This Prospectus is dated as of Tuesday 3rd May 2011. A copy of this Prospectus was delivered to the Registrar of Companies for registration pursuant to section 40(2) of the Companies Act, 2004 and was so registered on Tuesday 3rd May 2011. The Registrar of Companies accepts no responsibility whatsoever for the contents of this Prospectus. A copy of this Prospectus was also delivered to the Financial Services Commission ("FSC") for the purposes of the registration of the Company as issuer pursuant to section 26 of the Securities Act and the Company was so registered on Tuesday 3rd May 2011. The FSC has not approved the shares for which subscription is invited nor has the FSC passed upon the accuracy or adequacy of this Prospectus.

Honey Bun (1982) Limited

26 Retirement Crescent, Kingston 5, Jamaica
Telephone (876) 960-9851 or 960-9852
Website: www.honeybunja.com

Invitation For Subscription

Up to 18,750,000 Ordinary Shares at the Invitation Price of $3 per Share

Up to 9,375,000 million Shares in the Invitation (the "Reserved Shares") are initially reserved for priority application from, and subscription by, the following persons: (1) up to 8,637,500 Reserved Shares for non - executive directors, senior managers, employees, and contracted staff of the Company (the "Company Applicants"), as follows: (a) up to 200,000 Shares in blocks of 200 only at the discounted price of $1 per Reserved Share and $200 per block (limit one block per Applicant) and (b) up to 8,437,500 Shares on the basis of seniority at the discounted price of $2.40, and (2) 737,500 Shares for key distributors of the Company (the "Key Partners"), at the Invitation Price. If any of the Reserved Shares are not subscribed they will be available for subscription by other priority applicants (namely, the Company Applicants and Key Partners) and thereafter, they will become available for subscription by the general public. See Section 6.5 of this Prospectus for terms and conditions.

An Application for use by both Company Applicants and the general public is provided at the end of this Prospectus together with notes on how to complete it. The subscription list for the Shares will open at 9:00 a.m. on the Opening Date, Wednesday 11th May 2011. Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date. The subscription list for the Shares will close at 4:30 p.m. on the Closing Date, Wednesday 18th May 2011 subject to the right of the Company to: (a) close the subscription list at any time after it opens on 9:00 a.m. on the Opening Date once the issue is fully subscribed and (b) extend the Closing Date for any reason.

In the case of an early closing of the subscription list, or an extension to the Closing Date, notice will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com). It is the intention of the Company to apply to the JSE for admission of the Shares to the Junior Market. The application to the JSE is dependent on the Company's ability to (i) raise at least $50 million as a result of the Invitation and (ii) meet the criteria for admission. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted to the Junior Market of the JSE. If, however, the Invitation is not fully subscribed and the Company does not raise at least $50 million as a result of it, the Company will not make application for the Shares to be admitted to the Junior Market of the JSE and all payments for Shares received from Applicants will be returned (or refunded) to the persons making them.

SHARE CAPITAL

Authorised	97,500,000 Shares
Maximum to be issued fully paid assuming:	18,750,000 Shares

(1) all 9,375,000 Shares are subscribed by the general public
(2) all 9,375,000 Reserved Shares are subscribed by the Company Applicants and the Key Partners:

• 8,437,500 Reserved Shares at the discounted price of $2.40 each	J$ 20,250,000
• 200,000 Reserved Shares at the discounted price of $1 each	J$ 200,000
• 737,500 Reserved Shares at the Invitation Price of $3 each	J$ 2,212,500
• 9,375,000 Shares for the general public at the Invitation Price of $3 each	J$ 28,125,000
• Total Consideration	J$ 50,787,500

Table of Contents

Section 1 Important Disclaimers

Responsibility for the Contents of this Prospectus

This Prospectus has been reviewed and approved by the Board of Directors of the Company. The Directors of the Company whose names appear in Section 8 of this Prospectus are the persons responsible (both individually and collectively) for the information contained in it. To the best of the knowledge and belief of the Directors, who have taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and no information has been omitted which is likely to materially affect the import of information contained herein.

Contents of this Prospectus

This Prospectus contains important information for prospective investors in the Company. All prospective investors should read this Prospectus carefully in its entirety before submitting an Application.

This Prospectus also contains summaries of certain documents, which the Board of Directors of the Company believes are accurate. Prospective investors may wish to inspect the actual documents that are summarized, copies of which will be available for inspection as described in Section 15. Any summaries of such documents appearing in this Prospectus are qualified in their entirety by reference to the complete document.

The publication of this Prospectus shall not imply that there has been no change in the business, results of operations, financial condition or prospects of the Company since the date of this Prospectus. No person is authorised to provide information or to make any representation whatsoever in connection with this Prospectus, which is not contained in this Prospectus.

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination as to the accuracy or adequacy of the matters contained in this Prospectus.

The Invitation is made to Jamaican Residents in Jamaica Only

This Prospectus is intended for use in Jamaica only and is not to be construed as making an invitation to persons outside of Jamaica to subscribe for any Shares. The distribution or publication of this Prospectus and the making of the invitation in certain jurisdictions outside of Jamaica is prohibited by law.

Application to Subscribe for Shares

This Prospectus is not a recommendation by the Company that prospective investors should submit Applications to subscribe for Shares in the Company. Prospective investors in the Company are expected to make their own assessment of the Company, and the merits and risks of subscribing for Shares. Prospective investors are also expected to seek appropriate advice on the financial and legal implications of subscribing for Shares, including but not limited to any tax implications. Each Applicant who submits an Application acknowledges and agrees that:

(1) he/she has been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in section 6.5), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;

(2) he/she has not relied on the Company or any other persons in connection with his/her investigation of the accuracy of such information or his/her investment decision; and

(3) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained in this Prospectus, on which the Applicant has relied in submitting his/her Application.

Section 2 Summary of Key Information on the Invitation

Issuer:	HONEY BUN (1982) LIMITED
Securities:	UP TO 18,750,000 ORDINARY SHARES inclusive of 9,375,000 Reserved Shares*
Invitation Price:	$3 PER SHARE PAYABLE IN FULL ON DELIVERY OF AN APPLICATION (Applicants for Reserved Shares see * below).
	SEE APPENDIX 1 OF THIS PROSPECTUS
Application:	SEE SECTION 6.5 OF THIS PROSPECTUS
Terms and Conditions:	
Payment Method:	(1) MANAGER'S CHEQUE PAYABLE TO "MAYBERRY INVESTMENTS LIMITED" or (2) CLEARED FUNDS HELD IN MAYBERRY INVESTMENTS LIMITED ACCOUNT. ABSOLUTELY NO CASH PAYMENTS WILL BE ACCEPTED.
Timetable of Key Dates:	PUBLICATION OF PROSPECTUS: Tuesday 3rd May 2011 OPENING DATE: 9:00 a.m. Wednesday 11th May 2011 CLOSING DATE (see ** below): 4:30 p.m. Wednesday 18th May 2011
	EARLY APPLICATIONS MAY BE SUBMITTED. Any such Applications will be received, but not processed until the Opening Date. All early Applications will be treated as having been received at the same time, being 9:00 a.m. on the Opening Date. All other Applications will be received and processed on a first come, first served basis.
	CONFIRMATION OF BASIS OF SHARE ALLOTMENTS: All Applicants may refer to the notice that will be posted on the website of the Jamaica Stock Exchange (www.jamstockex.com) 3 business days after the Closing Date (or the shortened or extended Closing Date ***).
	RETURNED APPLICATIONS/REFUND CHEQUES: Available for collection from Mayberry Investments Limited, 1½ Oxford Road, Kingston 5, 7 business days after the Closing Date (or the shortened or extended Closing Date).
	FINAL ALLOTMENT OF SHARES AND ADMISSION TO JUNIOR MARKET OF JSE. Within 3 to 4 weeks of the Closing Date (or the shortened or extended Closing Date. See *** below).

* Up to 9,375,000 million Shares in the Invitation (the "Reserved Shares") are initially reserved for priority application from, and subscription by, the following persons: (1) up to 8,637,500 Reserved Shares for non - executive directors, senior managers, employees, and contractted staff of the Company (the "Company Applicants"), as follows: (a) up to 200,000 Shares in blocks of 200 only at the discounted price of $1 per Reserved Share or $200 per block (limit one block per Applicant) and (b) up to 8,437,500 Shares on the basis of seniority at the discounted price of $2.40, and (2) 737,500 Shares for key distributors of the Company (the "Key Partners"), at the Invitation Price. If any of the Reserved Shares are not subscribed they will be offered to other priority applicants and thereafter, they will become available for subscription by the general public. See Section 6.5 of this Prospectus for terms and conditions.

** An Application for use by both Company Applicants and the general public is provided at the end of this Prospectus together with notes on how to complete it. The subscription list for the Shares will open at 9:00 a.m. on the Opening Date, Wednesday 11th May 2011. Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date. The subscription list for the Shares will close at 4:30 p.m. on the Closing Date, Wednesday 18th May 2011 subject to the right of the Company to: (a) close the subscription list at any time after it opens on 9:00 a.m. on the Opening Date once the issue is fully subscribed and (b) extend the Closing Date for any reason.

***In the case of an early closing or an extension to the Closing Date, notice will be posted on www.jamstockex.com. It is the intention of the Company to apply to the JSE for admission of the Shares to the Junior Market. The application to the JSE is dependent on the Company's ability to (i) raise at least $50 million as a result of the Invitation and (ii) meet the criteria for admission. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted to the Junior Market of the JSE. If, however, the Invitation is not fully subscribed by the Closing Date and the Company does not raise at least $50 million as a result of it, the Company will not make application for the Shares to be admitted to the Junior Market of the JSE and all payments will be returned (or refunded) to the Applicants making them.

Section 3: Letter to Prospective Investors

Honey Bun (1982) Limited

26 Retirement Crescent, Kingston 5, Saint Andrew, Jamaica Telephone (876) 960-9851/2
Website www.honeybunja.com

Tuesday 3rd May 2011

Dear Prospective Investors,

We are pleased to invite you to apply to subscribe for 18,750,000 Shares in the capital of the Company on the terms set out in this Prospectus.

The Company

The Company is a producer of baked goods and snack products. The Honey Bun product line includes donuts, cinnamon rolls, snack cakes, raisin breads, cheese breads, and its spiced buns with injected soft cheese - the first such products in Jamaica. The product line is distributed across Jamaica in supermarkets, small retail outlets, schools and service stations.

The Company also exports certain of its products, namely its Honey Bun brand Easter buns and its Buccaneer brand rum cakes, to the U.S., U.K., and the larger Caribbean. The Buccaneer brand of rum and fruit cakes was developed under a 'Brand Jamaica' strategy for the local and export markets.

The Company was founded by Herbert and Michelle Chong in 1982 following their purchase of 2 small Kingston-based bakery outlets. At first, the Company had only a handful of employees and since then, it has grown to employ a professional management team including members of the next generation of the Chong family and over 180 committed permanent employees, sustaining growth while committing to meet stringent international quality standards for its processes. Currently, the Company's baking and distribution facilities are capable of operating 24 hours a day, 7 days a week to produce its freshly baked products.

The Company is the recipient of many awards, including the Jamaica Exporters Association Chairman's Award 2008 which recognised the level of the Company's exports to the U.S. The Directors aim for the Company to be competitive and profitable on a local and international scale, while also creating opportunities for investment in people and maintaining strong relationships with its direct stakeholders and the wider community.

In implementing its strategic plans for growth the Company is committed to remaining a proud Jamaican company, with strong corporate governance aims and community values, as the Directors consider that this has driven the Company's competitive advantage thus far.

The Invitation and Reserved Shares

The Company is seeking to raise $50.8 million by inviting Applications for up to 18,750,000 Shares at the Invitation Price of $3 per Share. Of those Shares, 9,375,000 Shares are initially available for subscription by members of the general public, and we are pleased to offer up to 8,637,500 Reserved Shares at discounted prices to our Company Applicants (being the non executive directors, senior managers, employees and contracted staff), and up to 737,500 Reserved Shares at the Invitation Price to our Key Partners, each of whom have contributed so much to our success over the years. If any of the Reserved Shares are not subscribed by those individuals, they will become available for subscription by other priority applicants (namely, the Company Applicants and the Key Partners) and thereafter, they will

also become available for subscription by the general public.

An Application for use by both Reserved Share Applicants and the general public is provided at the end of this Prospectus together with notes on how to complete it. The subscription list for the Shares will open at 9:00 a.m. on the Opening Date, Wednesday 11th May 2011. Applications submitted prior to the Opening Date will be received, but not processed until the Opening Date. The subscription list for the Shares will close at 4:30 p.m. on the Closing Date, Wednesday 18th May 2011 subject to the right of the Company to: (a) close the subscription list at any time after it opens on 9:00 a.m. on the Opening Date once the issue is fully subscribed and (b) extend the Closing Date for any reason. It is the intention of the Company to apply for admission of the Shares to the Junior Market of the JSE. The outcome of the application is dependent on (amongst other things) the Company's ability to (i) raise at least $50 million as a result of the Invitation and (ii) meet the criteria for admission set out in the Junior Market Rules. Please note that this statement of the Company's intention is not a guarantee that the Shares will in fact be admitted to the Junior Market of the JSE. If, however, the Invitation is not fully subscribed and the Company does not raise $50 million as a result, the Company will not make application for the Shares to be admitted to the Junior Market of the JSE and all payments received for Shares will be returned or refunded to the Applicants making them. Similarly, if after application for listing the Shares are not admitted to trading all payments received for Shares will be returned or refunded to the relevant Applicants. See the terms and conditions set out in Section 6.5.

Benefits of listing on the Junior Market of the Jamaica Stock Exchange

The Directors of the Company believe that a Junior Market listing will enable it to take advantage of a special concessionary tax regime, provided that the Company remains listed on the JSE's Junior Market and/or Main Market for 15 years. In its first 5 years on the Junior Market, the Company will not be liable to pay any corporate income tax. In years 6 to 10 on the Junior Market, the Company will only be liable to pay corporate income tax at half the usual rate. See Section 7.5 and Section 14.2 of this Prospectus for further details of the concessionary tax regime for Junior Market Companies.

Use of Proceeds

The Company intends to use the proceeds of the Invitation for working capital purposes including, but not limited to, the following:

- Product development and process improvement
- Increased investment in its Company – owned distribution capabilities inclusive of specialised software and capital equipment
- Payment of the expenses of the Invitation which, the Company estimates, will not exceed $7.5 million (inclusive of brokerage and financial advisory fees, legal fees, auditors' fees, Companies Registrar's fees, initial fees and GCT). The Directors currently consider that these expenses will be accounted for as a deduction from the proceeds of issue and will not be charged against the results of operations of the Group, in accordance with the Companies Act.

Dividend Policy

If the Company gains admission to the Junior Market of the JSE the Directors intend to pay an annual dividend of not less than 20% of net profits available for distribution, subject to the need for reinvestment in the Company from time to time.

How to make an Application for Shares

Those investors who are interested in subscribing for Shares should read this Prospectus in its entirety and the full terms and conditions of the Invitation set out in Section 6.5, and then complete the Application set out in Appendix 1.

We hope that prospective investors will join the Company in this exciting new phase of its development.

On behalf of the Company,

Herbert Chong
Chairman

Michelle Chong
Chief Executive Officer


BUCCANEER
J·A·M·A·I·C·A
A rich buttery Rum Cake
soaked in world famous Jamaican
Rum
PRODUCT OF JAMAIC

Section 4 Definitions Used in this Prospectus

Act	means the Companies Act, 2004
Allotment	means the allotment of the Shares to successful Applicants by the Company
Applicant	means a person (being an individual or a body corporate resident in Jamaica, whether a Reserved Share Applicant or a member of the general public) who submits an Application
Application	means the form of application to be used by all Applicants who wish to make an offer to subscribe for Shares in the Invitation, which is set out in Appendix 1
Articles of Incorporation	means the Articles of Incorporation of the Company adopted by the shareholders of the Company as of Wednesday 13th April 2011 together with any amendments thereto
Auditors' Report	means the report of McKenley & Associates, Chartered Accountants dated Tuesday 3rd May 2011 set out in Section 11 that precedes the Historical Financial Information
Board of Directors	means the Board of Directors of the Company, details of which are set out in Section 8 of this Prospectus
Company	means Honey Bun (1982) Limited, a company incorporated in Jamaica (number 22734) with its registered office at 26 Retirement Crescent, Kingston 5, Saint Andrew, Jamaica
Company Applicant(s)	means the non executive directors, senior managers, employees, and contracted staff of the Company
Closing Date	means the date on which the subscription list in respect of the Invitation closes, being 4:30 p.m. on Wednesday 18th May 2011, subject to the right of the Company to shorten or extend the period in the circumstances set out in this Prospectus
Director(s)	means a director of the Company
Forward looking statement(s)	means the forward looking statements referred to in Section 5 of this Prospectus
FSC	means the Financial Services Commission of Jamaica
Historical Financial Information	means the figures set out in Section 11 including those extracted from the financial statements of the Company as audited by McKenley & Associates, Chartered Accountants for each of the financial reporting periods ended 30 September in the years 2006 to 2010 inclusive, and the Unaudited Financial Information
Invitation	means the invitation to subscribe for 18,750,000 Shares in the capital of the Company on the terms and conditions set out in this Prospectus
Invitation Price	means $3 per Share

JSE	means the Jamaica Stock Exchange
Junior Market	means the Junior Market of the JSE
Key Partners	means the key distributors of the Company
Mayberry	means Mayberry Investments Limited of 1 ½ Oxford Road, Kingston 5, Saint Andrew, the financial adviser and sole broker to the Company in the Invitation
Mentor	means Sushil Jain, the Mentor of the Company required to be appointed under the rules of the Junior Market
Opening Date	means the date on which the subscription list in respect of the Invitation opens, being 9:00 a.m. on Wednesday 11th May 2011
Reserved Share(s)	means the 9,375,000 shares in the Invitation that are reserved for priority application from, and subscription by, the Company Applicants and Key Partners on the terms and conditions set out in section 6.5 of this Prospectus
Reserved Share Price(s)	means the discounted price of either $1 (in the case of the 200,000 Reserved Shares to be allotted in blocks of 200 shares per Company Applicant only) or $2.40 per Share (in the case of the 8,437,500 Reserved Shares for Company Applicants) or the Invitation Price (in the case of the 737,500 Reserved Shares to be allotted to Key Partners)
Prospectus	means this document dated as of Tuesday 3rd May 2011, which constitutes a prospectus for the purposes of the Companies Act, 2004 and the Securities Act
Share(s)	means the ordinary shares in the capital of the Company inclusive of the 18,750,000 Shares that are offered for subscription in the Invitation on the terms and conditions set out in this Prospectus and the expression "Shares" shall include Reserved Shares where the context so requires
Shareholder(s)	means holders of the Shares
terms and conditions	means the terms and conditions of the Invitation set out in Section 6.5 of this Prospectus
Unaudited Financial Information	means the unaudited financial information of the Company for the three month period ended 31st December 2010 and the comparative financial information for the three month period ended 31st December 2009
$	means the Jamaican dollar unless otherwise indicated

Section 5 Disclaimer: Forward Looking Statements

Save for the Historical Financial Information contained in this Prospectus, certain matters discussed in this Prospectus contain forward-looking statements including but not limited to statements of expectations, future plans or future prospects, and financial projections. Forward-looking statements are statements that are not about historical facts and speak only as of the date they are made. Although the Directors believe that in making any such statements its expectations are based on reasonable assumptions, such statements may be influenced by factors that could cause actual outcomes and results to be materially different from those projected. Prospective investors in the Company are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the dates on which they have been made. Future events or circumstances could cause actual results to differ materially from historical or anticipated results.

When used in this Prospectus, the words "anticipates", "believes", "expects", "intends" and similar expressions, as they relate to the Company, are intended to identify those forward-looking statements. These forward-looking statements are subject to numerous risks and uncertainties. Once this Prospectus has been signed by or on behalf of the Company, and prior to the admission of the Company to the Junior Market of the JSE, the Company undertakes no obligation to update publicly or revise any of the forward-looking statements in light of new information or future events, including changes in the Company's financial or regulatory position, or to reflect the occurrence of unanticipated events (subject to any legal or regulatory requirements for such disclosure to be made). There are important factors that could cause actual results to differ materially from those in forward-looking statements, certain of which are beyond the Company's control. These factors include, without limitation, the following:

- economic, social and other conditions prevailing both within and outside of Jamaica, including actual rates of growth of the Jamaican and regional economies, instability, high domestic interest rates or exchange rate volatility
- adverse climatic events and natural disasters
- unfavourable market receptiveness to new products
- changes in any legislation or policy adversely affecting the revenues or expenses of the Company
- any other factor negatively impacting on the realization of the assumptions on which the Company's financial projections are based
- other factors identified in this Prospectus
- factors as yet unknown to the Company

Neither the FSC nor any Government agency or regulatory authority in Jamaica has made any determination on the accuracy or adequacy of the matters contained in this Prospectus.

Section 6 The Invitation

6.1 General Information

The Company is seeking to raise $50.8 million from subscriptions for up to 18,750,000 Shares in the Invitation by the general public at the Invitation Price of $3 a Share. A total of up to 9,375,000 Shares have been initially reserved for subscription by the general public, while up to 8,637,500 Shares have been initially reserved for subscription by the Company Applicants at discounted prices, and 737,500 Shares have been initially reserved for subscription by the Key Partners at the Invitation Price. If any of the Reserved Shares are not subscribed by the Company Applicants, they will then be made available for subscription by the general public.

Assuming that all 18,750,000 Shares are taken up by investors, the Company will make application to the JSE for the Shares to be admitted to the Junior Market. If the application is successful, it is anticipated that the Shares will be admitted to trading within three to four weeks of the Closing Date (or the shortened or extended Closing Date, as the case may be). In the event that the Company does not raise $50 million, and/or the Shares are not admitted to trade on the Junior Market of the JSE, all payments for Shares made by Applicants will be returned or refunded.

Prospective investors should read this Prospectus carefully. Those prospective investors who wish to subscribe for Shares should review the full terms and conditions of the Invitation set out in Section 6.5 before completing the Application set out in Appendix 1.

6.2 Minimum Fundraising

For the purposes of the requirement for disclosure set out in section 48 of the Companies Act, the minimum amount which, in the opinion of the Directors, must be received by the Company as a result of the subscription of its Shares in the Invitation in order to provide for the matters set out in paragraph two of the Third Schedule to the Act is $50 million.

6.3. Use of Proceeds

The Company intends to use the proceeds of the Invitation for working capital purposes including, but not limited to, the following:

- Product development and process improvement
- Increased investment in its Company – owned distribution capabilities inclusive of specialised software and capital equipment
- Payment of the expenses of the Invitation which, the Company estimates, will not exceed $7.5 million (inclusive of brokerage and financial advisory fees, legal fees, auditors' fees, Companies Registrar's fees, initial fees and GCT). The Directors currently consider that these expenses will be accounted for as a deduction from the proceeds of issue and will not be charged against the results of operations of the Group, in accordance with the Companies Act.

6.4 Key Dates

An Application for use by all Applicants, including Company Applicants and the general public, is provided at the end of this Prospectus together with notes on how to complete it. The subscription list will open at 9:00 a.m. on the Opening Date, Wednesday 11th May 2011 and will close at 4:30 p.m. on the Closing Date, Wednesday 18th May 2011 subject to the right of the Company to: (a) close the subscription list at any time after 9:00 a.m. on the Opening Date once the issue is fully subscribed and (b) to shorten or extend the Closing Date for any reason. In either case the Company will arrange for a notice to be posted on the website of the JSE (www.jamstockex.com). It is the intention of the Company to apply to the

JSE for admission of the Shares to the Junior Market. The application is dependent on the Company's ability to (i) raise at least $50 million as a result of the Invitation and (ii) meet the criteria for admission. If such application is made and it is successful the Company expects the Shares to be admitted to trading on the Junior Market of the JSE within three to four weeks of the Closing Date (or the shortened or extended Closing Date, as the case may be) and for dealings to commence on that date. In the event that the Shares are not admitted to trading on the on the Junior Market of the JSE all payments for Shares received by the Company will be returned or refunded to the Applicants making them.

6.5 Terms and Conditions for Applicants

1. All Applicants (whether Company Applicants, Key Partners, or members of the general public) must submit the Application provided at Appendix 1 to this Prospectus.

2. Company Applicants and Key Partners must specify their status on the Application and provide reasonably verifiable proof of their identity. Up to 737,500 Reserved Shares will be allotted to Key Partners on a first come, first served basis. Up to 200,000 Reserved Shares will be allotted to Company Applicants in blocks of 200 only (limit one block per Company Applicant) and up to 8,437,500 Reserved Shares will be allotted to the Company Applicants on the basis of seniority. Any Reserved Shares not applied for will become available for subscription by other priority applicants (namely, the Company Applicants and the Key Partners) and thereafter, any remaining Reserved Shares will become available for subscription by the general public. For information on Reserved Share Prices see paragraph 6 below.

3. All Applicants will be deemed to have accepted the terms and conditions of the Invitation and any other terms and conditions set out in this Prospectus, including any terms and conditions set out in this Section 6 and Appendix 1.

4. Each Applicant acknowledges and agrees that:

   (a) he/she has been afforded a meaningful opportunity to review this Prospectus (including the terms and conditions in this Section 6.5), and to gather and review all additional information considered by him/her to be necessary to verify the accuracy of the information contained in this Prospectus;

   (b) he/she has not relied on any person other than the Company and the Directors, each of whom have individual and collective responsibility for the contents of this Prospectus, in connection with his/her investigation of the accuracy of such information or his/her investment decision; and

   (c) no person connected with the Company has made any representation concerning the Company or this Prospectus not contained herein, on which the Applicant has relied in submitting his/her Application.

5. Applications from the general public must request a minimum of 1000 Shares and be made in multiples of 1000. Applications in other denominations will not be processed or accepted.

6. All Applications together with payment for the Shares in the form of either:

   (a) a manager's cheque made payable to "**Mayberry Investments Limited"**, or

   (b) authorization from the Applicant on the Application, instructing Mayberry to make payment from cleared funds held in an investment account in the Applicant's name at Mayberry.

   All completed Application Forms must be delivered to Mayberry at 1 ½ Oxford Road, Kingston

5, Saint Andrew.

All Shares save for the Reserved Shares for Company Applicants are priced at the Invitation Price of $3 per Share. The Reserved Shares for allotment to Company Applicants are priced at $1 per Share (in the case of the 200,000 Reserved Shares that are to be allotted in blocks of 200 only, at a price of $200 per block, limit one per Company Applicant) or $2.40 per Share (in the case of the remainder of 8,437,500 Reserved Shares for Company Applicants).

7. **Applications submitted to Mayberry in advance of the Opening Date will be received and checked for completeness, but not processed. All such advance Applications will be treated as having been received at 9:00 a.m. on the Opening Date, Wednesday 11th May 2011. All Applications received from 9:00 a.m. onwards on the Opening Date will be time stamped for processing in the order in which they were received and dealt with in that same order (e.g. on a first come first served basis).**

8. The Company may:

   (a) accept or reject any Application in whole or part without giving reasons, and neither the Company nor its Directors or agents shall be liable to any Applicant or any other person for doing so; and

   (b) allot Shares to Applicants on a basis to be determined by it in its sole discretion. Multiple Applications by any person (whether in individual or joint names) may be treated as a single Application.

9. Neither the submission of an Application by an Applicant nor its receipt by the Company will result in a binding contract between the Applicant and the Company. Only the allotment of Shares by the Company to an Applicant (whether such Shares represent all or part of those specified by the Applicant in his/her Application) will result in a binding contract under which the Applicant will be deemed to have agreed to subscribe for the number of allotted Shares, subject to the Articles of Incorporation of the Company and the terms and conditions set out in this Section 6.5 and the Prospectus generally.

10. If the Invitation is successful in raising at least $50 million and the Shares are admitted to trade on the Junior Market of the JSE, Applicants will be allotted Shares for credit to their account in the Jamaica Central Securities Depository specified in their Applications. Applicants may refer to the notice that will be posted on the website of the JSE **(www.jamstockex.com)** after the Closing Date (or the shortened or extended Closing Date, as the case may be). Applicants who wish to receive share certificates must make a specific request to the Jamaica Central Securities Depository. In the event that Company does not raise at least $50 million and/or the Shares are not admitted to trade on the on the Junior Market of the JSE, all payments for Shares received from Applicants will be returned or refunded to the persons making them. Please note that the Company does not guarantee admission of the Shares to the Junior Market of the JSE.

11. The Company will endeavour to return cheques or make refunds to Applicants whose Applications are not accepted, or whose Applications are only accepted in part, to Mayberry within seven working days after the Closing Date (or the shortened or extended Closing Date, as the case may be) or as soon as practicable thereafter. Each Applicant's returned cheque or refund cheque will be sent to Mayberry for collection by the Applicant (or the first-named joint Applicant) stated in the Application. Any other persons purporting to collect a cheque on behalf of an Applicant must be authorised in writing to do so.

12. Applicants must be at least 18 years old.

Section 7 Information about the Company

7.1 The Company, its History, and Strategic Goals

In May 1982 the founders of the Company, Herbert and Michelle Chong, purchased a small bakery that operated at both Premier Plaza and Spanish Court in Kingston. Due to relatively high rental costs as against sales in the early 1990s and a decline in the Jamaican dollar as against US currency, the family made a strategic decision to move the operations of the Company out of retail baking, into wholesale. The Company purchased new baking equipment in 1989 that was capable of making boxed donuts, its leading product at the time. The new operations started in 1990 and increased the turnover of the Company.

In 1992, the Company began to manufacture single serving packaged donut products, and it also expanded into snack cakes and began to distribute to supermarkets in Kingston and other outlets across the island. At that time, other local bakeries and baked goods manufacturers were packaging their products in tied cellophane bag packaging. In order to distinguish itself, the Company made a strategic decision to package its own products in polypropylene with branded label stickers, and the Directors consider that this gave (and contines to give) the Company's products an appearance that is more consistent with leading foreign products of a similar nature, and an added perception of quality.

In 1996, the Company began working closely with local agency JAMPRO with a view to developing its export strategy. This resulted in the production of the 'Buccaneer Jamaica' rum and fruit cakes and Easter buns. In 2000 the Company commenced to implement international standards of operation and food safety in order to benchmark their operation against those of international baked goods producers, and to take steps towards qualifying for the Hazard Analysis and Critical Control Points ("HACCP") international certification program.

In 2005, the Company purchased a property at Retirement Crescent and automated production equipment for its donut lines, and its exports of buns and cakes to the UK and USA also began to increase. In 2009, the Company installed its first food safety metal detector and completed its HACCP pre-certification audit. The Company now has the infrastructure to enable it to operate on a 3 shift basis during peak demand times, and its acquisition of further equipment in 2010 has caused it to outgrow the space at Retirement Crescent. As a result, the Company took on additional premises to support the Retirement Crescent plant by re-commissioning a previous location which it rents at East Street in downtown Kingston.

In 2007 and 2008, the Company also implemented and carried out a re-branding strategy in order to maximise the "shelf impact" of its products on customers. The Directors were of the view that other locally produced single serving baked goods featured rudimentary packaging and they believed that the Company could differentiate its wares by introducing professionally designed packages featuring (amongst other things) helpful serving suggestions and "sell– by" dates. The Directors believe, based on the results of an independent survey commissioned by the Company and sales figures, that the response to the re-branding effort has been positive.

The Company is currently in the process of taking over the distribution routes that were operated by certain of its former contractors, in order to eliminate its credit risk exposures to them. It is also implementing specialised systems with a view to making its distribution efforts more efficient. In the meantime, the Company maintains its relationships with certain key partners who distribute products on its behalf across the island. The Company is also seeking to improve its operational efficiency and is currently making plans to utilise its new equipment for further development of its existing product range.

7.2 Products and Markets

Single Serving Products

The Company currently produces the following Honey Bun branded single serving size packaged baked products. These are pitched as affordable, quality snacks that are suitable for those with busy life styles. The range features two main product types: a breads line which is marketed as a meal substitute or filling snack, inclusive of cheese breads, cheese buns, cinnamon rolls, and raisin breads, and a sweet line which is marketed as a snack, inclusive of donuts, cup cakes, and pineapple cakes.

Honey Bun Spiced 'Bun' and Buccaneer Rum Cakes

The Company produces the Honey Bun branded traditional Jamaican Easter spiced 'bun' and also, Buccaneer rum cake which boasts premium packaging, high quality ingredients, and comprises various sizes of Rum and Fruit cakes.

Seasonality

The business of the Company is subject to some seasonal fluctuation. In particular, sales of its packaged spiced 'bun' are, on average, approximately 80% higher around the Easter season, when it is traditionally eaten in Jamaica and in the Caribbean diaspora. Sales of the Company's single serving baked products also decline by an average of approximately 20% during school holidays.

Approximate market share and competition

In 2008 the Company commissioned a market survey from a firm of local independent consultants. Its primary objective in doing so was to gain an understanding of the local baked goods market, particularly in terms of consumers' purchasing habits and their perceptions of the Honey Bun brand and its various offerings.

The survey made enquiries of 300 persons aged between 12 and 65 years who were intercepted in central locations in which more than 70% of the Jamaican population reside. Data was collected in face-to-face interviews by trained interviewers using a structured questionnaire who were also supervised for control purposes. Amongst other conclusions, Honey Bun emerged as dominant in 4 of the 6 segments of the baked goods market in which it participates.

The Company used the information it obtained from the study to guide its further development, and in particular, to address stock shortages at key locations and to build out its new in-house distribution strategy to support its efforts. It also began to invest in targeted marketing efforts designed to give its brand a contemporary image.

7.3 People

The Company was founded by Herbert Chong and Michelle Chong, who are still active in the direction of the Company as Chairman and Chief Executive Officer, respectively.

At inception, the Company employed a handful of employees at 2 bakery shops in Kingston. As it grew, the Company took on strategic business advisers Paul Moses and Dr. Blossom O' Meally Nelson who assisted the directors to focus on continuous improvement during a period of rapid change. In 2005, the directors also took steps to engage a professional management team and to implement training initiatives for staff generally. In 2007, the Company hired United States national Brent Sexton, whose experience in managing a similar factory in the USA assisted him to implement initiatives to improve overall operational efficiency at the premises of the Company. In 2008, the Company also hired Paulette Brown who has experience in the baking industry and with the Bakers Association, a lobby group for the local baking industry. Ms. Brown manages 3 shifts of over 100 workers and is responsible for maintaining a disciplined work environment. In 2009, the Company also established a relationship with a U.S. based bakery consultant, Alan Stewart, who works closely on product development with leading brands such as Sara Lee, and KFC International.

In 1997 Michelle Chong received a scholarship from the Swedish International Development Corporation which entitled her to participate in a one year course of study on manufacturing processes in that country together with 26 other international scholarship recipients. She documented her Swedish experience in a report entitled, "How to Improve Production for Competitiveness" after gaining knowledge of factories and automated processes in the first world, including those of Volvo. On returning to Jamaica, Mrs. Chong also completed and implemented a successful profitability case study at the Company and thereafter, she was selected to participate in further training program in Costa Rica sponsored by the same Swedish institution.

Mrs. Chong has also qualified as a HACCP consultant and, under her guidance, the Company has completed a pre-certification audit, a Good Manufacturing Program that follows certain international food safety standards, and features both internal and external audits.

The next generation of Chongs participating in the direction of the Company includes Chief Marketing Officer Krystal Chong, who joined in 2007 following attainment of her Bachelor's degree at McGill University in Canada. Krystal was responsible for developing and implementing a re-branding and marketing strategy launched by the Company in 2007 and 2008 and she currently has oversight of all marketing and business development programs. Daniel Chong joined in 2010 as Chief Operations Officer after qualifying as an engineer and gaining foreign work experience. Daniel has responsibility for carrying out new strategic plans, including the implementation of a commission - based pay structure and he also has responsibility for the the Company's in – house distribution routes and related specialist systems, which are able to account for all finished goods in the distribution chain.

The Company is also supported by some 100 or more independent contracted staff provided by the Caribbean Applied Technology Centre based in Trenchtown, downtown Kingston. The Centre provides youth employment and training opportunities to local residents, with overall aims of sustainable community building. The Directors are proud to support the Centre and they are of the view that the contract between it and the Company offers flexibility and a dependable supply of trained labour for the purposes of its operations.

7.4 Mission Statement

The Company is proud to be Jamaican. It also wants its customers to be proud to be Jamaicans when they compare its locally produced products to those produced by competitors abroad. Its mission statement, which is used to develop strategic business and outreach plans, reads, **'Exceeding Our Stakeholders Expectations'**. The Directors consider that the stakeholders of the Company include its customers, employees, contractors, suppliers, prospective investors and also, the wider community. The Company is also committed to good corporate governance and has established new Audit and Compensation subcommittees comprising a majority of independent non executive directors, details of which are set out in section 8 of this Prospectus.

7.5 Taxation

If the Shares are admitted to trading on the Junior Market of the JSE, the Company will benefit from a ten year concessionary tax regime that starts from that date: in the first five years, it will be eligible for a full remission of corporate income tax, and in the subsequent five year period, it will be eligible for a partial (50%) remission of corporate income tax. In order to take advantage of the concession, the Company must remain listed on the JSE for at least 15 years. In addition, transfers of Shares on JSE will be exempt from transfer tax and stamp duty. Dividends may be received by Jamaican resident shareholders at a nil rate of income tax. See Section 14.2 of this Prospectus for further information.

7.6 Incorporation Details

The Company was incorporated as Honey Bun (1982) Limited on 1st March 1983. The Company is engaged in the production of baked goods under the Honey Bun and Buccaneer brands. Please note that another company is registered as Honey Bun Limited and it appears not to have made filings for some time, although it is listed as 'active' by the Registrar.

7.7 Details of the Authorised and Issued Share Capital and the Shares in the Invitation

<u>Capital Structure of the Company</u>

As at Friday 29th April 2011, the latest practicable date prior to publication of this Prospectus, the

authorized and issued share capital of the Company was as follows:

Authorised: 97,500,000

Issued: 75,000,000

The Shares in the Invitation will be newly issued Shares of the Company.

Recent Capital Reorganisation

At an extraordinary general meeting of the Company held as of Wednesday 13th April 2011, the shareholders of the Company approved the following actions in respect of the capital structure of the Company:

- The increase of the authorised share capital by 610,000 ordinary shares, from 40,000 ordinary shares to 650,000 ordinary shares
- A capitalization issue of 460,000 shares
- The subdivision of each of the authorised and issued shares into 150 shares
- Re-registration as a public company under the Companies Act, 2004
- The adoption of new Articles of Incorporation, which are available for inspection as set out in Section 15.

Shareholdings in the Company Before and After the Invitation

As at Friday 29th April, being the latest practicable date prior to publication of this Prospectus, the holdings of Shares in the capital of the Company (including legal and, where known to the Company, beneficial holdings) were as follows:

Name of Shareholder	**Number of Shares before Opening Date of Invitation**	**% of Issued Shares before Opening Date of Invitation**
Herbert Chong (Chairman)	37,500,000	50%
Michelle Chong (Chief Executive Officer)	37,500,000	50%
Total Issued Share Capital	**75,000,000**	**100%**

After the subscription lists for the Invitation are closed, and assuming that the Invitation is fully subscribed by the public and also, by the Company Applicants and Mayberry, the percentage shareholdings in the Company will be as follows:

Name of Shareholder	**Number of Shares after Opening Date of Invitation**	**% of Issued Shares after Opening Date of Invitation**
Herbert Chong (Chairman)	37,500,000	40%

Michelle Chong (Chief Executive Officer)	37,500,000	40%
Shares subscribed by the general public at the Invitation Price	9,375,000	10%
Reserved Shares subscribed by the Company Applicants at discounted prices	8,637,500	9%
Reserved Shares subscribed by Key Partners at the Invitation Price	737,500	1%
Total Issued Share Capital Following Invitation	**93,750,000**	**100%**

7.8 Applicable Regulatory Regime

The Company has the following certificates, permits and licences, which the Directors consider are material for the purposes of its ongoing business:

Issuing Authority	Type of Permit / Licence	Date
Taxpayer Audit and Assessment Department	Certificate of Tax Compliance	Expiry - June 5, 2011
Ministry of Industry, Investment and Commerce Food Storage and Prevention of Infestation Division (FSPID)	Certificate of Compliance	Issued – January 7, 2010 Expiry – November 30, 2011
The Factories Act Vol VI, The Factories Regulations 1961 Regulation 81	Certificate of Re-registration	Issued - January 19, 2011 Expiry – November 30, 2011
The Factories Act Vol VI, The Factories Regulations 1961 Regulations 40, 43, 44	Report on Examination and Test of Steam and Air Receiver	Issued – November 1, 2010
The Factories Act Vol VI, The Factories Regulations 1961 Regulation 49	Report on Examination and Test of Lifting Machine	Issued – November 1, 2010
The Factories Act Vol VI, The Factories Regulations 1961 Regulations 33 and 38	Report on Examination and Test of Boiler	Issued – November 2, 2010
Public Health Act Public Health (Food Handling) Regulations 1998	Health Certificate License	Issued - March 8, 2010 Expiry – March 8, 2011 - *the Company understands that its*

		application for renewal is currently being processed and it is also awaiting a regulatory inspection
Bureau of Standards Jamaica	Certificate of Registration of Establishment – Reg # H13	Issued – June 21, 2010 Expiry – June 20, 2011

In addition to the above, the Company's customs brokers Vin Leyow & Co Limited of 133 East Street Kingston apply to the Ministries of Agriculture and Health, and the Coconut Industry Board, on behalf of the Company for importation permits for certain ingredients used by the Company in its baked products.

7.9 Intellectual and Real Property

As at Friday 29th April 2011, the latest practicable date prior to the publication of this Prospectus, the Company has the following interests in real and intellectual property:

Intellectual property

The Company has registered the following intellectual property rights for use in Jamaica:

- Honey Bun (name and logo) (registration no. 43,178 dated 19th November 2002)
- Buccaneer Jamaica (name and logo)(registration no. 46,679 dated 28th December 2006)

The intellectual property rights in the marks are protected for a period of 10 years following their registration, and renewal is available on payment of a nominal fee.

In addition to the above, staff (inclusive of contracted staff) sign a confidentiality agreement in respect of the Company's trade secrets on commencement / extension of employment (as the case may be).

The Company has also entered into two franchise agreements with third parties, for the establishment of Honey Bun retail outlets in both May Pen, Clarendon and also, Ocho Rios, Saint Ann. These agreements allow the franchisees to use the Company's intellectual property in the Honey Bun logo and its trading styles for the duration of the relevant agreements. See section 7.10 on Material Contracts, below, for further information.

Real Property

The Company owns the premises it operates from at 26 Retirement Crescent. It uses the property to house its executive offices and its production lines for Honey Bun branded baked buns, spice buns, cheese bread, donuts, and cinnamon rolls. The property known as '26 Retirement Crescent' is registered in the name of the Company under Volume 1265 Folio 364 and Volume 1139 Folio 788 in the Register Book of Titles of the National Land Agency, as lot numbers 22 and 23 Retirement Crescent (respectively).

The Company also rents or leases the following additional properties:

- A property comprising approximately 7,800 square feet to house its cake production lines for Buccaneer cakes and Honey Bun cupcakes at East Street in downtown Kingston under an arm's length, undocumented arrangement. The rental payment is $67,000 per month. The Company uses the property to house its production equipment consisting of 3 ovens and a mixer and packaging

machine.

- A property at 26 Beechwood Avenue comrising approximately 653 square feet of additional office space. A lease was entered into which appears to have rolled over on terms for a further one year period, and is terminable on provision of one months' notice. The rental payment is $75,000 per month. The property is used to accommodate the marketing department and to provide additional parking space.

7.10 Material Contracts

The following material contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company with the following persons ("counterparties") in the 2 years preceding Friday 29th April 2011, being the latest practicable date prior to the publication of this Prospectus:

Date	Counterparty	Amount	Brief Details
28th March 2011	Jasing Trading Company Limited	$50,000	One year franchise agreement for counterparty to operate outlet in Ocho Rios, Saint Ann. The term is capable of extension.
1st January 2011	Separate agreements with the following distributors: Lensworth Campbell trading as Campbell's Distributors (in respect of parts of Kingston, as well as Saint Mary) Patrick Wong trading as Chenrick Distributors (in respect of Clarendon, Saint Catherine and Saint Ann) Garfield Lyn Texaco Service Station (in respect of Hanover, Saint Elizabeth and Westmoreland) Oneil George McDonald and Sharon Theresa Davis trading as McDonald's Distributors (in respect of Saint Thomas) Yacob Tirkey trading as Tirkey Distributors (in repsect of parts of Kingston, as well as Saint Andrew)	Dependant on distribution of products	Each of the agreements is exclusive in relation to the territory specified in it. Each agreement also follows a template form and differs only as to the term (between 3 months and one year, capable of extension in each case for a further period of up to 3 months), territory, and credit facilities (between 7 and 14 days).
1st October	Caribbean Applied	Dependant on	Three year arrangement for CATC to provide the

2010	Technology Centre Limited	number and type of staff provided to Company	Company with contracted staff, which are sourced from Trenchtown in downtown Kingston and provided with some training before being deployed to the Company. The term of the agreement is capable of extension.
13th September 2010	Jasing Trading Company Limited	$50,000	One year franchise agreement for counterparty to operate outlet in May Pen, Clarendon. The term is capable of extension.
20th August 2010	Mayberry Investments Limited	$3 million plus option to acquire shares equivalent to 3% of the funds raised in the Invitation at the Invitation price in a 2 year period	Agreement for provision of financial advisory and brokerage services to the Company in the Invitation.
29th March 2010	The Bank of Nova Scotia Jamaica Limited	$31 million	7 year non revolving credit facility agreement in the amount of J$26 million to be used for machinery and equipment purchases. Evidenced by promissory note of the Company of even date. Other securities mentioned in agreement that were to have been provided by the Company in favour of the lender appear not to have been provided / demanded . The facility is also secured by joint and several personal guarantees of Herbert and Michelle Chong and assignment of life insurance policies on their lives. Interest is calculated at the rate of 9.95% per annum.
26th January 2010	Stationary & Office Supplies Limited	$75,0000 (or equivalent of US$889 per month)	Lease for additional premises located at 25 Beechwood Avenue, comprising 653 sq. ft. Lease was orginally effective for 1 y ear from 1st February 2010 but it has been extended in accordance with its terms for 1 further year. It is also subject to termination on 3 months' notice by either party.
5th November 2009	Export Import Bank Jamaica	Various short term facility arrangements	The Company enters into short term facility agreements with EXIM Bank Jamaica from time to time. As at 1st April the Company owes J$666,666.74 of a 540 – day J$2 million facility made available on 5th November 2009.

In addition to the above, the Company considers its insurance arrangements (see section 7.14 below for details) its undocumented arrangment with the landlords of its rented premises on East Street, and its

relationships with suppliers and customers to be material. The latter relationships are not subject to long - term contracts and are instead concluded on the basis of invoices received, or issued, by the Company (as the case may be).

7.11 Related Party Transactions

The Company sells raw materials to a company named Next Incorporation Limited, trading as Swirls, with a retail outlet in Half Way Tree Transport Centre. The Swirls business is also controlled by the founders and controlling shareholders of the Company, Herbert and Michelle Chong. The sales arrangements between the Swirls business and the Company are on arm's length terms. The arrangements include a credit facility of 14 days for the purposes of settlement of the Company's invoices, At the time of the business' incorporation on 16th December 2005 it borrowed $2.27 million from the Company. Formal repayments commenced in December 2010 and are made in monthly installments inclusive of interest calculated at the rate of 6% per annum. As at 31st March 2011, the balance owing to the Company was $2,122,012.

Herbert Chong, the Chairman of the Company, is also a partner in a retail food outlet at Norman Manley airport. The outlet purchases products from the Company on arm's length terms, save that the outlet is eligible for 2 weeks' interest free credit on its purchases (at the end of September 2010 the balance owing by the outlet to the Company was approximately $150,000).

Charles Heholt, a non – executive director of the Company, is also the Managing Director of Nationwide Technologies Limited, a business that is engaged in the supply of computers and similar equipment. Nationwide has supplied computer equipment to the Company in the past, the value of which is not considered by the Directors to be material.

The Company also allows certain members of the executive management team to purchase vehicles leased by the Company, at the end of the relevant lease (the Company has a right to purchase them which it assigns to the executive managers). New vehicles are leased by the Company every 3 years, and the executive managers have a right to purchase them at the end of the relevant leases provided that they have successfully completed one year of service to the Company. The Directors consider that this arrangement is an important element of the compensation package, that also enables the Company to compete for talent.

The material contracts referred to in this section that are documented arrangements (together with certain other documents) will be available for inspection as described in Section 15.

7.12 Litigation

As at Friday 29th April 2011, the latest practicable date prior to the publication of this Prospectus, there were no litigation, arbitration, or similar proceedings pending or threatened against the Company as defendant, nor do the Directors believe that there are circumstances which may give rise to such proceedings.

The Company may have disputes with certain its distributors from time to time, to whom it extends credit terms, and it has recently terminated the appointments of 2 distributors for non-payment of balances owing to the Company for delivery of its products. The Company has since taken over the distribution routes in question and the Directors may institute proceedings to recover any sums owing by the former distributors, subject to legal advice on the matters.

7.13 Dividend Policy

The Directors expect that, in the absence of any adverse changes in the Jamaican economic climate, the profits of the Company will continue to grow. Accordingly, the Board anticipates a payment of an annual dividend of not less than 20% of the annual after tax profits where such profits are available for distribution, subject to the Company's need for reinvestment of some or all of its profits from time to time in order to finance its growth and development.

In the period covered by the Historical Financial Information the Company paid the following dividends to the ordinary shareholders, Herbert Chong and Michelle Chong:

- 2010 - $6.45 million (approximately 25% of net profits before tax)
- 2009 - $8 million (approximately 25% of net profits before tax)

7.14 Insurance Arrangements

The Company has procured insurance cover for certain major risks facing its operations, as follows:

- Public liability insurance
- Employer's liability insurance
- General/product liability insurance
- Property/casualty insurance on the premises at 26 Retirement Crescent and East Street inclusive of buildings, fixtures and fittings, raw materials, and equipment
- Motor vehicle
- Cash in transit
- Fidelity guarantee
- Group personal accident
- Burglary

These policies are current to 1st October 2011.

In addition to the above the Company provides group health and medical benefits to its staff.

Charges Registered Against the Assets of the Group

As at Friday 29th April 2011, being the latest practicable date prior to the publication of this Prospectus, the following charges were registered against the assets of the Company:

Charge	Date	Beneficiary	Charged Assets / Other Details
Bill of Sale Stamped to secure $3.92 million	Created 18 February 2011 Registered 16 March 2011	The Bank of Nova Scotia Jamaica Limited	2011 NMR 3 ton truck
Mortgage Stamped to secure $7.7 million	Created: 30 August 2008 Registered: 10 October 2008	The Bank of Nova Scotia Jamaica Limited	The property at 26 Retirement Crescent, comprising all the land registered at Volume 1265 Folio 364 and Volume 1139 Folio 788 of the Register Book of Titles of the National Land Agency Interest is charged at the rate of 12% per annum.
Bill of Sale collateral to Mortgage	As Mortgage above	As Mortgage above	Real Estate and Baking Equipment: One Vemag Equipment (Baking Machine) One Vemag Robot 500, One RC100 XX System

Debenture Stamped to secure $4 million	Created: 23 February 2005 Registered: 18 May 2005	The Bank of Nova Scotia Jamaica Limited	All of the assets and undertaking of the Company, present and future Interest is charged rate is 13% per annum
Bill of Sale Collateral to Debenture	As Debenture above	As Debenture above	Specified Plant and Machinery, Tools and Furniture, Leasehold improvement, Office equipment, Office Furniture and Fittings, Computers, Peterson revolving Oven, Cinelli Rack Oven, Bakers Aid Rack Oven, Generator and Cinelli Mixer
Debenture stamped to secure $10 million	Created: 22 December 2005 Registered: 28 February 2006	The Bank of Nova Scotia Jamaica Limited	All of the assets and undertaking of the Company, present and future. Interest rate is 9.5% per annum.
Bill of Sale collateral to Debenture	As Debenture above	As Debenture above	Baking Equipment: valued at J$11.9 million Motor Truck: valued at J$1.8 million
Mortgage	15 April 2004	The Bank of Nova Scotia Jamaica Limited	The property at 26 Retirement Road, comprising all the land registered at Volume 1265 Folio 364 and Volume 1139 Folio 788 of the Register Book of Titles of the National Land Agency
Bill of Sale collateral to Debenture stamped to secure $150,000	8 June 1983	Royal Bank Jamaica Limited	Equipment as set out in the schedule. The Company has repaid the facility and will seek the release of this security.

Section 8 Directors and Senior Managers and their Interests

8.1 Biographical details of the Directors and Senior Managers of the Company

Brief biographical details of the Directors and Senior Managers of the Company appear below. The Directors' residential addresses are set out in section 14 and all of them may be contacted for business purposes c/o the registered office of the Company, 26 Retirement Crescent, Kingston, Saint Andrew.

BOARD OF DIRECTORS

Herbert Chong
Chairman

Herbert Chong, together with his wife, Michelle Chong, is a founder of the Company. He graduated from C.A.S.T. (now the University of Technology of Jamaica) upon completion of a course in technical engineering. Mr. Chong subsequently qualified as a realtor and became an investor in property and several local companies.

Mr. Chong is the executive Chairman of the Board of the Company and he will assume responsibility for investor relations following a successful application for admission to the Junior Market of the JSE.

Michelle Chong
Chief Executive Officer

Michelle Chong together with her husband, Chairman of the Company Herbert Chong, is a founder of the Company. She is also the Chief Executive Officer responsible for day to day operations, with particular oversight of technical and employee operations. Mrs. Chong is a graduate of York University of Toronto, Canada, where she gained a Bachelor of Arts degree. Mrs. Chong has furthered her technical education over the years inclusive of gaining certification as a HAACP Consultant, and pursuing food studies at the American Institute of Baking, and business studies via an international scholarship granted by the Swedish International Development Agency AB.

Sushil Jain
Non Executive Director and Mentor to the Board

Sushil Jain will serve as Mentor to the Board for the purposes of the Junior Market Rules, with responsibility for advising it on the implementation of adequate procedures, systems and controls for financial reporting, corporate governance, timely disclosure of information to the market, and compliance generally.

He will also act as a Non Executive Director and as Chairman of the newly formed Audit Committee, and member of the Compensation Committee. He further acts as a financial consultant to the Company.

Mr. Jain is a member of the Jamaica Institute of Management and the Association of Chartered Secretaries and Administrators of Jamaica. He is also a fellow of many professional institutes including the Institute of Chartered Accountants of Jamaica. Mr. Jain is a non executive director of Mayberry Investments Limited and he has published numerous articles on the subject of management in journals in the Caribbean, UK and India.

Charles Heholt
Non Executive Director

Charles Heholt is a Non Executive Director of the Company. He will serve as Chairman of the Compensation Committee and member of the Audit Committee.

Mr. Heholt is the founder and Managing Director of Nationwide Technologies Limited. Previously, he held various senior management roles within the GraceKennedy group of companies. Mr. Heholt is also currently the Deputy Chairman of the Airports Authority of Jamaica Limited, and a member of the Board of Normal Manley Airport Limited.

A qualified materials engineer, Mr. Heholt is a graduate of McMaster University of Hamilton, Ontario. He holds professional certifications in Project Management, Health and Safety Management, and has attended many courses for leadership and management and other skills. He is an alumnus of Campion College and is active in the alumni association.

Paul Moses
Non Executive Director

Paul Moses is a Non Executive Director of the Company. He will serve as a member of the Compensation Committee and also, the Audit Committee.

Mr. Moses is the founder and Managing Director of Checker International Limited. He has acted as a consultant to the Company since 2000, and has assisted with various strategic initiatives since that time. Mr. Moses is a former Director of the Jamaica Exporters' Association and, prior to founding Checker, he worked in management in Kem Products Limited having started his business career at Seprod as a management trainee.

Mr. Moses holds a Bachelor of Science degree in Economics from the University of the West Indies.

SENIOR MANAGERS

Daniel Chong
Chief Operations Officer

Daniel Chong recently graduated from the University of Waterloo, Ontario, Canada with an Honours degree in Civil Engineering. He worked for AECOM, a United States Fortune 500 company for 2 years as a transportation designer before joining the family business as Director of Operations. Daniel Chong works closely with Chief Executive Officer Michelle Chong on the technical operation of the Company's day to day business. Since joining the Company in June 2010 Daniel has been instrumental in looking at feasibility and profitability of strategic distribution initiatives, and implemented a new commission based pay structure.

Krystal Chong
Chief Marketing Officer

Krystal Chong graduated from McGill University in Montreal, Canada with a Bachelor of Science degree in Psychology in 2006. She is currently completing her Master's degree in Business Administration with the International School of Management in Paris, France.

Since joining the Company in 2007 Ms. Chong successfully launched a re-branding campaign which has assisted the Company to establish an identity within a competitive market.

Paulette Brown
Production Manager

Paulette Brown graduated from the University of the West Indies with a Bachelor of Science degree in Management Studies. She also holds a diploma in Accounting and Management and certificates in Management Studies and Integrated Production Improvement. Ms. Brown has recently completed a course leading to a Certificate in Applied Baking Technology at the American Institute of Baking in Kansas, USA.

Ms. Brown operated the Red Hills Bakery in 2008 prior to joining the Company in 2009. She is now responsible for leading a team of approximately 100 production staff members inclusive of contractors supplied by Caribbean Applied Technology Center, a labor resource organization which focuses on developing professionalism in the inner-city youths. Ms. Brown is a past member of the Bakers Association of Jamaica and, amongst other things, sat on its Bureau of Standards Committee for 2 years, assisting to formulate and set bread and baked products standards for the Island.

Wade Robotham
Operations Manager

Wade Robotham gained a Bachelor of Arts degree in Production and Operations Management from the University of Technology, Jamaica. He is also certified in HACCP systems and he has completed an auditor training course for the ISO 22000 - British Standards Institution. He joined the Company in 2007 as the purchasing supervisor, and he is responsible for designing the Company's current purchase requestion system.

Mr. Robotham acted as the Manager of the Honey Bun Championship Football team 2008-2010. He was also instrumental in the restoration of the old East street plant to start Honey Bun's first remote production line.. Wade is a former President of the St. Jago Heights Youth Association 1999-2001, and founding member of ShopTvja.com.

Rosemarie Bailey
Quality Control and Food Safety Manager

Rosemarie Bailey holds certificates in Small Business Management and Supervisory Management from the University of the West Indies School of Continuing Studies. Ms. Bailey has recently completed a course leading to a Certificate in Applied Baking Technology with the American Institute of Baking in the U.S. state of Kansas.

Ms. Bailey joined the Company in 1989 and over the years has been promoted to Production Manager with responsibility for up to 90 staff, as well as Product Development Manager for the Honey Bun brand. Since September 2010, Ms. Bailey has also taken on the key role of Quality (Food Safety) Manager at the Company.

Brent Sexton
Distribution Manager

Brent Sexton, a United States citizen, joined the Company 3 years ago as Operations Manager with responsibility for implementing preventative maintenance systems. Under his supervision maintenance costs for the Company's plant and equipment were reduced and various operational procedures were implemented and documented in manuals. Mr. Sexton is currently the Distribution Manager of the Company with responsibility for designing and implementing logistics arrangements for island – wide distribution of the Company's products.

Prior to joining the Company Mr. Sexton worked in senior management for 2 U.S. franchise operations, Hotties Gourmet Donuts and Barney's Coffee and Tea Co.

8.2 Directors' and Senior Managers' interest in Ordinary Shares

The Directors' and Senior Managers' interests in the Ordinary Shares of the Company (including legal and beneficial holdings) as at Friday 29th April 2011, the latest practicable date prior to the publication of this Prospectus, are set out below.

Name of Director	Number of Shares before Opening Date of Invitation
Herbert Chong (Chairman)	37,500,000
Michelle Chong (Chief Executive Officer)	37,500,000
Other Directors and Senior Managers	Nil

Save as set out above, no Director or Senior Manager receives Ordinary Shares, or options in respect of Ordinary Shares, in consideration of the services rendered by him or her to the Company. Please note however that the employees and directors are Company Applicants who are eligible to submit Applications for the Reserved Shares.

8.3 Corporate Governance and Accountability

The Board has established the formation of two committees, namely the Audit Committee and the Compensation Committee, as required under the Junior Market Rules. The members of each Committee include at least two independent non executive Directors, and are as follows:

Audit Committee	Compensation Committee
Sushil Jain (Committee Chairman) (Non Executive Director)(Mentor) Charles Heholt (Member) (Non Executive Director) Paul Moses (Member) (Non Executive Director)	Charles Heholt (Committee Chairman) (Non Executive Director) Paul Moses (Member) (Non Executive Director) Sushil Jain (Member) (Non Executive Director)(Mentor)

The Company does not currently have a Financial Controller. Sushil Jain, Mentor and Non – Executive Director, also acts as a financial consultant. The Board intends to appoint an internal auditor by tender process if the application for admission of the Company to the Junior Market is successful.

The Compensation Committee will meet to review salaries within the Company generally and any that are below local market rates are expected to be increased.

Section 9 Management Discussion and Analysis

In the 5 year period represented by the audited Historical Financial Information, being the period from 30th September 2006 up to and including 30th September 2009, the Company has demonstrated approximate annual growth in its gross sales of 20% each year. The Directors consider that the same 5 year period was also characterised by foundation building, as the Company took steps to reorganise its management team, take on other appropriately qualified staff, and to develop training programs and quality systems.

The overall pre-tax profits of the Company grew from $11.4 million in the financial year 2006, to $45.3 million in the financial year 2009. The financial year 2008 was marked by the repercussions of the global economic downturn, and the devaluation of the Jamaican dollar by approximately 20% which impacted on the Company in the form of increased raw material prices that it did not pass on to the customers. The Directors also believe that the economic downturn and devaluation of the local currency affected local consumers' purchases of the products supplied by the Company, given their decreased purchasing power.

The gains in the value of the Jamaican dollar as against the U.S. dollar which materialised in the financial year 2009 were reflected in greater profits of the Company that year, despite the fact that its selling prices were static. During that time, the Company also made gains on the revaluation of its foreign investments. In the same year, the Company received grant funding from the Private Sector Development Program, a joint initiative of the European Union Economics and Social Development Section and Jamaica Promotions Limited (JAMPRO) that concluded that year. In aggregate, the gains from the revaluation and the grant amounted to more than $6 million.

In 2005 the Directors took steps to execute a growth strategy for the Company, by acquiring assets including 26 Retirement Crescent and equipment to automate its baking processes which allowed it to implement more manageable food safety programs, and improve on product quality and consistency. During the financial years 2007 and 2008 the Company embarked on a rebranding effort for its product lines.

During the financial year 2010 the Directors made a strategic decision to invest in distribution in order to eliminate account collection difficulties with certain of its former distributors, and also to provide a more reliable service to key customers. As a result, the Company terminated its relationships with certain distribution partners as a result of account collection difficulties. There is currently no bad debt provision for the former distributors' accounts, and the Company's overall exposure to these creditors is approximately $2 million. As a result of these efforts, the Company now operates seven distribution routes and has purchased new vehicles to service them. In addition, the Directors decided to also increase the Company's sales efforts via the addition of regional managers and sales staff which increased the wage bill of the Company. Other things being equal, the Directors expect to see the positive results of these recent efforts, which amounted to $20 million in expenses, commencing in the current financial year.

In the financial year 2010 the Company also invested in new automated equipment that is capable of injecting cheese into buns and other bread products. The new equipment was not fully operational during the installation and initialisation period.

Furthermore, following an approach to the Company by a larger player in the regional baking industry, it entered into negotiations with a view to forming a joint venture, thereby incurring legal and other professional costs of $3.6 million. The transaction was not completed, and the Directors then decided to progress with existing strategic plans to pursue admission to the Junior Market. The Company's relationship with its competitor and potential partner remains good. The social unrest in Tivoli Gardens in May and early June of last year also caused lost sales of approximately $2.6 million due to forced closure of the plant.

As a result of these issues, and the revaluation of the Company's fixed assets, the operational expenses of

the Company increased in the financial year 2010 by $11.9 million, or 43% over the previous financial year. As a result Profit Before Tax amounted to $25.8 million, and also suffered a decrease of 43% over the previous year. The Directors remain of the view that certain of the expenses were incurred as a result of legitimate expansion initiatives, the benefits of which are expected to arise commencing in the financial years 2011- 2012 (assuming other factors remain equal). Returns on distribution investment are not expected to be realised for another year while logistics issues are settled. The Company will maintain its relationships with key distribution contractors in the meantime and they will continue to be critical stakeholders during the Company's distribution build-out phase.

In the first quarter of the financial year 2011 represented in Section 11 as the Unaudited Financial Data, the Company's gross sales increased by 17% over the prior period while prices increased by only 5% over same period. Price increases on two of the Company's major ingredients, flour and sugar were not passed on to the customer until January 2011 but the Company was able to reduce its cost of sales percentage through various strategies including the improvement of process efficiencies. The most significant area of increase continues to be represented by distribution expenses which are part of the current strategy of the Company. Finance charges included interest payments on a new loan for equipment entered into by the Company in 2010. Insurance costs also increased as a result of the revaluation of fixed assets, and increased depreciation charges were also posted.

Professional costs for the financial year 2011 also reflect a reclassification of the outsourced payroll services expenses of the Company, which were previously reflected in the administrative expenses category for prior years.

The Directors are currently focussed on improving the Company's competitiveness, and they have purchased Enterprise Resource and Planning (ERP) software to improve the company's manufacturing and distribution logistics, and route profitability, that is still to be fully utilised. The Company's recent investments in production equipment will also provide a platform for new product development in the financial year 2011, and new products are proposed for launch in spring 2011 while others are being considered for launch in financial year 2012.

If the Invitation is successful in raising at least $50 million and the Company gains admission to the Junior Market, the Company will use the net proceeds after payment of transaction costs to invest in new product development, process improvement, and for general working capital purposes. The current proposed initiatives include:

- Strengthening exports of suitable products with longer shelf lives
- Increasing automation and overall production efficiency
- Increasing distribution initiatives and continuing weekly cash flow and credit monitoring
- Developing a wide range of quality new products that, like all of the Company's products, are produced locally in Jamaica
- Funding of HACCP standards implementation
- Pursuing appropriate franchising opportunities as they arise

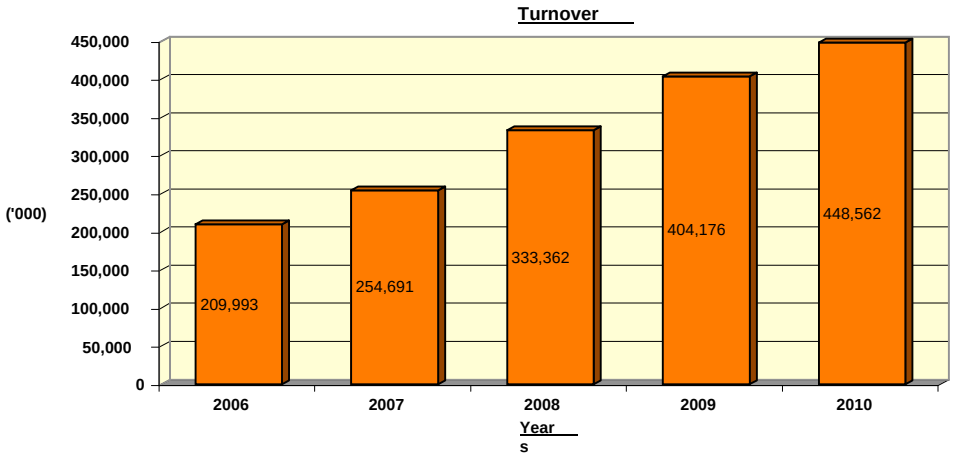
Section 10 Financial Highlights

This section provides an analysis of the Company's financial condition over the period represented by the Historical Financial Information.

10.1 Past 5 Financial Years Ratio Analysis

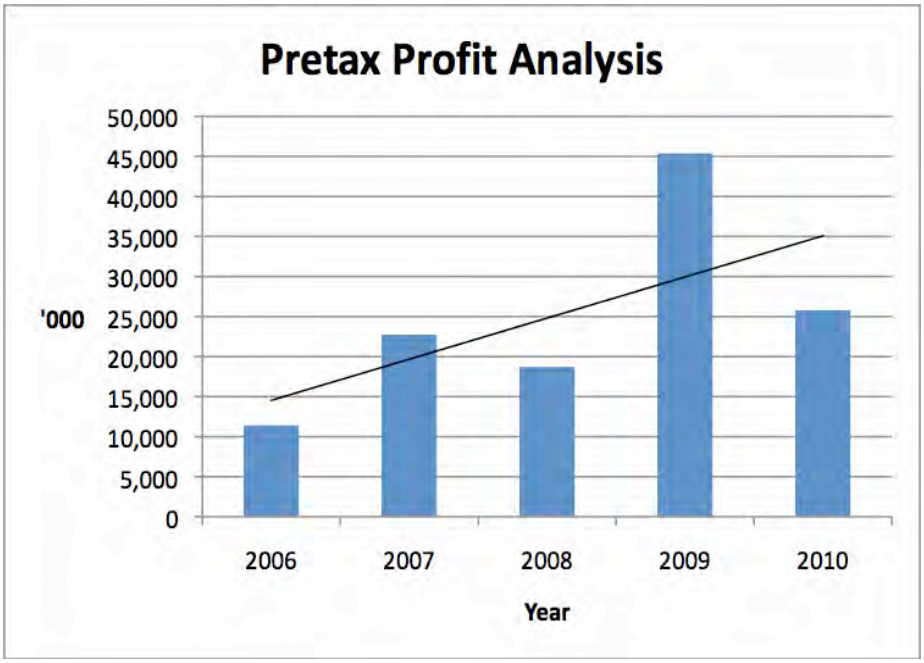
	2006	2007	2008	2009	2010
Liquidity					
Current Ratio: Current Assets / Current Liabilities	1.21	1.16	1.36	1.35	0.89
Quick Ratio: Quick Assets / Current Liabilities	0.97	0.89	0.98	1.09	0.62
Profitability					
Return on Assets: Net Profit for the year / Average Total Assets	9.70%	16.30%	12.60%	25.30%	9.11%
Return on Equity: Net Profit for the year / Shareholders' Equity	32.60%	39.36%	22.54%	39.10%	12.63%
Profit Margin: Net Profit for the year / Turnover	3.62%	5.95%	3.74%	7.48%	3.83%
Earnings Per Share: Net Profit for the year / Number of shares	$190.24	$379.13	$311.91	$756.13	$429.74
Activity Analysis					
Asset Turnover: Sales / Average total assets	2.66	2.74	3.36	3.38	2.38
Accounts receivable turnover: Sales / Average accounts receivable	17.48	14.94	17.50	18.69	17.11
Inventory turnover: Cost of Goods Sold / Average inventory	17.33	16.84	21.78	21.93	17.87
Capital Structure					
Debt to Equity: Total liabilities / Total shareholders equity	2.99	1.41	0.90	0.73	0.79
Interest coverage: Profit before interest & tax / Interest expense	2.81	4.77	5.37	14.83	5.91

10.2 Revenue Growth Analysis



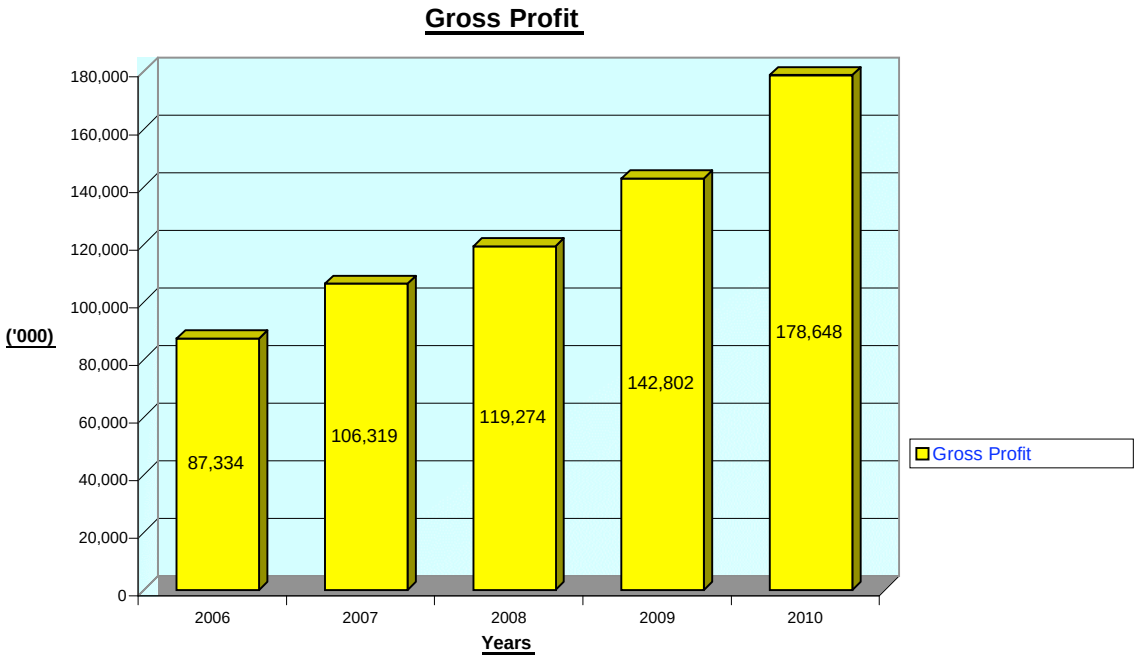
The Company's revenue has increased by 114% over the period represented by the Historical Financial Information (being the financial years from 2006 up to and including 2010). The annual average growth in sales exceeded 22% over the relevant 51 year period. Sales moved from $209.9 million in 2006 to $448.6 Million in 2010, demonstrating customers' increasing support of the Company's products during that time.

10.3 Pre Tax Profit Analysis



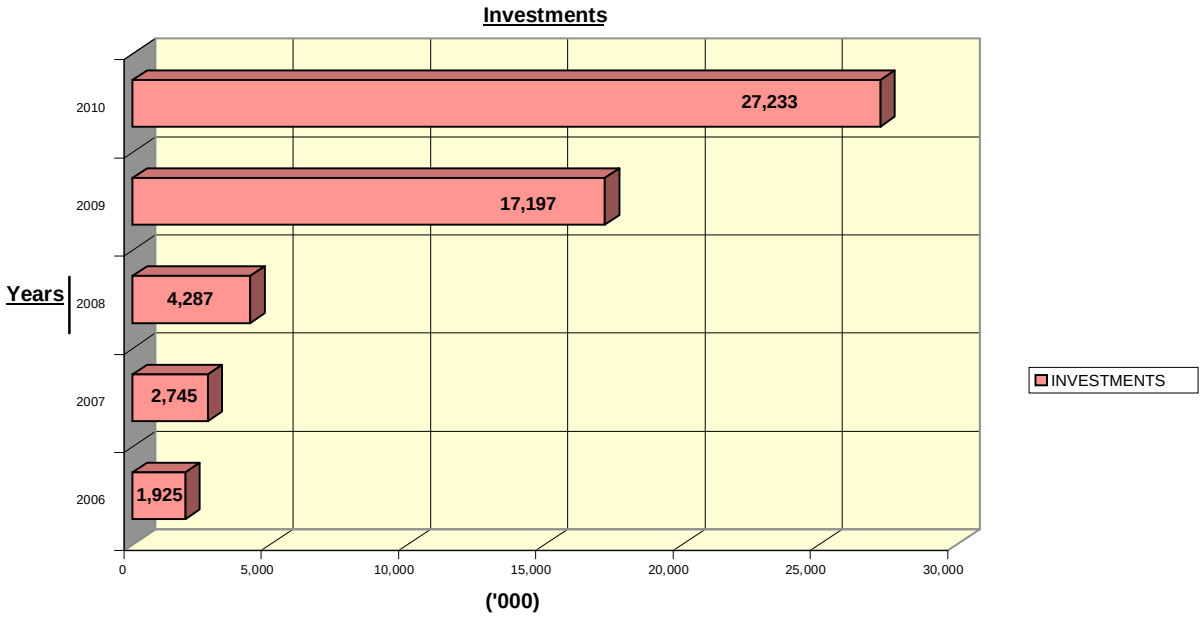
The Company's pre-tax profits grew from $11.4 Million in financial year 2006 to $45.3 Million in financial year 2009. In financial year 2010 several relatively significant one-off expenses were as a result of the Company's consideration of various proposals for expansion, and its introduction to the Junior Stock Exchange. Accordingly there was a decrease in profits in financial year 2010.

10.4 Gross Profit Analysis



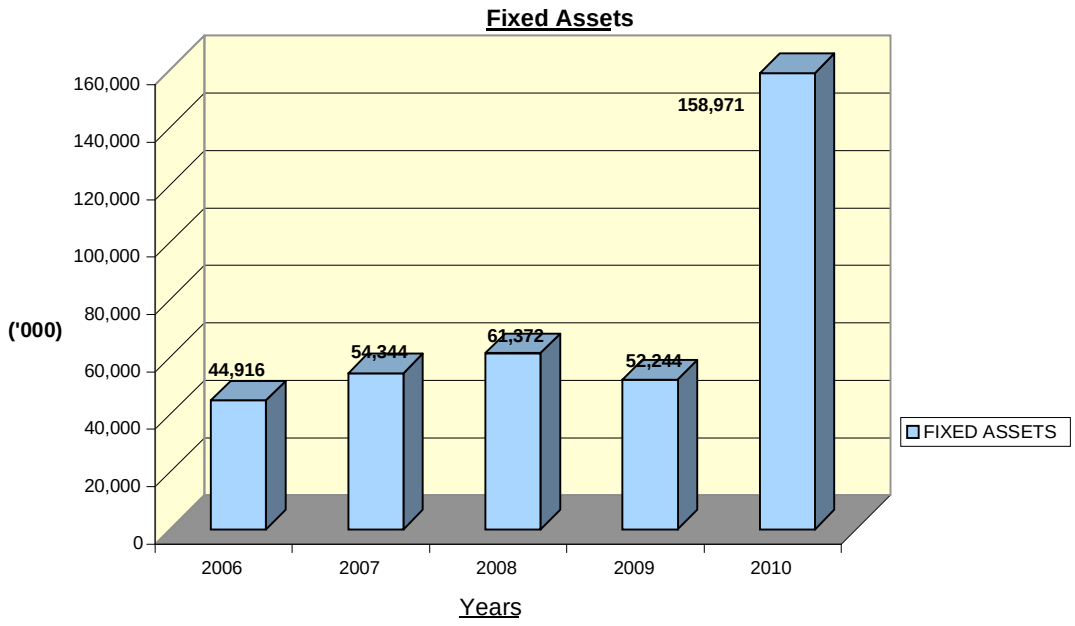
The dollar movement in gross profits over the 5 year period represented by the Historical Financial Information showed consistent annual growth of over 20%, moving from $87.3 million in financial year 2006 to $178.6 million in financial 2010, reflecting 105% growth over that period.

10.5 Investment Analysis

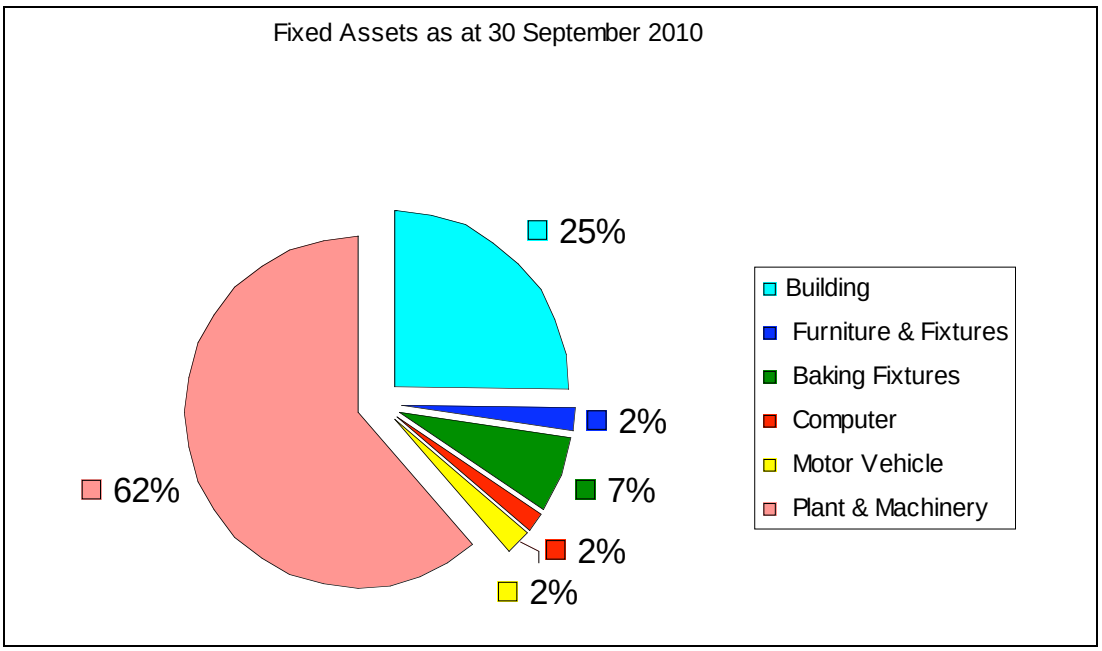


The movement in the Company's investments over the 5 year period represented by the Historical Financial Information demonstrates its management objective of re-investing profits whenever possible, in order to facilitate long term growth. Despite carrying out its expansion plans over the same period, the Company was still able to increase liquid investments from $1.9 million to $27.2 million over the period from financial year 2006 up to and including 2010.

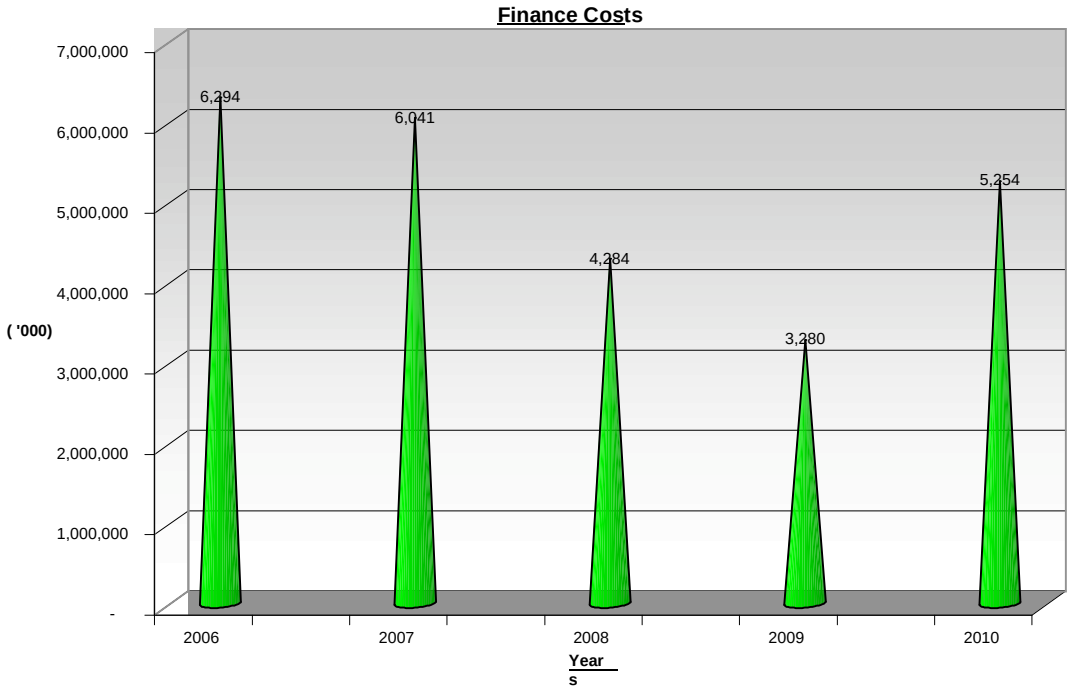
10.6 Fixed Asset Analysis



There was significant acquisition of fixed assets in 2010 as the Company acquired technologically advanced baking equipment to position for expansion after raising capital on the Junior Stock Exchange.

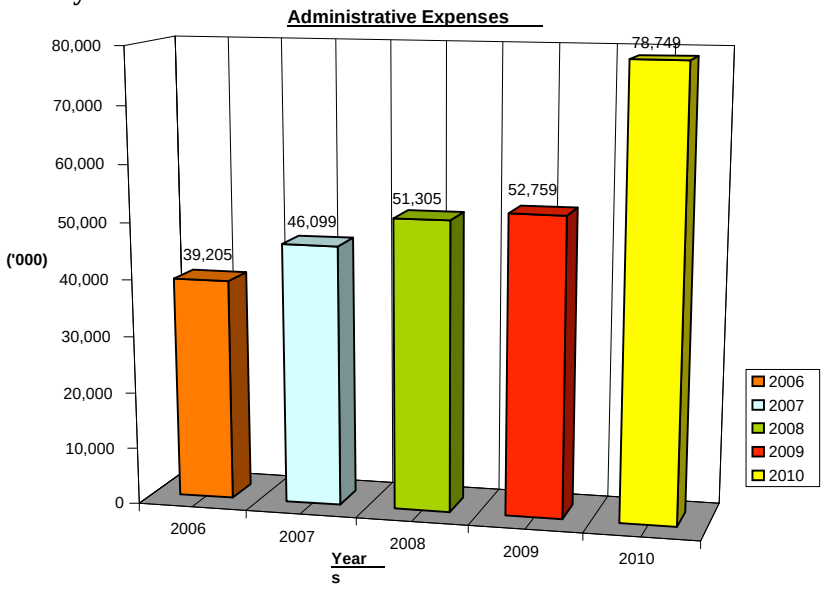


10.7 Finance Cost Analysis



In the early years of the Company its founders adopted a policy not to use expensive debt capital for expansion. Over the five audited financial years represented by the Historical Financial Information profits before tax and finance costs amounted to approximately $149 million and total finance cost for the same period amounted to approximately $25 million. Finance costs principally include loan and bank overdraft interest and bank charges. Over the same five year period, the interest cover moved from 2.81 in financial year 2006 to 14.83 in financial year 2009. In financial year 2010 it decreased to 5.91 after the Company obtained a loan to facilitate the purchase of new baking equipment.

10.8 Expense Analysis



The Company's expenses have increased steadily over the 5 year period, from $39 million in financial year 2006 to $52.8 million in financial year 2009. Administrative expenses have shown a steady single digit annual increase from financial 2007 up to and including financial year 2009. The steep increase in financial year 2010 relates to a relatively significant one-time expense for valuation of the Company for the purposes of proposed joint venture with an international competitor that did not go ahead.

Section 11 Historical Financial Information

McKENLEY & ASSOCIATES
CHARTERED ACCOUNTANTS

E-MAIL:
mckenley@infochan.com

WEB SITE:
www.wmckenley.com

12 KINGSLYN AVE.,
KINGSTON 10, JAMAICA
PHONE: (876) 968-3117
968-3118
FAX: (876) 929-7041

May 3, 2011

The Board of Directors
Honey Bun (1982) Limited
26 Retirement Crescent
Kingston 5.

Dear Sirs,

We have audited, in accordance with International Standards on Auditing, the separate financial statements of Honey Bun (1982) Limited as at and for each of the years ended September 30, 2006 though to September 30, 2010, and in our reports dated March 12, 2007, March 7, 2008, January 20, 2009, December 24, 2009, January 20, 2011, respectively, we expressed unqualified opinions on those financial statements to the effect that the financial statements present a true and fair view.

In our opinion, the extracted statements of financial position and statements of comprehensive income of the company set out in Section 11 of the prospectus are consistent, in all material respects, with the financial statements (where applicable) referred to above, from which they were derived.

For a better understanding of the company's financial position at the reporting dates referred to above, the results of operations for each of the years ended on those dates, and the scope of our audit, the extracted statements of financial position and statements of comprehensive income should be read in conjunction with the financial statements from which they were derived and our audit reports thereon, where applicable.

Yours truly,

McKenley & Associates

MCKENLEY & ASSOCIATES
WM/tb/HBP

Summary Tables of Historical Financial Information

The Historical Financial Information is extracted from the audited financial statements of the Company for the 12 month financial reporting periods ended 30th September in the years 2006 to 2010 inclusive.

Summary of Past 5 Audited Income Statements

	2006	2007	2008	2009	2010
	$000	$000	$000	$000	$000
Turnover	209,993	254,691	333,362	404,176	448,562
Cost of Sales	122,661	148,372	214,087	261,374	269,914
Gross Profit	87,334	106,319	119,275	142,802	178,648
Other income/(expense)	659	883	3,975	8,335	(1,420)
Administrative expenses	39,205	46,099	51,305	52,759	78,749
Selling & Distribution costs	31,078	32,315	48,946	49,730	67,440
Finance costs	6,294	6,041	4,284	3,280	5,254
Profit before taxation	11,414	22,747	18,715	45,368	25,785
Taxation	3,805	7,582	6,238	15,123	8,595
Net profit	7,609	15,165	12,477	30,245	17,190
Dividends	0	0	0	8,000	6,450
Number of shares	**40,000**	**40,000**	**40,000**	**40,000**	**40,000**

Summary of Past 5 Audited Balance Sheets

	2006	2007	2008	2009	2010
	$000	$000	$000	$000	$000
Non-Current Assets	44,916	54,344	61,372	52,244	158,971
Investments	1,925	2,745	4,287	17,197	27,233
Current Assets	46,094	35,725	39,360	64,303	57,080
Total Assets	93,077	92,955	105,159	133,883	243,423
Current liabilities	38,201	30,623	28,834	47,538	64,105
Issued Capital	40	40	40	40	40
Capital Reserves	33	33	33	33	47,850
Retained Earnings	23,270	38,464	55,257	77,293	88,099
Non-Current Liabilities	23,817	18,731	19,099	5,436	13,668
OTHER INFORMATION:					
Trade receivable less provision for bad debts	15,679	18,423	19,670	23,577	28,848
Inventories	9,095	8,526	11,129	12,708	17,507
Quick Assets	36,999	27,199	28,231	51,594	39,573
Shareholders Equity	23,343	38,537	55,330	77,375	135,989

HONEY BUN (1982) LIMITED
Index
30 September 2010

McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

E-MAIL:
mckenley@infochan.com

WEB SITE:
www.wmckenley.com

12 KINGSLYN AVE.,
KINGSTON 10, JAMAICA
PHONE: (876) 968-3117
968-3118
FAX: (876) 929-7041

To the members of
Honey Bun (1982) Limited
Kingston.

Independent Auditors' Report

We have audited the accompanying financial statements of Honey Bun (1982) Limited which comprise the Company's statement of financial position as of 30 September 2010 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and with the requirements of the Jamaican Companies Act. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

• WILFRED M. McKENLEY M.B.A., F.C.C.A., F.C.A. • JANICE E. McKENLEY, BSc., EMBA., F.C.C.A., F.C.A. (Partner on Leave)

McKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

E-MAIL:
mckenley@infochan.com

WEB SITE:
www.wmckenley.com

12 KINGSLYN AVE.,
KINGSTON 10, JAMAICA
PHONE: (876) 968-3117
968-3118
FAX: (876) 929-7041

To the members of Honey Bun (1982) Limited
Independent Auditors' Report

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of 30 September 2010, and of the financial performance and cash flows of the Company for the year then ended, so far as concerns the members of the Company, in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Report on Other Legal and Regulatory Requirements.

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 accompanying financial statements are in agreement and give the information required by the Act, in the manner so required.

McKenley & Associates

Chartered Accountants
January 20, 2011
Kingston, Jamaica

HONEY BUN (1982) LIMITED
Statement of Comprehensive Income
30 September 2010

	Note	2010	Restated 2009
		$	$
Revenue	3(r)	448,561,798	404,175,632
Less: Cost of Sales		269,914,156	*261,373,701
Gross Profit		178,647,642	142,801,931
Finance income - interest		739,540	1,765,567
European Grant	3(h)	-	5,370,099
Other (losses)/gains		(2,160,747)	1,199,597
		177,226,435	151,137,194
Less expenses			
Administrative		(78,748,058)	(52,758,881)
Selling & Distribution Costs		(67,439,975)	(49,730,070)
Finance Costs		(5,253,609)	*(3,280,440)
Profit before taxation		25,784,793	45,367,803
Taxation	7	8,594,930	15,122,601
Net Profit		17,189,863	30,245,202
Other Comprehensive Income			
Revaluation - net of taxes		47,816,944	-
Total comprehensive income		65,006,807	30,245,202
Earning per share	8	$430	$756

*** Restated for comparative purposes.**

HONEY BUN (1982) LIMITED
Statement of Financial Position
30 September 2010

	Note	2010 $	Restated 2009 $	Restated 2008 $
ASSETS:				
NON-CURRENT ASSETS:				
Property, plant and equipment	9	158,970,502	52,243,549	61,372,226
Investments	10	27,232,776	17,196,798	4,286,911
Goodwill	11	140,000	140,000	140,000
		186,343,278	69,580,347	65,799,137
CURRENT ASSETS				
Inventories	12	17,507,357	12,708,424	11,128,773
Receivables	13	32,007,823	42,304,094	24,376,761
Taxation recoverable		517,066	-	-
Cash & bank	14	7,048,127	9,290,236	3,854,009
		57,080,373	64,302,754	39,359,543
CURRENT LIABILITIES:				
Payables	15	35,999,432	22,377,641	22,037,535
Taxation		-	8,030,234	698,163
Current portion of long term loans	20	17,720,618	*6,006,420	-
Dividends payable	16	6,450,000	8,000,000	-
Bank overdraft	17	3,934,653	3,123,296	3,297,857
Director's account				2,800,000
		64,104,703	47,537,591	28,833,555
Net Current (Liabilities)/Assets		(7,024,330)	16,765,163	10,525,988
		179,318,948	86,345,510	76,325,125
EQUITY & LIABILITIES:				
Capital and reserves:				
Issued capital	18	40,000	40,000	73,000
Capital Reserves	19	47,849,944	*33,000	-
Accumulated profits		88,099,404	77,301,998	55,256,796
		135,989,348	77,374,998	55,329,796
NON-CURRENT LIABILITIES				
Long term loans	20	13,667,503	5,435,827	19,098,689
Deferred tax liabilities	21	29,662,097	3,534,685	1,896,640
		43,329,600	8,970,512	20,995,329
		179,318,948	86,345,510	76,325,125

*** Restated for comparative purposes**

Approved on behalf of the Board by:

....

Herbert Chong Director Michelle Chong Director

HONEY BUN (1982) LIMITED
Statement of Changes in Equity
30 September 2010

	Note	Capital Reserves	Number of Shares	Retained Earnings	Total
		$	$	$	$
As Restated:					
Balance at 30 September 2007		-	73,000	42,780,234	42,853,234
Total comprehensive income		-	-	12,476,562	12,476,562
As Restated:					
Balance at 30 September 2008		-	73,000	55,256,796	55,329,796
Other movement in equity		-	-	(200,000)	(200,000)
Total comprehensive income		-	-	30,245,202	30,245,202
Dividends		-	-	(8,000,000)	(8,000,000)
As Restated:					
Balance at 30 September 2009		-	73,000	77,301,998	77,374,998
Other movement in equity		-	-	57,543	57,543
Reclassification		33,000	(33,000)	-	-
Other comprehensive income		47,816,944	-	17,189,863	65,006,807
Dividends	16	-	-	(6,450,000)	(6,450,000)
Balance at 30 September 2010		47,849,944	40,0000	88,099,404	135,989,348

HONEY BUN (1982) LIMITED
Statement of Cash Flows
30 September 2010

	2010	Restated 2009
	$	$
Profit before taxation	25,784,793	45,367,803
Adjustments for:		
Depreciation	7,605,598	8,225,794
Other non-cash items	57,543	(200,000)
Investment income	(739,540)	(1,765,567)
Interest paid	5,253,609	3,280,440
	37,962,003	54,908,470
Movements in working capital		
Increase in inventories	(4,798,933)	(1,579,651)
Decrease/ (increase) in receivables	10,263,271	(17,927,333)
Increase in director's current account	-	(2,800,000)
Increase in trade and other payables	13,621,791	340,309
Cash generated from operations	57,048,132	32,941,795
Interest paid	(5,253,609)	(3,280,440)
Income taxes paid	(14,923,258)	(6,152,485)
Net cash from operating activities	36,871,265	23,508,870
Cash flows from investing activities:-		
Payment for property, plant and equipment	(42,574,167)	(10,761,320)
Interest received	739,540	1,765,567
Purchase of investments	(10,035,978)	(12,909,887)
Net cash used in investing activities	(51,870,605)	(21,905,640)
Cash flows from financing activities:-		
Proceeds from return of fixed asset	-	11,664,000
Repayment of long term borrowings	(8,054,126)	(7,656,442)
Proceeds from long term borrowings	28,000,000	-
Dividend paid	(8,000,000)	-
Net cash from financing activities	11,945,874	4,007,558
Net (decrease)/ increase in cash and cash equivalents	(3,053,466)	5,610,788
Net cash balances at beginning of year	6,166,940	556,152
Net cash and cash equivalents at end of year	3,113,474	6,166,940
Represented by:		
Cash and cash equivalents	7,048,127	9,290,236
Short-term borrowings	(3,934,653)	(3,123,296)
	3,113,474	6,166,940

1. COMPANY IDENTIFICATION AND PRINCIPAL ACTIVITY

The Company is a private company limited by shares, incorporated under the laws of Jamaica, and its principal activities comprise the manufacture and retail of baked products. The Company operates within Jamaica from its registered office located at 26 Retirement Crescent, Kingston 5.

All amounts in these financial statements are stated in Jamaican dollars.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and their interpretations, issued by the International Accounting Standards Board (IASB).

New standards and interpretations effective during the year:

Certain new IFRS and interpretations of, and amendments to, existing standards, which were in issue, came into effect for the current financial year. The adoption of these did not result in any change in accounting policies and did not have any significant effect on the financial statements.

New standards and interpretations not yet effective:

At the date of the authorisation of the financial statements, certain new standards, amendments to standards and interpretations of existing standards, which have been issued are not yet effective and the Company have not early-adopted. The Company has assessed the relevance of all such new standards, amendments, and interpretations with respect to its operations and has concluded that there will be no significant impact on the financial statements.

- **IFRS 8 Operating Segments** requires disclosures based on the components of the Company that management monitors in making decisions about operating matters as well as qualitative disclosures on segments. The standard, which became applicable for the Company's 2010 financial statements, does not have any material impact on the financial statements.

- **IAS 23 Borrowing Costs** removes the option of immediately recognizing all borrowing costs as expenses, and requires an entity to capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. IAS 23 became mandatory for the Company's 2010 financial statements and does not have any impact on the financial statements.

2. BASIS OF PREPARATION (CONTINUED)

(a) Statement of compliance (Continued)

- **Revised IFRS 3 Business Combinations and amended IAS 27 Consolidated and Separate Financial Statements** are effective for annual periods beginning on or after July 1, 2009. The definition of a business combination has been revised and focuses on control. All items of consideration transferred by the acquirer are measured and recognized at fair value as of the acquisition date, including contingent consideration. An acquirer can elect to measure non-controlling interest at fair value at the acquisition date or on a transaction by transaction basis. New disclosure requirements have been introduced. The revisions do not have any significant impact on the financial statements.

- **Amendments to IAS 32 Financial instruments: Presentation and IAS I, Presentation of Financial Statements** are effective for annual periods beginning on or after January 1, 2009.The amendments allow certain instruments that would normally be classified as liabilities to be classified as equity if certain conditions are met. Where such instruments are reclassified, the entity is required to disclose the amount, the timing and the reason for the reclassification. The revisions do not have any significant impact on the financial statements.

- **IAS I (Revised) Presentation of Financial Statements** requires the presentation of all non-owners changes in equity in one or two statements: either in a single statement of comprehensive income, or in an income statement and a statement of comprehensive income. IAS 1 (revised) is effective for annual periods beginning on or after January 1, 2009 and does not have any significant impact on the financial statements.

- **Amendments to IFRS 7 Financial Instruments**: **Disclosures require enhanced disclosures in respect of two aspects:** disclosures over fair value measurement relating to financial instruments, specifically, in relation to disclosures over the inputs used in valuation techniques and the uncertainty associated with such valuations; and improving disclosures over liquidity risk to address current diversity in practice. The amendments are effective for annual periods beginning on or after January 1, 2009. The revisions do not have any impact on the financial statements.

(b) Basis of Measurement

The financial statements are prepared on the historical cost basis, except for available-for-sale investments (other than those for which a reliable measure of fair value is not available), investment properties and certain classes of property, plant and equipment which are carried at fair value.

(c) Functional and presentation currency

The financial statements are presented in Jamaican dollars, which is the Company's functional currency. All financial information presented has been rounded to the nearest dollar, unless otherwise indicated.

2. BASIS OF PREPARATION (CONTINUED)

(d) Critical judgments and sources of estimation uncertainty

The preparation of financial statements in accordance with IFRS requires management to make estimates and assumptions that affect the amounts and related disclosures reported in the financial statements. These estimates are based on historical experience and management's best knowledge of current events and actions. Actual results may differ from those estimates and assumptions.

There were no critical judgments, apart from those involving estimation, that management has made in the process of applying the Company's accounting policies that have a significant effect on the amounts recognized in the financial statements.

The estimates and assumptions which have the most significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below:

i. Depreciation of property, plant and equipment

Depreciation is provided so as to write down the respective assets to their residual values over their expected useful lives and, as such, the selection of estimated useful lives and the expected residual values of the assets require the use of estimates and judgments. Details of the estimated useful lives are noted in the policy notes relating to property, plant and equipment.

ii. Taxation

The Company is required to estimate income tax payable to the Commissioner of Taxpayer Audit and Assessment on profits derived from operations. This requires an estimation of the current tax liability together with an assessment of the temporary differences which arise as a consequence of different accounting and tax treatments. These temporary differences result in deferred tax assets or liabilities which are included in the balance sheet. Deferred tax assets and liabilities are measured using the enacted tax rate at balance sheet date.

If the tax eventually payable, or recoverable, differs from the amounts originally estimated then the difference will be accounted for in the year such determination is made.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Comparative information

Where necessary, comparative figures have been reclassified to conform with the changes in presentation in the current year.

(b) Income taxes

Taxation expense in the statement of comprehensive income comprises current and deferred tax charges.

(i) Current Taxation

Current tax charge is based on taxable profit for the year, which differs from the reported profit before tax because it excludes 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 balance sheet date.

(ii) Deferred Taxation

Deferred income tax is provided for using the liability method, on temporary differences arising between the tax bases of assets and their carrying amounts in the financial statements. The principal temporary differences arise from depreciation on computer equipment, furniture and motor vehicles. The directors have decided that deferred tax should be provided in these financial statements, only to the extent that there is a reasonable probability that the liabilities will arise in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Property, plant and equipment

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

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 capitalized as part of that equipment.

The market value of freehold land and building is the estimated amount for which a property could be exchanged between a willing buyer and a willing seller in an arm's length transaction considering its existing condition and location. The market value of plant and equipment is estimated using depreciated replacement cost approach. Gains or losses arising from changes in market value are taken to capital reserve.

The cost of the day to day servicing of property, plant and equipment is recognized in profit and loss account as incurred.

(ii) Depreciation

Property, plant and equipment are stated at historical cost, less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is calculated on the straight line basis at such rates that will write off the carrying value of the assets over the period of their estimated useful lives. Each financial year, the depreciation methods, useful lives and residual values are reassessed. Annual depreciation rates are as follows:

Buildings	2.5%
Furniture & fixtures	10%
Machinery & equipment	10%
Motor vehicle	20%
Computers	25%
Leasehold Improvement	2.5%

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount and are recognized in other income in the income statement. Repairs and maintenance expenditure are charged to the income statement during the financial period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Inventories

Inventories are valued on a first in first out basis at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the cost of selling expenses.

(e) Finance income and costs

Finance income comprises interest income on funds invested and foreign exchange gains. Interest income is recognized as it accrues, using the effective interest method.

Finance costs comprise interest expense on borrowings and foreign currency losses. Borrowing costs are recognized in the statement of comprehensive income using the effective interest method.

(f) Foreign currency translation

During the year, transactions in foreign currencies were translated at the rate of exchange ruling at the date of the transaction. Balances due or payable in foreign currencies are translated at the rate of exchange ruling at the balance sheet date and any adjustment arising from these translations are recognized in the statement of comprehensive income.

(g) Grant Funds

The Company accounts for grants in accordance with International Accounting Standard 20 (IAS 20). When all conditions attaching to the respective grants are complied with, the amounts are recorded as income in the income statement.

(h) Trade receivables

Trade receivables are carried at original invoice amounts less provision made for impairment of these receivables. A provision for impairment of these receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the transactions. The amount of the provision is the difference between the carrying amount and the recoverable amount being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the provision for trade receivables. Subsequent recoveries of amounts previously written off are credited to the statement of comprehensive income.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Cash and bank

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

(j) Intangible assets

i. **Goodwill**
Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired Company at the acquisition date. Goodwill is tested annually by the directors for impairment and carried at cost less any impairment.

ii. **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 amortized over the estimated useful life of four (4) years for software.

Costs associated with developing or maintaining computer software programmes are recognized as expense as incurred.

(k) Impairment

i. Financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original interest rate. Receivables with short term duration are not discounted. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. All impairment losses are recognized in the statement of comprehensive income. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Impairment (Continued)

ii. Non-financial assets

The carrying amounts of the Company's non financial assets, other than investment properties and inventories, are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such impairment exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. An impairment loss is recognized and accounted for in the statement of comprehensive income, whenever the carrying amount of an asset exceeds its recoverable amount.

(m) Employee Benefits

i. **Pension Obligations**
The Company does not operate either a contributory or defined benefit pension scheme

ii. **Other Post Employee Benefits**
The Company does not provide any supplementary medical and life insurance benefits to employees upon retirement.

iii. **Termination Benefits**
Termination benefits are payable when employment is terminated by the Company, or whenever an employee accepts voluntary redundancy in exchange for these benefits.

iv. **Leave entitlements**
Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

v. **Profit sharing and performance incentives**
The Company does not recognize a liability and expense for performance incentives and profit sharing because there is no past practice that has created a constructive obligation.

(n) Borrowings

Borrowings are recognized initially at fair value net of transaction costs incurred and subsequently stated at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to statement of comprehensive income over the lease period.

Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

During the year ended September 30, 2010, based on representation from the financial institution that provided the leasing facilities, all motor vehicle leases were treated as operating leases.

(p) Payables

Payables and accruals are initially recognized at original invoice amount (which represents fair value) and subsequently measured at amortized cost.

(q) 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 a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

(r) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of General Consumption Tax, returns and discounts and represents the gross proceeds from sale of baked products.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Revenue recognition (Continued)

The Company recognizes revenue when the amount of income can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met in relation to the Company's activities as described below:

i. Sale of goods

Sales are recognized upon delivery of products, customer acceptance of the products and collectibility of the related receivables is reasonably assured.

ii. Interest income

Interest income is recognized in the statement of comprehensive income for all interest bearing instruments on an accrual basis using the effective yield method based on the actual purchase price.

(s) Related party

A party is considered to be related if:

(i) directly or indirectly, through one or more intermediaries, one party is able to exercise control or significant influence over the other party;

(ii) both parties are subject to common control or significant influence from the same source;

(iii) the party is a member of key management personnel of the Company or its parent, that is, those persons having authority and responsibility for planning, directing and controlling the activities of the Company, including directors, officers and close members of the families of these individuals; or

(iv) the party is associated with a post-employment benefit plan for the benefit of the employees of the Company.

(t) Dividends paid

Dividends on ordinary shares are recognized in shareholders' equity in the period in which they are approved by the Company's shareholders.

Dividends for the year that are declared after the statement of financial position are dealt with in the subsequent events note.

4. RISK MANAGEMENT AND POLICIES

The Company's activities expose it to a variety of financial risks in respect of its financial instruments: market risk, credit risk and liquidity risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives and policies and processes for measuring and managing risk. Additional quantitative disclosures are included throughout these financial statements.

The Company seeks to manage these risks by close monitoring of each class of its financial instruments to minimize potential adverse effects on its financial performance as follows:

(a) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments.

Market risks mainly arise from change in foreign currency exchange rates, interest rates and commodity prices. Market risk is monitored by the Company's treasury function which carries out research and monitors the price movement of financial assets on the local and international markets. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

i. Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to currency risk due to fluctuations in exchange rates on transactions and balances such as purchases and borrowings that are denominated in currencies other than the Jamaican dollar.

4. RISK MANAGEMENT AND POLICIES (CONTINUED)

(a) Market risk (Continued)

ii. Exposure to currency risk

The Company's balance sheet at 30 September 2010 includes aggregate net foreign assets/ (liabilities) in respect of transactions arising in the ordinary course of business, which were subject to foreign exchange rate changes as follows:

Concentrations of currency risks

	2010 CAN$	2010 US$	2010 UK£	2009 CAN$	2009 US$	2009 UK£
Financial assets						
- Cash and bank	1,070	21,100	13,529	3,392	17,016	10,268
- Investments	-	241,690	-	-	77,494	-
	1,070	262,790	13,529	3,392	94,510	10,268
Financial liabilities						
- Payables and accruals	-	(22,781)	-	-	2,784	-
Total net assets/(liabilities)	1,070	240,009	13,529	3,392	97,294	10,268

A significant portion of the Company's purchases are made using United States (US) dollars. The Company hedges against movement in the United States dollar principally by holding cash resources in that currency and prompt payment of foreign currency bills as they become due.

In accordance with accounting policies applied consistently, exchange gains and losses are recognized in the income statement when incurred. (See note 3g).

The exchange rates applicable to the Jamaican dollar at the balance sheet date relating to foreign currencies are as follows:

Currency	2010 $	2009 $
Canadian dollar ($)	82.71	80.32
United States dollar ($)	85.12	88.65
United Kingdom pound (£)	129.56	140.85

Management is of the opinion that due to the relatively insignificant exposure to currency risk, especially the US$, there would be no significant impact of a ±5% strengthening or weakening of the Jamaican dollar on the financial statements.

4. RISK MANAGEMENT AND POLICIES (CONTINUED)

(a) Market risk (Continued)

iii. Interest rate risk

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

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

The Company's cash and cash equivalent are subject to interest rate risk. However, the Company attempts to manage this risk by monitoring its interest-bearing instruments closely and procuring the most advantageous rates under contracts with interest rates that are fixed for the life of the contract, where possible.

The Company invests excess cash in short-term deposits and maintains interest-earning bank accounts with licensed financial institutions. Short-term deposits are invested for periods of three (3) months or less at fixed rates and are not affected by fluctuations in market interest rates up to the date of maturity. Interest rates on interest-earning bank accounts are not fixed but are subject to fluctuations based on prevailing market rates.

The Company manages its risk relating to borrowed funds by obtaining fixed rate loans at relatively low rates when interest rates are expected to rise and floating rate loans when interest rates are expected to fall. The Company's policy also requires it to manage the maturities of interest bearing financial assets and liabilities.

Interest rate sensitivity

Due to the fact that interest rates on the Company's short-term deposits are fixed up to maturity and interest earned from the Company's interest-earning bank accounts is immaterial, there would be no material impact on the results of the Company's operations as a result of fluctuations in interest rates within a band of plus or minus 200 basis points.

iv. 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's financial instruments are substantially independent of changes in market prices as they are short term in nature.

4. RISK MANAGEMENT AND POLICIES (CONTINUED)

(b) Credit risk

Credit risk is the risk that the Company's customers or counterparties will cause a financial loss for the Company by failing to discharge their contractual obligations. Credit exposures arise principally from the Company's receivables from customers, cash at bank and short term deposits held with financial institutions. The Company structures the levels of credit risks it undertakes by placing limits on the amount of risk accepted in relation to a single counterparty.

i. Trade and other receivables

The Company has an established credit process which involves regular analysis of the ability of distributors and major customers to meet repayment obligations.

Credit risk for receivables is mitigated by stringent credit reviews and approval of limits to customers and regular credit evaluation of customers. Appropriate credit checks, references and analyses are undertaken in order to assess customers' credit risk prior to offering new credit or increasing existing credit limits. Customers' who are experiencing cash flow difficulties and are exceeding their credit limits are identified and the appropriate actions taken. Key performance indicators are reviewed regularly, including cash collected, average debt collection period, percentage of customers with overdue balances and debts deemed uncollectible. Annual review of credit limits for all customers including payment history and risk profile is done before renewal of credit facilities.

ii. Aging Analysis of trade receivables

Trade receivables that are less than 30 days past due are not considered impaired. Trade receivables over 30 days over due are considered impaired. As at 30 September 2010, trade receivables amounted to $30,086,342 (2009-$24,814,922) and the amount of the provision was $1,238,133 (2009 - $1,238,133). The impaired receivables mainly relate to assigned distributors and major customers who are in unexpected difficult economic situations. However, management assesses that a portion of the impaired receivables is expected to be recovered.

iii. Cash and bank and short term deposits

The Company limits it exposure to credit risk by investing mainly in short term liquid securities with counterparties that have high credit quality, licensed financial institutions that are considered stable and Government of Jamaica securities. Accordingly, management does not expect any counterparty to fail to meet its obligations and no provision for impairment is deemed necessary.

4. RISK MANAGEMENT AND POLICIES (CONTINUED)

(c) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was $66,950,924 (2009- $68,791,128), representing the balances in the statement of financial position for cash and short term deposits, investments and receivables.

The aging of trade receivables (note 13) at the reporting date was:

	2010 $	2009 $
Current: below 30 days	22,483,291	13,612,641
Past due 31-60 days	434,478	4,795,127
Past due 61- 90 days	506,388	567,393
More than 90 days	6,662,186	5,839,761
Total	30,086,343	24,814,922

Based on past experience, management believes that no general provision is considered necessary for debts due over 90 days. A significant portion of the balance over 90 days relate to customers that have a good credit and payment history.

The specific allowance account in respect of trade receivables is used to record impairment losses. Whenever management considers any amount to be irrecoverable, it is written off directly against the receivable.

(d) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet their commitments associated with financial instruments when they fall due.

The Company manages its liquidity risk by monitoring current and future cash flows on a daily basis and by maintaining an appropriate level of resources in liquid or near liquid form to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company maintains cash and short-term deposits for up to 90-days to meet its liquidity requirements.

4. RISK MANAGEMENT AND POLICIES (CONTINUED)

(d) Liquidity risk (Continued)

The Company's financial liabilities comprise long-term loans and payables and accruals. The table below summaries the maturity profile of the Company's financial liabilities at 30 September 2010 based on contractual undiscounted payments. The Company also has access to lines of secured credit which are available if the Company does not have sufficient cash to settle its obligation.

	Current		Non-Current			
	Within 3 Months		4 to 12 Months		Over 12 Months	
	2010 $	2009 $	2010 $	2009 $	2010 $	2009 $
Long-term loans	4,430,156	1,501,605	13,290,462	4,504,815	13,667,503	5,435,827
Payables and Accruals	35,999,432	22,377,641	-	-	-	-
Total	40,429,588	23,879,246	13,290,462	4,504,815	13,667,503	5,435,827

5. OPERATING PROFIT BEFORE TAXATION

The following items have been charged/ (credited) in arriving at operating profit before taxation:

	2010	2009
	$	$
Auditors' remuneration	680,000	490,000
Depreciation and Amortization	7,605,598	8,225,794
Director's Emolument:		
Directors fees	1,644,000	20,000
Management remuneration	5,060,000	4,980,000
Bad debts written off	57,605	1,319,671
Accrued salary payments	5,450,244	-
Company valuation fees	1,718,569	-
Foreign exchange losses/gains	1,023,909	(1,199,597)
Staff Costs	70,304,728	52,781,811

6. STAFF COSTS

	2010	2009
	$	$
Salaries and wages	58,636,118	45,055,750
Payroll taxes: employer's portion	7,735,561	6,083,664
Other staff costs	3,933,049	1,642,397
	70,304,728	52,781,811

The average number of persons employed full-time by the Company during the year was as follows:

	2010	2009
Full time	112	97
Contract workers	78	81

7. TAXATION

Taxation is based on profit for the year adjusted for taxation purposes and comprises income tax at 33 1/3%.

	2010	2009
	$	$
Current year taxation charge	6,375,958	13,484,556
Deferred tax	2,218,972	1,638,045
	8,594,930	15,122,601

The tax charge on the Company's profit differs from the theoretical amount that arose using the statutory tax rate as follows:

Profit before taxation	25,784,793	45,367,803
Tax calculation @ 33 1/3	8,594,930	15,122,601
Net effect of other charges for tax purposes: (credit)/expense	(2,218,972)	(1,638,045)
	6,375,958	13,484,556

The charge for deferred tax purposes principally represented the difference between the book written down value of fixed assets and the written down value of the fixed assets for capital allowances at the current tax rate.

8. EARNINGS PER SHARE

The Company presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the average number of 40,000 (2009- 40,000) ordinary shares outstanding during the year. The 2010 EPS is $430 (2009 - $756)

9. PROPERTY, PLANT AND EQUIPMENT

	Building	Leasehold Improvement	Furniture & Fixtures	Bakery Fixtures	Computer	Motor Vehicle	Plant & Machinery	Total
	$	$	$	$	$	$	$	$
At cost:								
1 October 2009	22,083,928	593,143	2,681,411	6,126,332	4,601,643	-	50,933,924	87,020,381
Additions	-	-	1,662,516	8,419,259	3,260,732	3,760,609	25,471,051	42,574,167
Revaluation	21,648,949	-	-	-	-	-	50,109,435	71,758,384
30 September 2010	43,732,877	593,143	4,343,927	14,545,591	7,862,375	3,760,609	126,514,410	201,352,932
Accum. Depreciation:								
1 October 2009	3,180,774	593,142	1,033,197	2,071,334	4,192,435	-	23,705,950	34,776,832
Charge for the year	552,103	-	256,145	612,633	1,091,324	-	5,093,393	7,605,598
30 September 2010	3,732,877	593,142	1,289,342	2,683,967	5,283,759	-	28,799,343	42,382,430
NET BOOK VALUE								
30 September 2010	40,000,000	1	3,054,585	11,861,624	2,578,616	3,760,609	97,715,067	158,970,502
NET BOOK VALUE								
30 September 2009	18,903,154	1	1,648,214	4,054,998	409,208	-	27,227,974	52,243,549
NET BOOK VALUE								
30 September 2008	19,455,462	1	1,353,934	1,974,890	1,263,077	-	37,324,862	61,372,226

Freehold land and Building was revalued by the directors during the year at market value. The Plant and Machinery were revalued as at April 12, 2010 by Delano Reid & Associates Limited, Appraisers, Engineers & Management Consultants at fair Market Value-Installed. The Company's plant and machinery acquired during the year from a company in liquidation at fire sale values were initially recorded at cost. The surplus arising on the revaluation of the building and plant and machinery were credited to capital reserves. (Note 19)

10. INVESTMENT

Investments comprise:

		2010	2009
		$	$
13%	Fixed Deposit: Global Capital	56,102	56,102
15%	Repo. Certificates	3,301,048	3,106,143
4.75%	First Global	1,031,000	5,162,738
11.45%	Scotia DB&G	20,572,613	6,869,802
0%	Related company investment	2,272,013	2,002,013
		27,232,776	17,196,798

The investment in the related Company is considered to be fully recoverable by management within the next 12 months of the Company's year end.

11. GOODWILL

	2010	2009
	$	$
Excess of assets over purchase price at acquisition	140,000	140,000
	140,000	140,000

Goodwill arose as a result of the purchase of the business many years ago when the purchase price was more than the net assets taken over. Goodwill was initially being amortized over 10 years. In year ended September 30, 2010 management decided to account for goodwill in accordance with International Accounting Standard number 38.

This standard requires that:

(a) An intangible asset with an indefinite useful life should be amortized.
(b) The useful life of such an asset should be reviewed each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

The directors are of the opinion that there is still useful life in the value of the goodwill that was acquired and it should not be further written down.

12. INVENTORIES

	2010	2009
	$	$
Raw and Packaging material	14,284,080	*9,360,904
Work-in-progress	471,885	401,578
Plant and equipment spares	846,220	*1,422,373
Finished goods	1,905,172	1,523,569
	17,507,357	12,708,424

13. RECEIVABLES

	2010	2009
	$	$
Trade receivables	30,086,343	24,814,922
Prepayments	750,128	6,336,460
Grants	-	5,201,951
Director's advances	2,221,167	6,455,464
Other receivables	188,318	733,430
	33,245,956	43,542,227
Less provision for bad debts	(1,238,133)	(1,238,133)
	32,007,823	42,304,094

The analysis of the receivables provision is as follows:	2010 $	2009 $
31 to 60 days	-	-
61 to 90 days	-	-
Over 91 days	1,238,133	1,238,133
	1,238,133	1,238,133

The movement in the provision for doubtful debts is as follows:

	2010	2009
	$	$
Balance at October 1, 2009	1,238,133	-
Debts recovered	-	-
Debts written off - trade receivables	-	-
Charge for the year – trade receivable	-	1,238,133
Balance at September 30, 2010	1,238,133	1,238,133

14. CASH AND BANK

	2010	2009
	$	$
Petty cash	144,000	59,075
Current accounts:		
National Commercial Bank: local payroll account	1,960,725	1,859,243
Foreign currency accounts:		
Foreign currency bank accounts: various banks	3,190,539	3,217,078
Savings accounts:		
Current and saving bank accounts : various banks	1,752,863	*4,154,840
	7,048,127	9,290,236

* Reclassified for comparative purposes.

These bank balances are held at reputable financial institutions that are relatively stable. Interest earned averages between 0% - 3%, depending on the type of account held with the financial institutions.

15. PAYABLES

	2010	2009
	$	$
Trade payables	25,046,232	15,861,560
Statutory liabilities	3,486,534	2,172,198
Staff accruals	3,986,244	2,000,000
Other payables	2,880,422	1,743,883
Distributors' deposits	600,000	600,000
	35,999,432	22,377,641

16. DIVIDENDS

	2010	2009
	$	$
Dividends	6,450,000	8,000,000
	6,450,000	8,000,000

At the Board of Directors meeting on August 12, 2010, a dividend in respect of the year ended September 30, 2010 was proposed at approximately 25% of net profits before tax (2009- 25% of net profits after tax). This amount was accounted for in shareholders' equity as an appropriation of retained profits in the year ended September 30, 2010.

17. BANK OVERDRAFT

The bank overdraft is secured by personal guarantee by the principal shareholders and also by real estate owned by the Company.

18. SHARE CAPITAL

	2010	2009
Authorised:	$	$
40,000 ordinary shares	40,000	40,000
Issued and fully paid:		
40,000 shares	40,000	40,000

19. CAPITAL RESERVES

	2010	2009
	$	$
Balance brought forward: 1 October 2009	33,000	33,000
Unrealized surplus on revaluation of property	71,725,384	-
	71,758,384	33,000
Deferred tax on revaluation	(23,908,440)	-
Balance at 30 September 2010	47,849,944	33,000

19. CAPITAL RESERVES (CONTINUED)

Represented by:	2010 $	2009 $
Surplus on revaluation of fixed assets - 2009	33,000	33,000
Revaluation of plant and equipment - 2010	50,109,435	
Revaluation of building - 2010	21,615,949	-
	71,758,384	33,000

The current capital reserve represents surplus arising on the revaluation of the Company's building, plant and machinery by the directors during the year (Note 9).

20. LONG TERM LOANS

	2010 $	2009 $
9.5%-20.25% Bank of Nova Scotia Jamaica Limited – BNS	31,388,121	11,442,247
Less current portion due within 12 months	(17,720,618)	(6,006,420)
	13,667,503	5,435,827

The BNS loans are secured by first legal mortgage over the Company's real estate and assignment of insurance policies on the lives of the principal directors.

21. DEFERRED INCOME TAXES

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 33 1/3%.

The movement in deferred taxation is as follows:

	Note	Restated 2010 $	Restated 2009 $	Restated 2008 $
Balance at start of year		3,543,685	1,896,640	1,106,836
Credited to income statement	7	2,218,972	1,638,045	789,804
Charged to other comprehensive income:				
Deferred tax on revaluation		23,908,440	-	-
Balance at end of year		29,662,097	3,534,685	1,896,640

22. EXPENSES BY NATURE

Total direct, administration and other operating expenses:

	2010	2009
	$	$
Direct costs and cost of materials	269,914,156	261,373,701
Distribution costs	20,060,011	-
Advertising, marketing and promotion	44,867,934	47,377,605
Director's fees	1,644,000	20,000
Insurance	1,497,380	1,759,758
Rental of property	2,573,841	2,257,479
Repairs and maintenance	5,292,938	5,824,164
Professional fees	5,641,001	512,846
Audit fees	680,000	495,000
Security	4,275,327	3,820,609
Utilities	1,884,276	1,537,909
Staff costs	46,356,148	29,090,121
Other	8,595,178	6,923,459
	413,282,190	360,992,651

23. CAPITAL MANAGEMENT

The Company considers its capital to be its accumulated surplus and reserves. The Company's financial objective is to generate a targeted operating surplus, in order to strengthen and provide for the future continuity of the Company as a going concern in order to provide returns for its stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

24. CONTINGENT LIABILITIES AND COMMITMENTS

At year end, there were no letters of credit issued by the Company or loan facilities guaranteed on behalf of any third parties or any contingent liabilities that the directors considered material for disclosure in the financial statements. The directors also had no material outstanding commitments, financial or otherwise, at the year end of the Company.

25. RESTATEMENT

The prior year financial statements were adjusted to take account of deferred taxation.

(a) Reconciliation of stockholders' equity at 30 September 2010

	2010		
	Previously stated	Effects of Change	As Restated
	$	$	$
Non-current assets	186,343,278	-	186,343,278
Current assets	57,080,373	-	57,080,373
Current liabilities	(64,104,703)	-	(64,104,703)
Net current assets/ (Liabilities)	(7,024,330)	-	(7,024,330)
	179,318,948	-	179,318,948
Stockholders' Equity			
Share capital	40,000	-	40,000
Capital reserves	71,758,384	(23,908,440)	47,849,944
Retained earnings	93,853,061	(5,753,657)	88,099,404
	165,651,445	(29,662,097)	135,989,348
Non-current liabilities			
Long term liabilities	13,667,503	-	13,667,503
Deferred tax liabilities	-	29,662,097	29,662,097
	179,318,948	-	179,318,948

(b) Reconciliation of stockholders' equity at 30 September 2009

	2009		
	Previously stated	**Effects of Change**	**As Restated**
	$	**$**	**$**
Non-current assets	69,580,347	-	69,580,347
Current assets	64,302,754	-	64,302,754
Current liabilities	(47,537,591)	-	(47,537,591)
Net current assets/ (Liabilities)	16,765,163	-	16,765,163
	86,345,510	-	86,345,510
Stockholders' Equity			
Share capital	40,000	-	40,000
Capital reserves	33,000	-	33,000
Retained earnings	80,836,683	(3,534,685)	77,301,998
	80,909,683	(3,534,685)	77,374,998
Non-current liabilities			
Long term liabilities	5,435,827	-	5,435,827
Deferred tax liabilities	-	3,534,685	3,534,685
	86,345,510	-	86,345,510

(c) Reconciliation of stockholders' equity at 30 September 2008

	2008		
	Previously stated	Effects of Change	As Restated
	$	$	$
Non-current assets	65,799,137	-	65,799,137
Current assets	39,359,543	-	39,359,543
Current liabilities	(28,833,555)	-	(28,833,555)
Net current assets	10,525,988	-	10,525,988
	76,325,125	-	76,325,125
Stockholders' Equity			
Share capital	73,000	-	73,000
Retained earnings	57,153,436	(1,896,640)	55,256,796
	57,226,436	(1,896,640)	55,329,796
Non-current liabilities			
Long term liabilities	19,098,689	-	19,098,689
Deferred tax liabilities	-	1,896,640	1,896,640
	76,325,125	-	76,325,125

(d) Reconciliation of net profit for the year ended 30 September 2010

	2010		
	Previously stated	Effects of Change	As Restated
	$	$	$
Revenue	448,561,798	-	448,561,798
Direct expenses	269,914,156	-	269,914,156
Gross Profit	178,647,642	-	178,647,642
Less Administration expenses	(78,748,058)	-	(78,748,058)
Distribution and selling expenses	(67,439,975)	-	(67,439,975)
Other operating expenses	(2,160,747)	-	(2,160,747)
Operating Profit	30,298,862	-	30,298,862
Finance income	739,540	-	739,540
Finance costs	(5,253,609)	-	(5,253,609)
Profit Before Taxation	25,784,793	-	25,784,793
Taxation	(6,375,958)	(2,218,972)	(8,594,930)
Net Profit	19,408,835	(2,218,972)	17,189,863
Other Comprehensive Income:			
Fair value adjustments to land and buildings, net of taxes	-	47,816,944	47,816,944
Other Comprehensive Income, net of taxes	-	47,816,944	47,816,944
Total Comprehensive Income	19,408,835	45,597,972	65,006,807
Earnings Per Share	$485	-	$430

(e) Reconciliation of net profit for the year ended 30 September 2009

	2009		
	Previously stated	Effects of Change	As Restated
	$	$	$
Revenue	404,175,632	-	404,175,632
Direct expenses	261,373,701	-	261,373,701
Gross Profit	142,801,931	-	142,801,931
Administration expenses	(52,758,881)	-	(52,758,881)
Selling and promotion expenses	(49,730,070)	-	(49,730,070)
Other operating income	6,569,696	-	6,569,696
Operating Profit	46,882,676	-	46,882,676
Finance income	1,765,567	-	1,765,567
Finance costs	(3,280,440)	-	(3,280,440)
Profit Before Taxation	45,367,803	-	45,367,803
Taxation	(13,484,556)	(1,638,045)	(15,122,601)
Net Profit	31,883,247	(1,638,045)	30,245,202
Other Comprehensive Income:			
Fair value adjustments to land and buildings, net of taxes	-	-	-
Other Comprehensive Income, net of taxes	-	-	-
Total Comprehensive Income	31,883,247	(1,638,045)	30,245,202
Earnings Per Share	$797	-	$756

Unaudited Financial Data

	Three (3) months ended Dec. 31, 2010 $	Three (3) months ended Dec. 31, 2009
Turnover	141,888,920	121,411,796
Cost of Sales	(77,085,040)	(66,631,893)
Gross Profit	64,803,880	54,779,903
Other income	273,215	784,200
	65,077,095	55,564,103
Administrative expenses	(32,133,175)	(21,300,010)
Selling, marketing & distribution costs	(23,994,682)	(19,383,985)
Operating Profit	8,949,238	14,880,108
Finance costs	(1,731,132)	(716,319)
Profit before taxation	7,218,106	14,163,789
Taxation	(2,406,035)	(4,721,263)
Net Profit	4,812,071	9,442,526

26. SUBSEQUENT EVENT

Subsequent to the year end, the Company had commenced the process for an Initial Public Offer (IPO) of its ordinary shares on the Junior Market of the Jamaica Stock Exchange. At January 20, 2011, the date of approval of the audited financial statements, the negotiations were still in progress.

Macro Economic Policies

Changes in fiscal and monetary policies introduced by the Government of Jamaica may affect the behaviour of capital markets including the Junior Market of the JSE. Such changes in policies may create opportunities as well as challenges for the Company. This is a risk that is not faced by the Company alone but also, by any trading business although the risk could have particular impact on its particular business model.

Operational Risk

The Company is subject to the risk of loss resulting from disruptions to its business, inadequate or failed internal processes, people and systems, or from external events (including severe weather, other acts of God social unrest). This definition also includes systemic risk (including the risk of accounting errors, failure to procure appropriate insurance coverage, and compliance failures), legal risk and reputation risk. This catch-all category of risks also includes employee errors, computer and manual systems failures, security failures, fire, floods or other losses to physical assets, and fraud or other criminal activity or any other risk that affects the volume of visitor arrivals to the island. The Company insures itself against some (but not all) of these risks: for instance, the Company is insured in respect of damage to its business by fire, flood or other physical damage. It may not be feasible for the Company to insure itself in respect of all of the risks mentioned, because no coverage may be available or it is not economical to do so.

New Accounting Rules or Standards

The Company may become subject to new accounting rules or standards that differ from those that are presently applicable. Such new accounting rules or standards could require significant changes in the way the Company currently reports its financial position, operating results or cash flows. Such changes could be applied retrospectively. This is a risk that is not faced by the Company alone but also, by any trading business.

Admission of the Shares to the Junior Market of the JSE

After the Closing Date, and assuming that the Company is able to raise $50 million as a result of the Invitation by the Closing Date, the Company will make application to the JSE to admit the Shares to the Junior Market. However, the Company is not able to guarantee the full subscription of the Shares in the Invitation or the admission of the Shares to the Junior Market.

Volatility in Price of Shares

Following their proposed admission to trading on the Junior Market the Shares may experience volatility in their market price which may extend beyond the short term and which may be dependent on the Company's financial performance, as well as on investors' confidence and other factors over which the Company has no control.

Revocation of Tax Concessions Risk

If the Invitation is successful in raising $50 million by the Closing Date, and the Company is admitted to the Junior Market, it must remain listed on the JSE trading platforms for a period of 15 years in order to be eligible for the concessionary tax regime described in Section 14.2.

The instrument governing the concessionary tax regime is the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remittance) Notice dated 13 August 2009, which was made by the Minister of Finance under section 86 of the Income Tax Act. The instrument provides that if the Company is de-listed at any time during the 15 year period, it will become retrospectively liable to pay corporate income tax at the rate that would otherwise have

been applicable to it during the concessionary period.

Close Company

Until recently the Company has been owned and operated as a close company by related shareholders. It is important that the Company attract and retain appropriately skilled non executive directors, senior managers and a Mentor to assist it in considering and implementing new business strategies as well as for the purposes of compliance with the requirements for Junior Market Companies on the Jamaica Stock Exchange. Failure to do so could have a material adverse impact on the future prospects of the Company.

Key Personnel

It is important that the Company attracts and retains appropriately skilled personnel in order to operate its business which is labour intensive, and to accommodate growth and promote the establishment of new services. It is also important for the Company to replace personnel whose employment may be terminated for any reason within a reasonable time. In Jamaica, competition for qualified personnel can be intense, as there are a limited number of people with the requisite skills, knowledge and experience. The Company will need to attract and retain honest qualified personnel and failure to do so could have a material adverse impact on the future prospects of the Company.

Key Partners

The Company relies on its key business relationships with certain distribution partners and retail establishments. If the Company's relationship with any of those partners was disrupted or terminated for any reason the Company would have to identify new distribution and selling partners and its sales, profits and market share could be adversely affected.

Section 13 Professional Advisers to the Company

Principal Stockbrokers and Financial Advisers
Mayberry Investments Limited
1½ Oxford Road
Kingston 5

Auditors and Reporting Accountants
McKenley & Associates, Chartered Accountants
12 Kingslyn Avenue
Kingston 10

Attorneys to the Company
Patterson Mair Hamilton
7th Floor, Citigroup Building
63-67 Knutsford Boulevard
Kingston 5

Registrars and Transfer Agents
Jamaica Central Securities Depository Limited
40 Harbour Street
Kingston

14.1 Statutory Information required to be set out in this Prospectus by section 42 and the Third Schedule to the Companies Act

1. The Company has no founders or management or deferred shares save for the ordinary shares held by the original directors of the Company as disclosed in sections 7 and 8 (37,500,000 ordinary shares held by each of Herbert Chong and Michelle Chong, Directors and founding shareholders).

2. The Articles of Incorporation fix no shareholding qualification for directors and none has been otherwise fixed by the Company in general meeting.

3. The Articles of Incorporation contain the following provisions with respect to the remuneration of Directors:

(a) The remuneration of the directors shall from time to time be determined by the Company in general meeting. Such remuneration shall be deemed to accrue from day to day. The directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings or any committee of the Directors or general meetings of the Company in connection with the business of the Company. (Article 77)

(b) A director of the Company may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or in which the Company may be interested as shareholder or otherwise, and no such director shall be accountable to the Company for any remuneration or other benefits received by him as a director or officer of, or from his interest in, such other company unless the Company otherwise directs. (Article 79)

(c) A director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of director for such period and on such terms (as to remuneration and otherwise) as the directors may determine and no director or intending director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract, or any contract or management entered into by or on behalf of the Company in which any director is in any way interested, be liable to be avoided, nor shall any director so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason of such director holding that office or of the fiduciary relation thereby established. (Article 89(3))

(d) Any director may act by himself or his firm in a professional capacity for the Company, and he or his firm shall be entitled to remuneration for professional services as if he were not a director; provided that nothing herein contained shall authorize a director or his firm to act as auditor to the company. (Article 89(5))

(e) The Directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any Director who has held any other salaried office or place of profit with the Company or to his widow or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance. (Article 94)

(f) A Managing Director shall receive such remuneration (whether by way of salary, commission or participation in profits, or partly in one way and partly in another) as the directors may determine. (Article 117)

4. The names of the Directors of the Company appear in Section 8 of this Prospectus. The residential addresses of the Directors are as follows:

- Herbert Chong 4 Par Drive, Kingston 8, Saint Andrew
- Michelle Chong 4 Par Drive, Kingston 8, Saint Andrew
- Sushil Jain 78 – 80 Barbican Road, Unit 1, Kingston 6, Saint Andrew
- Charles Heholt 1 Waterworks Road, Townhouse 22, Kingston 8, Saint Andrew
- Paul Moses 39 Banana Walk, Kingston 8, Saint Andrew

5. The minimum amount required to be raised out of the proceeds of the Invitation to provide for the matters set out in paragraph 2 of Part 1 of the Third Schedule to the Companies Act (the "minimum subscription") is $50 million.

6. The Invitation will open for subscription at 9:00 a.m. on Wednesday 11th May 2011 and will close at 4:30 pm on the Closing Date, Wednesday 18th May 2011 subject to the Company's right to close the application list at any time after 9:00 a.m. on the Opening Date if Applications have been received for an amount in excess of the Shares offered under this Prospectus, or to extend the Closing Date for any reason whatsoever.

7. All Applicants including Company Applicants will be required to pay in full the applicable price per Share as specified in this Prospectus. No further sum will be payable on allotment.

8. No previous offer of shares in the Company has been made to the public.

9. Save as set out in paragraph 17 below no person has, or is entitled to be given, any option to subscribe for any shares in, or debentures of, the Company.

10. As at 31st March 2011 the Company held investments totalling $48,410,359 consisting of cash and bank balances of $42,865,355 and other short term investments of $5,545,004 (including $2,122,012 being the proceeds of a loan owing to it by a company named Next Incorporated that trades as Swirls and is controlled by the controlling shareholders of the Company Herbert and Michelle Chong Swirls).

11. There is no amount for goodwill, patent, or trade marks shown in the financial statements of the Company and there is no contract for sale and purchase which would involve any goodwill, patent or trade marks.

12. As at at 31st March 2011 the aggregate amount of indebtedness of the Company was $30,699,287 consisting of long and short term loans.

13. No amount is currently recommended for distribution by way of dividend. The Company's dividend history, and its dividend policy following admission to the Junior Market of the Jamaica Stock Exchange, is described in Section 7.13.

14. There is no property that is currently proposed to be purchased or acquired by the Company which is to be paid for wholly or partly out of the proceeds of this Invitation for the purposes of paragraphs 6 to 9 (inclusive) of Part 1 of the Third Schedule of the Companies Act.

15. Save as set out in paragraph 17 below within the 2 preceding years, no commissions have been paid, nor will any be payable to anyone for subscribing or agreeing to subscribe or procuring or agreeing to procure subscriptions for any shares or debentures of the Company.

16. The Company expects to pay the expenses of the Invitation out of the proceeds of its fundraising, and the Company estimates that such expenses will not exceed $7.5 million (inclusive of

brokerage and financial advisory fees, legal fees, auditors' fees, Companies Registrar's fees, initial fees and GCT). See paragraph 17 below for further details.

17. Within the last 2 years preceding the date of this Prospectus, no amount or benefit has been paid or given or is intended to be paid or given to any promoter save for:-

    Mayberry, for financial advisory and brokerage services associated with the Invitation and listing on the Junior Market of the JSE under an agreement dated 20th August 2010. The agreement provides for Mayberry to act as lead broker and financial adviser to the Invitation (inclusive of valuation services, lead brokerage, and the development of a marketing strategy for the purposes of the Invitation) for which Mayberry will receive financial advisory fees of $3 million plus an option to acquire Shares at the Invitation Price equivalent to 3% of the funds to be raised in the Invitation which is exercisable in a two year period following the Invitation .

18. The issue is not underwritten.

19. The material contracts of the Company are set out in Section 7.10.

20. The name and address of the auditors to the Company is: McKenley & Associates, Chartered Accountants, 12 Kingslyn Avenue, Kingston 10.

21. McKenley & Company have given and have not withdrawn their consent to the issue of this Prospectus with the inclusion of the Auditors' Report and Historical Financial Information, and their name in the form and context in which it is included.

22. The Company was incorporated on 1st March 1983 and it has carried on business since that date. As at the date of this Prospectus the Company has no subsidiaries.

14.2 Taxation of Junior Market Companies: Concessionary Regime

Companies that successfully apply for admission to the Junior Market of the JSE will benefit from a concessionary tax regime, details of which are set out below.

- On 13th August 2009 the Minister of Finance issued the Income Tax Act (Jamaica Stock Exchange Junior Market) (Remission) Notice 2009 under section 86 of the Income Tax Act. The Remission Notice provides that Jamaican Junior Market companies are not liable to pay corporate income tax in the first 5 years after listing (e.g. they will benefit from a full income tax exemption). The Remission Notice also provides that in years 6 to 10 of listing, Jamaican Junior Market companies are liable to pay corporate income tax at half of the normal rate (e.g. they will benefit from a 50% income tax exemption). The tax concessions require Jamaican Junior Market companies to maintain their listing on the JSE (on either or both of the Main or Junior Markets) for a period of 15 years. If such a Company is de-listed at any time during the 15 year period, it will become retrospectively liable to pay corporate income tax at the rate that would otherwise have been applicable to it during the concessionary period.

- Section 17(1)(d) of the Transfer Tax Act provides that transfers of shares made in the ordinary course of business on the Jamaica Stock Exchange will not attract transfer tax.

- The Schedule to the Stamp Duty Act provides that transfers of shares made in the ordinary course of business on the Jamaica Stock Exchange will not attract Stamp Duty.

- Section 12(v) of the Income Tax Act states that "profits or gains from transactions carried out on the Jamaica Stock Exchange in shares, stock or securities accruing to an individual that does not hold himself out as a dealer therein, being profits or gains which do not exceed one – half of his

statutory income from all other sources for the year of assessment or, (where he so elects) profits or gains which, taken with profits or gains (or losses) on such transactions by him in the two immediately preceding years of assessment, do not exceed one half of the aggregate of his statutory income from all other sources for the year of assessment and those two preceding years".

- Section 30(3) of the Income Tax Act provides that dividends payable by companies listed on the JSE are taxed at a nil rate for the purposes of taxation of statutory incomes of persons subject to the Act.

Prospective investors should seek advice on the taxation of Junior Market companies and their prospective investment in the Company from a professional adviser, and should not rely on the summary set out above.

Section 15 Documents available for Inspection

Copies of the following documents may be inspected at the law offices of Patterson Mair Hamilton 7th Floor Citigroup Building 63 – 67 Knutsford Boulevard, Kingston 5 between the hours of 9:00 a.m. to 4:00 p.m. on Mondays to Fridays, up to and including the Closing Date (or the extended Closing Date as the case may be):

1. The Articles of Incorporation of the Company adopted as of 13th April 2011.

2. The audited financial statements of the Company for the financial years ended 30 September 2006 to 30 September 2010 inclusive.

3. The consent of the auditors of the Company, McKenley & Associates Chartered Accountants, to the inclusion of their name in the form and context in which it appears in this Prospectus.

4. Copies of the following documents:

   - The regulatory permits, certificates and licenses referred to in Section 7.8
   - The trademark registrations and the certificates of title for the owned real property at 26 Retirement Crescent referred to in Section 7.9
   - The material contracts referred to in Section 7.10
   - The insurances referred to in Section 7.14

Section 16 Directors' Signatures

The Directors of the Company, whose names appear below, are individually and collectively responsible for the contents of this prospectus.

Herbert Chong

Michelle Chong

Sushil Jain

Charles Heholt

Paul Moses

☐ COMPANY APPLICANT

☐ KEY PARTNER

Appendix 1 Application Form

PLEASE READ CAREFULLY BEFORE COMPLETING THIS FORM

To: HONEY BUN (1982) LIMITED ("HONEY BUN" or the "Company")

Re: Invitation for Subscription in respect of up to 18,750,000 units being offered Ordinary shares made pursuant to the Prospectus dated and registered the registration date. I/We confirm that I/we have read and understood and hereby agree to be bound by the terms and conditions contained in the Prospectus, all of which are incorporated in this Application Form by reference.

I/We hereby apply for ☐☐☐,☐☐☐,☐☐☐ ordinary shares in Honey Bun on and subject to the terms and conditions of the Invitation set out in the Prospectus at the price of J$3.00 each, and I/we attach my/our cheque for ☐☐☐,☐☐☐,☐☐☐.☐☐ *inclusive* of processing fees of J$100.00 payable to Mayberry Investments Limited, or I/we request Mayberry Investments Limited to make payment on my/our behalf from cleared funds held by them in my/our name in account numbered ☐☐☐☐☐☐☐☐ I/We hereby instruct Mayberry Investments Limited to debit my/our account with the sum of J$ ☐☐☐,☐☐☐,☐☐☐.☐☐ for the purposes of my/our subscription of ordinary shares and processing fee as indicated above.

I/We agree to accept the same or any smaller number of Shares in respect of which this application may be accepted, subject to the terms and conditions in the Prospectus and the Articles of Incorporation of Honey Bun, by which I/We agree to be bound. I/We request you to sell and transfer to me/us the number of shares which may be allocated to me/us at the close of the said Invitation the terms and conditions governing applications, as set forth in the Prospectus. I/We hereby agree to accept the shares that may be allocated to me/us to be credited to an account in my/our name (s) in the Jamaica Central Securities Depository (JCSD).

INSTRUCTIONS TO COMPLETING APPLICATION FORM: All fields are relevant and must be completed. If you already have an account with the JCSD, please ensure that you indicate here ☐☐☐☐☐☐☐☐☐☐ (JCSD ACCOUNT NUMBER) ☐☐ (BROKER CODE) otherwise a new account will automatically be created.

PRIMARY HOLDER DETAILS

PRIMARY HOLDER (EITHER COMPANY OR INDIVIDUAL)

TITLE | TAXPAYER REGISTRATION NUMBER | CITIZENSHIP | NATIONALITY | CLIENT TYPE | ACCOUNT TYPE

OCCUPATION OR, IF AN EMPLOYEE, PLEASE STATE YOUR POSITION, AND PROVIDE REASONABLY VERIFIABLE PROOF OF YOUR POSITION WITH THE COMPANY

MAILING ADDRESS LINE 1

MAILING ADDRESS LINE 2

MAILING ADDRESS LINE 3

CITY (E.G. KINGSTON) | POSTAL CODE (E.G. 6) | COUNTRY CODE

TELEPHONE NUMBER (HOME) | 876 TELPEHONE NUMBER (WORK) | TELEPHONE NUMBER (CELL)

SIGNATURES:

INDIVIDUAL:_____ DATE SIGNATURE AFFIXED:_____

COMPANIES *(COMPANY SEAL OR STAMP REQUIRED)*:

DIRECTOR:_____ DIRECTOR/SECRETARY:_____ DATE SIGNATURES AFFIXED:_____

PLEASE CONTINUE ON REVERSE TO COMPLETE JOINT HOLDER INFORMATION

ALL APPLICANTS MUST INDICATE THEIR TAXPAYER REGISTRATION NUMBERS

ALL APPLICANTS ARE REQUIRED TO PAY J$100.00 PROCESSING FEE PER APPLICATION SUBMITTED

THIS OFFER IS NOT MADE TO PERSONS RESIDENT OUTSIDE JAMAICA

USE BY REGISTRAR ONLY

Form ID: 90

Batch #

JOINT HOLDER INFORMATION

FIRST NAMED JOINT HOLDER

OCCUPATION | TAXPAYER REGISTRATION NUMBER | SIGNATURE

SECOND NAMED JOINT HOLDER

OCCUPATION | TAXPAYER REGISTRATION NUMBER | SIGNATURE

THIRD NAMED JOINT HOLDER

OCCUPATION | TAXPAYER REGISTRATION NUMBER | SIGNATURE

NOTES ON HOW TO COMPLETE THE APPLICATION FORM

1. Applications that are not from Company Applicants must be for a minimum of 1,000 Shares with increments in multiples of 1,000. Applications in other denominations will **not** be processed or accepted.
2. All Applicants must attach their payment for the specified number of Shares they have applied for, in the form of either:
   A. A Manager's cheque made payable to Mayberry Investments Limited
   B. Authorization on the Application Form from the Applicant instructing Mayberry to make payment from cleared funds held with Mayberry Investments Limited in an investment account in the Applicant's name

   Each Share that is not a Reserved Share for Company Applicants is priced at $3.00. Reserved Shares for Company Applicants are priced as follows:

   - Block of 200 Reserved Shares at the price of $1 per Reserved Share = $200 (limit one block per Applicant)
   - All other Reserved Shares are priced at $2.40 per Reserved Share applied for (allocation to be made subject to seniority

3. If you are applying jointly with any other person, you must complete the Joint Holder Information and each joint holder **must** sign the Application Form at the place indicated.
4. All Applicants must be at least 18 years old and must attach a certified copy of their T.R.N. card or Jamaican Driver's Licence displaying the T.R.N.
5. Share Certificates will not be issued unless specifically requested through your broker. Instead, the Shares allotted to a successful Applicant will be credited to his account at the Jamaica Central Securities Depository ("JCSD"). If the Applicant does not have a JCSD account, one will be created and the allotted Shares deposited to that account. Applicants may refer to the notice posted on the JSE website (www.jamstockex.com) for instructions on confirming Share Allotments
6. All Applicants are deemed to have accepted the terms and conditions set out in the Prospectus and the Articles of Incorporation of the Company generally.

THIS SECTION FOR USE BY BROKER ONLY

DATE APPLICATION RECEIVED: _____ TIME RECEIVED: _____

PAYMENT METHOD: CHEQUE / AUTHORISATION LETTER CHEQUE NUMBER OR LETTER DATE: _____

PAYMENT VALUE: _____ POOL: _____

BROKER STAMP AND SIGNATURE: