank balances
- Investments
- Payables
- Long term loans
- Lease liability

(b) Financial instruments by category

Financial assets

	Amortised cost		Fair value through profit or loss	
	2023	2022	2023	2022
	₹	₹	₹	₹
Cash and bank balances	202,113,433	97,374,512	-	-
Short term investments	262,668,967	249,541,632	-	-
Receivables	95,451,928	111,036,536	-	-
Investments	<u>71,857,883</u>	<u>50,929,936</u>	<u>47,038,662</u>	<u>47,417,930</u>
Total financial assets	<u>632,092,211</u>	<u>508,882,616</u>	<u>47,038,662</u>	<u>47,417,930</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(b) Financial instruments by category (cont'd)

Financial liabilities

	Amortised cost	
	2023	2022
	₹	₹
Payables	224,147,023	194,904,344
Long term loans	12,196,653	15,344,144
Lease liability	<u>55,958,685</u>	<u>56,547,986</u>
Total financial liabilities	<u>292,302,361</u>	<u>266,796,474</u>

(c) Financial risk factors

The Board has overall responsibility for the determination of the company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing operating processes that ensure the effective implementation of the objectives and policies to the company's finance function. The Board receives monthly reports from the Financial Controller through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the company's competitiveness and flexibility. Further details regarding these policies are set out below:

(i) Market risk

Market risk arises from the company's use of interest bearing, tradable and foreign currency financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk), foreign exchange rates (currency risk) or other market factors (other price risk).

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate because of changes in foreign exchange rates.

Currency risk arises from transactions for sales, purchases and US Dollar denominated investments. The company manages this risk by ensuring that the net exposure in foreign assets and liabilities is kept to an acceptable level by monitoring currency positions. The company further manages this risk by maximising foreign currency earnings.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Concentration of currency risk

The company's exposure to foreign currency risk was as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Cash and bank balances	27,656,158	10,308,450
Short term investments	189,347,185	180,191,179
Investments	71,439,655	50,511,708
Receivables	12,094,011	22,727,272
Payables	<u>(17,157,851)</u>	<u>(5,086,343)</u>
	<u>283,379,158</u>	<u>258,652,266</u>

Foreign currency sensitivity

The following table indicates the sensitivity of profit before taxation to changes in foreign exchange rates. The change in currency rate below represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis represents outstanding foreign currency denominated cash and bank balance, short term and long term investments, accounts receivable balances and accounts payable balances, and adjusts their translation at the year-end for 4% (2022 - 4%) depreciation and a 1% (2022 - 1%) appreciation of the Jamaican dollar against the US dollar. The changes below would have no impact on other components of equity.

	% Change in Currency Rate	Effect on Profit before Tax		Effect on Profit before Tax	
		<u>2023</u>	30 September <u>2023</u>	<u>2022</u>	30 September <u>2022</u>
		\$		\$	
Currency:					
USD	-4	11,335,166	-4	10,346,091	
USD	<u>+1</u>	<u>(2,833,792)</u>	<u>+1</u>	<u>(2,586,523)</u>	

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all instruments traded in the market. The company is exposed to the equity securities price risk arising from its holding in financial assets at fair value through profit or loss. A 6% (2022 - 6%) increase in the price of equity stocks will result in a \$922,768 (2022 - \$961,947) increase and a 3% (2022 - 6%) decrease in the price of equity stocks will result in a \$461,384 (2022 - \$961,947) decrease in net results or stockholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(i) Market risk (cont'd)

Cash flow and fair value interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

Floating rate instruments expose the company to cash flow interest rate risk, whereas fixed rate instruments expose the company to fair value interest rate risk.

Short term investments, fixed deposits and borrowings are the only interest bearing assets and liabilities respectively, within the company. The company's short term investments and fixed deposits are due to mature and re-price respectively, within three months to one year of the reporting date and the company's borrowings are fixed for a period and then revised.

Interest rate sensitivity

There is no significant exposure to interest rate risk on short term deposits, as these deposits have a short term to maturity and are constantly reinvested at current market rates.

There is no significant exposure to interest rate risk on borrowings. A 5% increase/0.25% decrease (2022 - 2% increase/0.5% decrease) in interest rates on Jamaican dollar borrowings would result in a \$609,833 decrease \$30,492 increase (2022 - \$306,883 decrease/\$76,721 increase) in profit before tax for the company.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit risk arises from trade receivables, short term investments, and cash and bank balances.

Cash and bank balances

Cash transactions are limited to high credit quality financial institutions. The company has policies that limit the amount of credit exposure to any one financial institution.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Maximum exposure to credit risk

The maximum exposure to credit risk is equal to the carrying amount of trade and other receivables and cash and cash equivalents in the statement of financial position.

Trade receivables expected credit losses

The impairment requirements of IFRS 9 are based on the Expected Credit Loss (ECL) model. The guiding principle of the ECL model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments.

For trade receivables and contract assets that do not have a financing component, it is a requirement of IFRS 9 to recognize a lifetime expected credit loss. This was achieved in the current year by the development and application of historical data relating to trade receivables and write-offs, as well as forecasting payment probabilities based on historical payment pattern.

The company estimates expected credit losses (ECL) on trade receivables using a provision matrix based on historical credit loss experience. Based on the incurred loss analyses over delinquent accounts, the credit history, risk profile of each customer and aging of receivables, customers were placed in aging buckets and a default risk percentage calculated for each bucket of customers. The following table provides information about the ECLs for trade receivables.

Trade receivables impairment provision

30 September 2023

<u>Aging</u>	<u>Gross Carrying Amount</u> \$	<u>Default Rate</u> %	<u>Lifetime ECL Allowance</u> \$
0 -30 days	93,081,951	1.15	1,069,621
31 - 60 days	798,512	1.93	15,411
61 - 90 days	2,742,898	3.15	86,401
Over 91 days	<u>25,992,855</u>	100	<u>25,992,855</u>
	<u>122,616,216</u>		<u>27,164,288</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(ii) Credit risk (cont'd)

Trade receivables impairment provision (cont'd)

30 September 2022

<u>Aging</u>	<u>Gross Carrying Amount</u> \$	<u>Default Rate</u> %	<u>Lifetime ECL Allowance</u> \$
0 -30 days	97,625,404	0.88	859,435
31 - 60 days	11,678,692	0.68	79,836
61 - 90 days	2,728,754	2.09	57,043
Over 91 days	<u>(20,896)</u>	100	<u>(20,896)</u>
	<u>112,011,954</u>		<u>975,418</u>

Movements in the provision for expected credit losses are as follows:

	<u>2023</u> \$	<u>2022</u> \$
At 1 October	975,418	8,513,259
Provision for expected credit losses	<u>26,188,870</u>	<u>(7,537,841)</u>
At 30 September	<u>27,164,288</u>	<u>975,418</u>

The creation and release of provision for expected credit losses have been included in expenses in profit or loss. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

(iii) Liquidity risk

Liquidity risk is the risk that the company will be unable to meet its payment obligations associated with its financial liabilities when they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(c) Financial risk factors (cont'd)

(iii) Liquidity risk (cont'd)

Liquidity risk management process

The company's liquidity risk management process, as carried out within the company and monitored by the Finance Department, includes:

- (i) Monitoring future cash flows and liquidity on a daily basis.
- (ii) Maintaining a portfolio of short term deposit balances that can easily be liquidated as protection against any unforeseen interruption to cash flow.
- (iii) Maintaining committed lines of credit.
- (iv) Optimising cash returns on investments.

Cash flows of financial liabilities

The maturity profile of the company's financial liabilities, based on contractual undiscounted payments, is as follows:

	<u>2023</u>		
	<u>Within 1 Year</u> ₹	<u>2 to 5 Years</u> ₹	<u>Total</u> ₹
Payables	224,147,023	-	224,147,023
Long term loans	3,933,757	9,506,581	13,440,338
Lease liability	<u>26,250,062</u>	<u>42,819,558</u>	<u>69,069,620</u>
Total financial liabilities (contractual maturity dates)	<u>254,330,842</u>	<u>52,326,139</u>	<u>306,656,981</u>
	<u>2022</u>		
	<u>Within 1 Year</u> ₹	<u>2 to 5 Years</u> ₹	<u>Total</u> ₹
Payables	194,904,344	-	194,904,344
Long term loans	3,933,757	13,440,338	17,374,095
Lease liability	<u>18,543,662</u>	<u>49,934,437</u>	<u>68,478,099</u>
Total financial liabilities (contractual maturity dates)	<u>217,381,763</u>	<u>63,374,775</u>	<u>280,756,538</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

5. FINANCIAL RISK MANAGEMENT (CONT'D):

(d) Capital management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns for stockholders and benefits for other stakeholders. The Board of Directors monitors the return on capital, which the company defines as net operating income, excluding non-recurring items, divided by total stockholders' equity. The Board of Directors also monitors the level of dividends to stockholders.

There are no particular strategies to determine the optimal capital structure. There are also no external capital maintenance requirements to which the company is subject.

The Directors regularly review the financial position of the company at meetings and monitor the return on capital and the level of dividends to the ordinary shareholders. They seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Debt is the total of long-term loans and bank overdraft less related party loans, if any. Total capital is calculated as equity as shown in the company's statement of financial position plus debt. The gearing ratios at the year-end based on these calculations were as follows:

	<u>2023</u> ₹	<u>2022</u> ₹
Debt: long-term loans	68,155,338	71,892,130
Equity	<u>1,316,001,370</u>	<u>1,159,312,849</u>
Total capital	<u>1,384,156,708</u>	<u>1,231,204,979</u>
Gearing ratio	4.92%	5.84%

6. REVENUE:

Revenue represents the price of goods sold and transferred to customers at a point in time, after discounts and allowances.



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

7. OTHER OPERATING INCOME:		
	<u>2023</u>	<u>2022</u>
	<u>₹</u>	<u>₹</u>
Foreign exchange gains	1,576,535	1,866,705
Dividend received	3,469,683	672,257
	<u>5,046,218</u>	<u>2,538,962</u>
8. EXPENSES BY NATURE:		
Total administrative, selling and other expenses:		
	<u>2023</u>	<u>2022</u>
	<u>₹</u>	<u>₹</u>
COST OF SALES		
Depreciation	28,104,184	22,318,377
Other costs of operating revenue	37,255,764	32,376,934
Raw materials and consumables	1,502,144,975	1,383,607,526
Staff costs (note 9)	261,595,219	239,016,782
Utilities	107,480,809	100,189,828
	<u>1,936,580,951</u>	<u>1,777,509,447</u>
ADMINISTRATIVE		
Staff costs (note 9)	291,737,623	223,709,552
Directors' emoluments		
- Fees	3,923,894	4,496,250
- Management remuneration (note 9)	28,958,129	30,418,652
Auditors' remuneration - current year	4,902,650	3,022,500
- prior year	1,021,088	1,343,000
Repairs and maintenance	70,899,769	44,461,532
Depreciation	69,281,516	61,610,491
Amortisation - right-of-use assets	17,322,456	7,442,775
Amortisation	1,320,252	1,142,211
Security	11,340,939	8,730,957
Utilities	19,594,515	18,608,646
General insurance	13,180,278	10,522,856
Public company expenses	6,678,715	5,561,370
Payroll services	14,443,263	15,879,535
Rates and taxes	12,964,852	11,273,799
Bank charges	12,153,839	10,986,397
Other administrative expenses	84,832,606	71,818,523
	<u>664,556,384</u>	<u>531,029,046</u>
SELLING AND DISTRIBUTION		
Advertising and promotion	43,034,782	40,792,281
Property rental	14,378,628	12,346,156
Other distribution costs	227,807,600	170,428,432
Staff costs (note 9)	193,313,488	169,130,780
Other expenses	39,747,402	15,358,153
	<u>518,281,900</u>	<u>408,055,802</u>
Total administrative and selling and distribution	<u>1,182,838,284</u>	<u>939,084,848</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

8. EXPENSES BY NATURE (CONT'D):		
Included in other operating expenses are expense categories amounting to less than \$5 million.		
	<u>2023</u>	<u>2022</u>
	<u>₹</u>	<u>₹</u>
Impairment losses on financial assets - Trade receivables	21,465,832	(7,537,841)
9. STAFF COSTS:		
	<u>2023</u>	<u>2022</u>
	<u>₹</u>	<u>₹</u>
Salaries wages	636,316,883	545,930,011
Employer's statutory contributions	72,767,789	65,164,165
Other staff costs	66,519,787	51,181,590
	<u>775,604,459</u>	<u>662,275,766</u>
Included in profit or loss as follows:		
	<u>2023</u>	<u>2022</u>
	<u>₹</u>	<u>₹</u>
Direct labour (note 8)	261,595,219	239,016,782
Administrative - management (note 8)	28,958,129	30,418,652
Administrative - staff (note 8)	291,737,623	223,709,552
Selling and distribution (note 8)	193,313,488	169,130,780
	<u>775,604,459</u>	<u>662,275,766</u>
The average number of persons employed by the company during the year was three hundred and two (302), (2022 - two hundred and thirty-five (235)).		
10. FINANCE COSTS:		
	<u>2023</u>	<u>2022</u>
	<u>₹</u>	<u>₹</u>
Loan interest	617,355	857,969
Lease interest	7,207,670	2,374,927
Other	24,539	24,539
	<u>7,849,564</u>	<u>3,257,435</u>



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

11. TAXATION EXPENSE:

(a) Taxation is computed on the profit for the year, adjusted for tax purposes, and comprises income tax at 25%.

	<u>2023</u>	<u>2022</u>
	\$	\$
Current taxation	50,757,828	45,067,826
Deferred taxation (note 22)	<u>1,605,702</u>	<u>5,887,367</u>
Taxation charge in income statement	<u>52,363,530</u>	<u>50,955,193</u>

(b) The tax on the profit before taxation differs from the theoretical amount that would arise using the applicable tax rate as follows:

	<u>2023</u>	<u>2022</u>
	\$	\$
Profit before taxation	<u>284,454,763</u>	<u>254,441,374</u>
Taxation calculated at 25%	71,113,691	63,610,344
Adjusted for the effects of:		
Depreciation and capital allowances	(1,408,536)	8,278,136
Net effect of other charges and allowances	<u>(17,341,625)</u>	<u>(20,933,287)</u>
Taxation charge in income statement	<u>52,363,530</u>	<u>50,955,193</u>

(c) Remission of income tax:

The company's shares were listed on the Jamaica Stock Exchange Junior Market, effective 3 June 2011. Consequently, the company is entitled to a remission of taxes for ten (10) years in the proportions set out below, provided the shares remain listed for at least 15 years.

Years 1 to 5	100% (1 June 2011 - 31 May 2016)
Years 6 to 10	50% (1 June 2016 - 31 May 2022)

The financial statements have been prepared on the basis that the company will retain the full benefit of the utilized tax remissions.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

12. EARNINGS PER SHARE:

Earnings per stock unit is calculated by dividing the net profit attributable to stockholders by the number of ordinary stock units in issue at year-end.

	<u>2023</u>	<u>2022</u>
	\$	\$
Earnings per share	<u>0.49</u>	<u>0.43</u>

Earnings per share is computed by dividing the profit for the year by 471,266,950 (2022: 471,266,950) the number of shares in issue during the year.

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

13. PROPERTY, PLANT AND EQUIPMENT:

	Land & Buildings	Plant & Machinery	Bakery Fixtures	Motor Vehicles	Furniture & Fixtures	Computers & Accessories	Total
	£	£	£	£	£	£	£
At cost or valuation:							
30 September 2021	365,947,492	315,256,616	124,158,072	158,815,404	23,904,467	37,387,420	1,025,469,471
Additions	5,911,722	74,841,820	33,528,535	42,944,747	4,235,862	4,303,596	165,766,282
Adjustments	-	(2,665,307)	2,665,307	-	-	-	-
30 September 2022	371,859,214	387,433,129	160,351,914	201,760,151	28,140,329	41,691,016	1,191,235,753
Additions	6,743,680	71,594,847	52,761,153	11,927,948	9,875,713	14,558,876	167,462,217
Adjustments	-	2,655,918	(2,665,307)	21,739	(18,739)	-	(6,389)
30 September 2023	378,602,894	461,683,894	210,447,760	213,709,838	37,997,303	56,249,892	1,358,691,581
Depreciation:							
30 September 2022	58,921,166	178,113,805	73,337,271	95,726,003	10,923,642	24,576,423	441,598,310
Charge for the year	7,568,662	22,318,377	19,817,677	27,312,223	2,335,254	4,576,675	83,928,868
30 September 2023	66,489,828	200,432,182	93,154,948	123,038,226	13,258,896	29,153,098	525,527,178
Charge for the year	7,810,607	28,104,184	27,249,393	26,628,639	2,726,271	4,866,616	97,385,700
Adjustments	-	(10)	-	-	-	10	-
30 September 2023	74,300,435	228,536,356	120,404,331	149,666,865	15,985,167	34,019,724	622,912,878
Net Book Value:							
30 September 2023	304,302,459	233,147,538	90,043,429	64,042,973	22,012,136	22,230,168	735,778,703
30 September 2022	305,369,386	187,000,947	67,196,966	78,721,925	14,881,433	12,537,918	665,708,575

During the year ended 30 September 2010, the freehold land and buildings were revalued by the Directors at market value. The plant and machinery were revalued as at 12 April 2010 by Delano Reid & Associates Limited, Appraisers, Engineers and Management Consultants at fair Market Value Installed. The company's plant and machinery acquired from a company in liquidation at fire sale values was revalued as noted. The surplus arising on the revaluation of the building and plant and machinery during 2010, were credited to capital reserves (see note 21).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

14. INVESTMENTS:

	2023			2022		
	FVTPL	Amortised	Total	FVTPL	Amortised	Total
	£	£	£	£	£	£
Mayberry Investments Limited (US\$)		288	288	(164)	(164)	(164)
Victoria Mutual Buildings Society (US\$ (i))	48,889,977	48,889,977	48,889,977	48,326,568	48,326,568	48,326,568
Victoria Mutual Buildings Society (US\$(i))	2,361,718	2,361,718	2,361,718	2,152,194	2,152,194	2,152,194
Digicel Group 7.125% 2023 Bond (US\$)	50,672	50,672	50,672	33,110	33,110	33,110
Dreamy Rhythms Limited Bond 5% (US)	20,137,000	20,137,000	20,137,000			
Jamaica Money Market Brokers	418,228	418,228	418,228	418,228	418,228	418,228
Jamaica Money Market Brokers - Income and Growth Fund	31,659,196	-	31,659,196	31,385,485	-	31,385,485
	<u>31,659,196</u>	<u>71,857,883</u>	<u>103,517,079</u>	<u>31,385,485</u>	<u>50,929,936</u>	<u>82,315,421</u>
Quoted shares -						
General Accident Insurance Company Jamaica Limited	533,464	-	533,464	453,176	-	453,176
Pan Jam Investment Limited	2,577,750	-	2,577,750	3,064,945	-	3,064,945
NCB Financial Group Limited	1,835,855	-	1,835,855	2,358,174	-	2,358,174
Caribbean Cement Company Limited	803,040	-	803,040	880,476	-	880,476
JMMB Group Limited	587,169	-	587,169	788,823	-	788,823
Wisynco Group Limited	3,204,829	-	3,204,829	3,131,627	-	3,131,627
Seprod Limited	4,110,662	-	4,110,662	3,698,498	-	3,698,498
Kingston Properties Limited	1,726,697	-	1,726,697	1,656,726	-	1,656,726
	<u>15,379,466</u>	<u>-</u>	<u>15,379,466</u>	<u>16,032,445</u>	<u>-</u>	<u>16,032,445</u>
	<u>47,038,662</u>	<u>71,857,883</u>	<u>118,896,545</u>	<u>47,417,930</u>	<u>50,929,936</u>	<u>98,347,866</u>



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

14. INVESTMENTS (CONT'D):

The Victoria Mutual Building Society US\$ investments are held as collateral against loans from the same financial institution that were used to acquire a real estate property to expand the operations of the company (note 13).

15. INTANGIBLE ASSETS:

	<u>2023</u> \$	<u>2022</u> \$
Cost:		
1 October	28,524,342	25,222,485
Additions	<u>981,981</u>	<u>3,301,857</u>
30 September	<u>29,506,323</u>	<u>28,524,342</u>
Amortisation:		
1 October	21,038,817	19,896,606
Charge for the year	<u>1,320,252</u>	<u>1,142,211</u>
30 September	<u>22,359,069</u>	<u>21,038,817</u>
Carrying value at 30 September	<u>7,147,254</u>	<u>7,485,525</u>

16. RIGHT-OF-USE ASSETS:

(a) Right-of-use assets:

	<u>Land & Buildings</u> \$	<u>Motor Vehicles</u> \$	<u>Total</u> \$
At 1 October 2021	3,222,160	-	3,222,160
Additions	28,315,645	31,998,943	60,314,588
Amortisation	<u>(5,056,174)</u>	<u>(2,386,601)</u>	<u>(7,442,775)</u>
At 30 September 2022	26,481,631	29,612,342	56,093,973
Addition	13,106,735	-	13,106,735
Amortisation	<u>(9,108,233)</u>	<u>(8,214,223)</u>	<u>(17,322,456)</u>
Adjustments	<u>(206,746)</u>	<u>-</u>	<u>(206,746)</u>
At 30 September 2023	<u>30,273,387</u>	<u>21,398,119</u>	<u>51,671,506</u>

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

16. RIGHT-OF-USE ASSETS (CONT'D):

(b) Lease liability:

	<u>Land & Buildings</u> \$	<u>Motor Vehicles</u> \$	<u>Total</u> \$
At 1 October 2021	3,481,294	-	3,481,294
Additions	28,315,645	31,998,943	60,314,588
Interest expense	1,045,804	1,329,123	2,374,927
Lease payments	<u>(5,941,280)</u>	<u>(3,681,543)</u>	<u>(9,622,823)</u>
At 30 September 2022	26,901,463	29,646,523	56,547,986
Addition	13,106,735	-	13,106,735
Interest expense	3,694,136	3,513,534	7,207,670
Lease payments	<u>(14,145,607)</u>	<u>(10,716,911)</u>	<u>(24,862,518)</u>
Adjustments	<u>3,958,812</u>	<u>-</u>	<u>3,958,812</u>
At 30 September 2023	33,515,539	22,443,146	55,958,685
Less: current portion	<u>(12,080,884)</u>	<u>(7,904,342)</u>	<u>(19,985,226)</u>
	<u>21,434,655</u>	<u>14,538,804</u>	<u>35,973,459</u>

17. INVENTORIES:

	<u>2023</u> \$	<u>2022</u> \$
Raw materials	169,582,671	158,713,448
Finished goods	2,850,943	4,103,825
Goods in transit	<u>6,004,950</u>	<u>-</u>
	178,438,564	162,817,273
Machinery spare parts	<u>23,876,361</u>	<u>16,528,795</u>
	<u>202,314,925</u>	<u>179,346,068</u>

18. RECEIVABLES:

	<u>2023</u> \$	<u>2022</u> \$
Trade receivables	122,616,216	112,011,954
Provision for expected credit losses	<u>(27,164,288)</u>	<u>(975,418)</u>
Net trade receivables	95,451,928	111,036,536
Prepayments	3,941,388	2,380,527
Other receivables	<u>48,205,778</u>	<u>52,934,573</u>
	<u>147,599,094</u>	<u>166,351,636</u>

Included in trade receivables is \$304,322 (2022: \$118,970) due from a related party in the ordinary course of business (see note 26).



HONEY BUN (1982) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

19. CASH AND CASH EQUIVALENTS:

	<u>2023</u> ₹	<u>2022</u> ₹
Cash and bank balances -		
Cash in hand	549,998	492,663
Bank balances	<u>201,563,435</u>	<u>96,881,849</u>
Short term deposits	<u>202,113,433</u>	<u>97,374,512</u>
	<u>262,668,967</u>	<u>249,541,632</u>
	<u>464,782,400</u>	<u>346,916,144</u>

Reconciliation of movements in cash flows from investing activities. Amounts represent investments at fair value through profit or loss and amortised cost.

	<u>2023</u> ₹	<u>2022</u> ₹
1 October	98,347,866	95,602,465
Increase of investment	20,137,000	-
Fair value movements	(379,268)	(138,783)
Foreign exchange gain	790,947	2,848,509
Interest	-	35,675
	<u>118,896,545</u>	<u>98,347,866</u>

20. SHARE CAPITAL:

	<u>2023</u> ₹	<u>2022</u> ₹
Authorised - 487,500,000 ordinary shares of no par value		
Stated capital - Issued and fully paid - 471,266,950 ordinary shares of no par value	<u>46,514,770</u>	<u>46,514,770</u>

21. CAPITAL RESERVE:

	<u>2023</u> ₹	<u>2022</u> ₹
Revaluation surplus:		
Property, plant and equipment - 2009	33,000	33,000
Property, plant and equipment - 2010	50,109,435	50,109,435
Property, plant and equipment - 2010	21,615,949	21,615,949
Deferred tax on revaluation at 25%	(17,939,596)	(17,939,596)
	<u>53,818,788</u>	<u>53,818,788</u>

Capital reserve comprises revaluation surplus on certain property, plant and equipment (see note 13).

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

22. DEFERRED TAXES:

Deferred taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 25%.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities. The amounts determined after appropriate offsetting are as follows:

	<u>2023</u> ₹	<u>2022</u> ₹
Deferred tax liability	<u>(58,167,544)</u>	<u>(56,561,842)</u>

The movement in deferred tax is as follows:

	<u>2023</u> ₹	<u>2022</u> ₹
Balance at start of year	(56,561,842)	(50,674,475)
Charge to profit or loss (note 11)	<u>(1,605,702)</u>	<u>(5,887,367)</u>
Balance at end of year	<u>(58,167,544)</u>	<u>(56,561,842)</u>

Deferred tax is due to the following temporary differences:

	<u>2023</u> ₹	<u>2022</u> ₹
Accelerated capital allowances	(58,327,960)	(58,152,913)
Interest receivables	(1,473,550)	(534,005)
Accrued vacation leave	1,046,299	1,086,014
Unrealised foreign exchange gain	<u>587,667</u>	<u>1,039,062</u>
	<u>(58,167,544)</u>	<u>(56,561,842)</u>

23. LONG TERM LOANS:

	<u>2023</u> ₹	<u>2022</u> ₹
Victoria Mutual Building Society (VMBS)	12,196,653	15,344,144
Less: current portion	<u>(3,330,002)</u>	<u>(3,147,491)</u>
	<u>8,866,651</u>	<u>12,196,653</u>

This loan is repayable in monthly instalments by February 2027 with fixed interest rate of 5.65% per annum. The primary collateral is a US\$ investment being held with VMBS (note 14).



NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

24.	PAYABLES:	<u>2023</u>	<u>2022</u>	
		\$	\$	
	Trade payables	195,371,961	173,854,921	
	Accrued staff vacation pay	16,402,966	12,217,772	
	Other payables	66,374,543	38,469,367	
	Distributors deposits	<u>831,745</u>	<u>831,903</u>	
		<u>278,981,215</u>	<u>225,373,963</u>	
25.	DIVIDENDS:	<u>2023</u>	<u>2022</u>	
		\$	\$	
	Declared and paid:			
	First interim @ 0.12 (2022: 0.127) per share	56,552,034	59,850,903	
	Final @ 0.04 (2022: 0.028) per share	<u>18,850,678</u>	<u>13,195,475</u>	
	Total dividends to shareholders	<u>75,402,712</u>	<u>73,046,378</u>	

By Board of Directors meeting dated 23 February 2023, dividend payment of \$0.12 per share was approved by the Board.

By Board of Directors meeting dated 7 June 2023, dividend payment of \$0.04 per share was approved by the Board of Directors.

26.	RELATED PARTY TRANSACTIONS AND BALANCES:			
	The statements of financial position and profit or loss and other comprehensive income include balances and transactions arising in the ordinary course of business during the year, with related parties as follows:			
		<u>2023</u>	<u>2022</u>	
		\$	\$	
	Transactions during the year			
	Purchase of goods -			
	Next Incorporation Limited	<u>3,081,165</u>	<u>2,376,570</u>	
	Donations -			
	Honey Bun Foundation	<u>4,000,000</u>	<u>-</u>	
	Year end balances			
	With related company -			
	Due from -			
	Next Incorporation Limited			
	(included in trade receivables)	<u>458,763</u>	<u>534,137</u>	
	Dreamy Rhythms Limited	<u>152,304</u>	<u>-</u>	

NOTES TO THE FINANCIAL STATEMENTS

30 SEPTEMBER 2023

26.	RELATED PARTY TRANSACTIONS AND BALANCES (CONT'D):	<u>2023</u>	<u>2022</u>
		\$	\$
	Key management compensation		
	Key management compensation (included in staff cost - (note 9)		
	Key Management includes directors, (executive and Senior managers) -		
	Salaries and other short-term employee benefits	<u>58,023,550</u>	<u>55,773,044</u>
	Directors' emoluments:		
	Fees	3,923,894	4,496,250
	Management remuneration (included above)	<u>28,958,129</u>	<u>30,418,652</u>



I/We _____ (insert name)

Of _____ (address)

Being a Shareholder(s) of the above-named Company, hereby appoint:

_____ (proxy name)

_____ (address)

Or failing him _____ (alternate proxy name)

Of _____ (address)

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held at 10am on the 6th day of March, 2024, at Courtleigh Hotel & Suites, Somerset Suite, 85 Knutsford Boulevard, Kingston 5 and at any adjournment thereof. I desire this form to be used for/against the resolutions as follows (unless directed the proxy will vote as he sees fit):

No.	RESOLUTION DETAILS	Vote / Tick As Appropriate	
		FOR	AGAINST
1.	To receive and approve the Directors' Report, The Auditors' Report and the Audited Accounts for the year ended September 30, 2023.	<input type="checkbox"/>	<input type="checkbox"/>
2.	To re-appoint Yaneek Page and Wayne Wray, as directors of the Company, who have retired and, being eligible, offer themselves for re-election.	<input type="checkbox"/>	<input type="checkbox"/>
3.	To authorize the Board to fix the remuneration of Directors.	<input type="checkbox"/>	<input type="checkbox"/>
4.	To authorize the Board of Directors to appoint the auditors.	<input type="checkbox"/>	<input type="checkbox"/>
5.	To Authorize the Board of Directors to fix the remuneration of the Auditors of the Company.	<input type="checkbox"/>	<input type="checkbox"/>
6.	To ratify a dividend of \$0.12 per share paid on February 17, 2023, to shareholders on record as at February 3, 2023.	<input type="checkbox"/>	<input type="checkbox"/>
7.	To ratify an interim dividend of \$.04 per share paid on July 5, 2023, to shareholders on record as at June 21, 2023.	<input type="checkbox"/>	<input type="checkbox"/>

Unless otherwise directed the proxy will vote as he thinks fit.

NOTES:

- When completed, this form must be received by the Registrar of the Company at the address given below, not less than forty-eight (48) hours before the time for holding the meeting.
- The Proxy Form should bear stamp duty of \$100.00 which may be adhesive and duly cancelled by the person signing the proxy form.
- If the appointer is a Corporation, this Form of Proxy must be executed under its common seal or under the hand of an officer or attorney duly authorized in writing.

Send to:

The Registrar and Transfer Agent
Jamaica Central Securities Depository
40 Harbour Street
Kingston
Jamaica, W.I.





Deputy CEO of Honey Bun (1982) Limited, Daniel Chong (*right*) accepted the Junior Market Corporate Disclosure & Investor Relations WINNER award.

Honey Bun's Corporate Secretary, Paula Graham-Haynes (*middle*), and Marketing Manager, Loriann Tater (*right*), both accepted the top award for JSE/PSOJ Corporate Governance.