MANAGEMENT DISCUSSION

We are pleased to present the financial report for the 6 months ending 31 March, 2012.

Honey Bun's unaudited 2nd quarter results for FY2012 show after tax profit at $23.8 million compared to prior year at $15.9 million. This represents an increase of 48.9% over the comparative period.

Overall Revenues increased by 8.5% over the comparative quarter for 2011. 2012 Export sales increased by 188% over the 2nd quarter 2011 as a result of new export markets identified and increased sales from existing ones. We will continue to aggressively pursue our export potential and our product development program.

Year to date figures show 6 months year to date net profits at $33.6 million or a 71% increase over the comparative prior year 6 month period. Being listed on the Junior Stock Exchange, the company is exempt from Corporate Income Tax.

This Report represents the first time a public trading company in Jamaica has published an Interim Financial report which has been formally reviewed by the auditors.

Our Internal Audit program and continuous improvement on Corporate Governance will continue to create new opportunities for the company.

The School Dayz program will come to an end in April and Honey Bun will be upgrading top schools with IT technology by means of computers, internet access and several personal laptops for students and principals.

We wish to thank all our stakeholders including customers, distributors, shareholders and employees for their continued support.

HONEY BUN (1982) LIMITED
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Six Months ended 31 March 2012

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MCKENLEY
& ASSOCIATES
CHARTERED ACCOUNTANTS

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To the Members
Honey Bun (1982) Limited

Introduction

We have reviewed the accompanying balance sheet of Honey Bun (1982) Limited as of 31 March 2012 and the related statements of income, changes in equity and cash flows for the six-month period then ended, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, "interim financial reporting". Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity." A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.

McKenley & Associates

Chartered Accountants
8 May 2012
Kingston, Jamaica

HONEY BUN (1982) LIMITED
Statement of comprehensive income
Six Months ended 31 March 2012

	Note	Unaudited 3 months ended 31 March 2012	Unaudited 3 months ended 31 March 2011	Unaudited 6 months ended 31 March 2012	Unaudited 6 months ended 31 March 2011	Audited 12 months ended 30 September 2011
		$	$	$	$	$
Revenue		160,212,396	*147,611,294	305,802,547	*285,339,498	560,847,134
Cost of Sales		83,830,847	*80,047,768	165,661,650	*163,155,532	324,970,327
Gross Profit		76,381,549	67,563,526	140,140,897	122,183,966	235,876,807
Finance income - interest		238,801	198,329	692,078	461,433	1,713,669
Grant Funds		-	-			290,904
Other gains		32,304	100,000	400,169	111,200	747,563
		76,652,654	67,861,855	141,233,144	122,756,599	238,628,943
Less expenses						
Administrative and other expenses		31,258,953	*24,426,642	63,344,872	*51,093,607	97,280,387
Selling & distribution costs		20,765,444	*18,464,351	42,742,864	*39,411,257	99,822,502
		52,024,397	42,890,993	106,087,736	90,504,864	197,102,889
Profit from operations		24,628,257	24,970,862	35,145,408	32,251,735	41,526,054
Finance costs		838,315	*1,000,663	1,500,994	*2,728,483	4,531,222
Profit before taxation		23,789,942	23,970,199	33,644,414	29,523,252	36,994,832
Taxation	8	-	7,990,066	-	9,841,084	9,365,005
Net Profit		23,789,942	15,980,133	33,644,414	19,682,168	27,629,827
Other Comprehensive Income:						
Unrealized gain on investments		-	-	-	-	512,008
Total comprehensive income for the period/year		23,789,942	15,980,133	33,644,414	19,682,168	28,141,835
Earnings per stock unit	9	$0.25	$0.21	$0.36	$0.26	$0.34

*** Reclassified for comparative purposes**

HONEY BUN (1982) LIMITED
Statement of financial position
31 March 2012

	Note	Unaudited 31 March 2012 $	Unaudited 31 March 2011 $	Audited 30 September 2011 $
ASSETS:				
NON-CURRENT ASSETS:				
Property, plant and equipment	11	183,808,747	*160,610,274	179,900,984
Investments	5	35,383,289	30,302,103	44,436,558
Intangible assets	11	3,109,326	*3,111,102	3,780,881
		*222,301,362	194,023,479	228,118,423
CURRENT ASSETS				
Inventories		27,457,538	17,632,684	21,589,323
Receivables		55,387,133	*39,272,746	46,324,713
Taxation recoverable		491,247	-	-
Related company	12	1,522,013	2,122,013	*1,772,013
Cash & cash equivalents		11,431,600	16,416,251	10,720,232
		96,289,531	75,443,694	80,406,281
CURRENT LIABILITIES:				
Payables		30,959,139	*45,704,245	39,426,036
Taxation		-	*7,730,027	5,621,707
Bank overdraft		1,894,297	-	2,437,053
Current portion of long term loans	13	3,714,276	*11,818,384	4,208,093
		36,567,712	65,252,656	51,692,889
Net Current Assets		59,721,819	10,191,038	28,713,392
		282,023,181	204,214,517	256,831,815
EQUITY & LIABILITIES:				
Shareholders' equity				
Share capital	14	46,514,770	40,000	46,514,770
Capital reserves		71,758,384	47,849,944	47,849,944
Retained earnings		148,583,400	107,781,572	115,781,239
		266,856,554	155,671,516	210,145,953
NON-CURRENT LIABILITIES				
Long term loans	13	15,166,627	*18,880,904	17,023,765
Deferred tax liabilities	14	-	29,662,097	29,662,097
		15,166,627	48,543,001	46,685,862
		282,023,181	204,214,517	256,831,815

*** Reclassified for comparative purposes**

Approved for issue by the Board of Directors on 8 May 2012 and signed on its behalf by:

Herbert Chong
Director

Charles Heholt
Director

HONEY BUN (1982) LIMITED
Statement of changes in shareholders' equity
31 March 2012

	Capital Reserves	Share Capital	Retained Earnings	Total
	$	$	$	$
Balance at 1 October 2010	47,849,944	40,000	88,099,404	135,989,348
Total comprehensive income	-	-	19,682,168	19,682,168
Balance at 31 March 2011 (un-audited)	47,849,944	40,000	107,781,572	155,671,516

	Capital Reserves	Share Capital	Retained Earnings	Total
	$	$	$	$
Balance at 1 October 2011	47,849,944	46,514,770	115,781,239	210,145,953
Total comprehensive income	-	-	33,644,414	33,644,414
Deferred tax reversal	23,908,440	-	5,753,657	29,662,097
Dividends	-	-	(6,595,910)	(6,595,910)
Balance: 31 March 2012 (un-audited)	71,758,384	46,514,770	148,583,400	266,856,554

HONEY BUN (1982) LIMITED
Statement of cash flows
31 March 2012

	Six months ended 31 March 2012	Six months ended 31 March 2011
	$	$
Cash flows from operating activities:		
Profit before taxation	33,644,414	19,682,168
Adjustments for:		
Depreciation	12,894,726	8,647,531
Amortization	909,312	-
Operating cash flows before movement in working capital	47,448,452	28,329,699
Movements in working capital:-		
Inventories	(5,868,214)	(125,327)
Receivables	(9,062,420)	(7,264,923)
Payables	(8,468,897)	9,704,813
Taxation	(6,112,954)	8,247,093
Net cash from operating activities	17,937,967	38,891,355
Cash flows from investing activities:-		
Payment for property, plant and equipment	(16,802,489)	(10,287,303)
Payment for software	(237,757)	(2,971,102)
Disposal/(purchase) of investments	9,303,269	(5,191,340)
Net cash used in investing activities	(7,736,977)	(18,449,745)
Cash flows from financing activities:-		
Net repayment of long term borrowings	(2,350,956)	(688,833)
Dividend paid	(6,595,910)	(6,450,000)
Net cash used in financing activities	(8,946,866)	(7,138,833)
Net increase in cash and cash equivalents	1,254,124	13,302,777
Net cash balances at beginning of year	8,283,179	3,113,474
Net cash and cash equivalents at end of year	9,537,303	16,416,251
Represented by:		
Cash and cash equivalents	11,431,600	16,416,251
Short-term borrowings	(1,894,297)	-
	9,537,303	16,416,251

HONEY BUN (1982) LIMITED
Notes to the interim financial information
Six Months ended 31 March 2012

1. GENERAL INFORMATION

Honey Bun Limited (the "Company") is a limited liability company incorporated under the laws of Jamaica. Its principal activities comprise the manufacture and distribution of baked products to the local and export market. The Company operates within Jamaica from its registered office located at 26 Retirement Crescent, Kingston 5.

The Company's shares were listed on the Junior Market of the Jamaica Stock Exchange (JSE) on 3 June 2011.

This condensed interim financial information has been reviewed but not audited. It has been approved for issue on 8 May 2012.

2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 31 March 2012 has been prepared in accordance with IAS 34, 'Interim financial reporting '.
The condensed interim financial information should be read in conjunction with the annual audited financial statements for the year ended 30 September 2011, which have been prepared in accordance with IFRSs and comply with the provisions of the Jamaican Companies Act.

3. ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these un-audited financial statements are consistent with those used in the audited financial statements for the year ended 30 September 2011.

4. USE OF ESTIMATES AND JUDGMENTS

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 September 2011.

(i) Property, plant and equipment:

Items of property, plant and equipment are stated at cost less accumulated depreciation

(ii) Depreciation:

Depreciation is recognized on profit or loss on the straight line basis, over the estimated useful lives of property, plant and equipment.

4. USE OF ESTIMATES AND JUDGMENTS (CONTINUED)

(iii) Borrowings:

Borrowings are recognized initially as the proceeds received net of transaction costs incurred. Borrowings are subsequently stated at amortized cost using the effective interest method with any difference between proceeds net of transactions costs and the redemption value recognized in income along with regular interest charges over the period of the borrowings.

5. FINANCIAL RISK MANAGEMENT

(a) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed financial statements do not include all financial risk management information and disclosures required in the annual audited financial statements, and should be read in conjunction with the Company's annual audited financial statements as at 30 September 2011.

There have been no changes in the risk management department or policies since the date of the last audited financial statements as at 30 September 2011.

(b) Liquidity risk

Compared to year ended 30 September 2011, there was no material change in the contractual undiscounted cash out flows for financial liabilities. The Company does not expect any early settlement of liabilities in the next six months as a consequence of its continuing positive cash flows from operating activities.

(c) Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

5. FINANCIAL RISK MANAGEMENT (CONTINUED)

The following table presents the Company's assets and liabilities that are measured at **fair value at 31 March 2012**.

Assets	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
- Equity securities	662,720	-	-	662,720
- Debt investments		34,720,569	-	34,720,569
Total Assets	**662,720**	**34,720,569**	**-**	**35,383,289**

The following table presents the Company's assets and liabilities that are measured at **fair value at 30 September 2011.**

Assets	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets:				
- Equity securities	1,231,294	-	-	1,231,294
- Debt investments		43,205,264		43,205,264
Total Assets	**1,231,294**	**43,205,264**		**44,436,558**

There were no significant changes in the business or economic circumstances that affect the fair value of the Company's financial assets or liabilities. In 2012 there was no reclassification of financial assets.

6. SEASONALITY OF OPERATIONS

Due to the seasonal nature of the Company's revenue streams, operating profits are usually expected in the first half of the year to be higher. The Christmas and Easter holidays fall within the first six months of the year to 31 March 2012 where sale of the Company's products reflect uneven revenue in these periods.

7. EXCEPTIONAL ITEMS

Items that are material either because of their size or their nature that are non-recurring are highlighted separately in the income statement. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance.

7. EXCEPTIONAL ITEMS (CONTINUED)

An analysis of the amounts presented as exceptional items in these financial statements is given below:

Operating items	**Six months ended 31 March 2012**	**Six months ended 31 March 2011**
Amortization charge relating to computer software:		
Intangible assets	909,312	-

Non-financial assets that have an indefinite life are not subject to amortization but are tested for impairment annually at year end (30 September) or whenever there is any indication of impairment There was no indication of impairment for non-financial assets with indefinite lives during the period.

Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. No impairment of assets were recorded during the period.

8. INCOME TAXES

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

	Six months ended 31 March 2012 $	**Six months ended 31 March 2011 $**
Current period taxation charge	-	9,365,005
Deferred tax	-	-
Taxation charged in income statement	-	9,365,005

Remission of income tax:

By notice dated 13 August 2009, the Minister of Finance and the Public Service, issued and gazetted the Income Tax (Jamaica Stock Exchange Junior Market) (Remission) Notice, 2009. The Notice effectively granted a remission of income tax to eligible companies that were admitted to the Junior Stock Exchange (JSE). Effective 3 June 2011, the Company’s shares were listed on the JSE and consequently, the Company is entitled to a remission of income taxes for ten years in the proportion set out below,

Years 1 to 5 (3 June 2011– 31 May 2016) – 100%

Years 6 to 10 (1 June 2016 – 31 May 2021) – 50 %

9. EARNINGS PER STOCK UNIT

The Earnings per Stock Unit (EPS) is computed by dividing the profit for the period by the number of shares in issue for the period of 94,253,390 (2011 - 75,000,000). The number of shares for both years reflects the increase by 610,000 shares to 650,000 shares and subsequent 150 for 1 split in the number of shares in issue up to 13 April 2011.

The number of shares for the current period also reflects the 18,750,000 shares which were issued as part of the Initial Public Offer (IPO) effective 3 June 2011 and the 503,390 shares from an option exercised by Mayberry Investments Limited effective 30 September 2011. The audited 12 months ended 30 September 2011 EPS was based on a weighted average number of shares in issue for the year of 81,250,000.

10. DIVIDENDS

An interim dividend of 7 cents per share was proposed by the board of directors and approved by shareholders at the AGM on 21 March 2012. It was paid on 6 January 2012 to shareholders who were on the register at 20 December 2011.

This dividend relates to the period 30 September 2011 amounting to $6,595,910.

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

	Property, plant and equipment	Intangible assets
	$	$
Six months ended 31 March 2011		
Opening net book amount as at 1 October 2010	158,970,502	140,000
Additions	10,287,303	2,971,102
Depreciation	(8,647,531)	-
Closing net book amount as at 31 March 2011	160,610,274	3,111,102
Six months ended 31 March 2012		
Opening net book amount as at 1 October 2011	179,900,984	3,780,881
Additions	16,802,489	237,757
Depreciation and amortization	12,894,726	909,312
Closing net book amount as at 31 March 2012	183,808,747	3,109,326

12. RELATED PARTY TRANSACTIONS

Parties are considered related if one party has the ability to control or exercise significant influence over the other party in making financial or operational decisions.

31 March 2012 $	31 March 2011 $
1,522,013	2,122,013

The net balance represents advances from Honey Bun (1982) Limited and expenses paid on its behalf to support its working capital requirements. The related company is owned and controlled by the principal shareholders of Honey Bun (1982) Limited. The Company agreed with the management of the related party to charge interest at 6% per annum on the balance which should be repaid by monthly payments of $50,000 until liquidated in September 2015.

During the six month period ended 31 March 2012, the related company purchased raw materials of approximately $1,200,000 (2011- $1,400,000) and repaid approximately $1,200,000 (2011- $1,600,000) on its customer account with the Company.

13. BORROWINGS AND LOANS

	31 March 2012 $	31 March 2011 $	30 Sept. 2011 $
Non current : due after 12 months	15,166,927	18,880,904	17,023,765
Current portion due within 12 months	3,714,276	11,818,384	4,208,093

14. SHARE CAPITAL

	2012 $	2011 $
Authorized:		
97,500,000 shares (2011 – 40,000 shares)		
Issued and fully paid:		
94,253,390 shares	46,514,770	40,000

15. 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:

	Six months ended 31 March 2012	Six months ended 31 March 2011
Balance at start of the year	29,662,097	29,662,097
Credited to retained earnings	(5,753,657)	-
Credited to capital reserve	(23,908,440)	-
Balance at end of year	**-**	**29,662,097**

Deferred tax brought forward has been eliminated against equity and capital reserve because the Company was listed on the JSE, effective 3 June 2011 and will be relieved from income tax for the next ten (10) years, following the listing. (See note 8)

16. PROVISION FOR OTHER LIABILITIES AND CHARGES

Apart from provisions of $1,258,133 for impaired receivables at 31 March 2012 (2011 - $1,238,133), there were no other provisions.

The management was not aware of any significant legal claims against the Company and the Company's attorneys did not indicate that there were any significant claims against the Company by employees or external parties.

17. CONTINGENT LIABILITIES

No claim for unspecified damages was lodged against the Company during the period. There were no contingent liabilities except for the matter noted in the following paragraph as at 31 March 2012 or as at 30 September 2011.

During the last financial year, the Company was audited by Tax Administration Jamaica (TAJ) in regard to the method used in calculating the Company's General Consumption Tax monthly liability. The Company's method of calculation was different from that of TAJ and as such an objection has been filed. The directors are of the opinion that because of the uncertainty involved, the matter will be ultimately settled in the Company's favour and therefore no provision is considered necessary in the financial statements.

18. RECLASSIFICATIONS

Certain comparative figures and totals have been reclassified in order to conform to classifications used for the six (6) months income statement ended 31 March 2012 and the balance sheet as at that date.

19. EXPENSES BY NATURE

Total six (6) month's administrative, selling and distribution expenses:

	31 March 2012 $	31 March 2011 $
Distribution costs	24,103,198	26,047,767
Advertising, marketing and promotion	15,393,631	8,434,017
Local travel, accommodation and motor vehicle expenses	1,164,646	4,585,611
Rates, taxes, telephone and electricity	5,224,408	4,098,399
Donations and subscriptions	124,242	310,238
Foreign travel and entertainment	297,810	505,525
Office, general, printing and stationery	1,052,712	1,113,586
Insurance	2,917,179	2,336,523
Rental of property	1,116,700	1,388,415
Repairs and maintenance, cleaning and sanitation	4,764,354	4,935,997
Legal, professional, management and accounting	2,999,369	2,654,558
Security	2,411,594	2,476,421
Staff costs	37,070,939	29,049,918
Depreciation	6,537,642	2,567,889
Amortization	909,312	-
	106,087,736	90,504,864

20. INFORMATION REGARDING SHAREHOLDERS

	No. of Units
TEN LARGEST SHAREHOLDERS at 31 March 2012	
Herbert Chong	37,500,000
Michelle Chong	37,500,000
Mayberry Managed Clients' Account	2,969,089
Daniel V. Chong & Dustin Chong	2,060,600
Krystal T. Chong & Dylan Chong	1,970,600
Mayberry West Indies Limited	1,430,477
Bamboo Group Holding Limited	1,184,855
Apex Pharmacy	711,449
VMWM – Client 1	453,318
Paul H. Moses & Joan Moses	400,000
SHAREHOLDINGS OF DIRECTORS at 31 March 2012	
Herbert Chong	37,500,000
Michelle Chong	37,500,000
Paul Moses	400,000
Connected party: Joan Moses	
Sushil Jain	453,318
Charles Heholt	252,000
Connected party: Tracy-Ann E. Heholt	
SHAREHOLDINGS OF SENIOR OFFICERS at 31 March 2012	
Daniel Chong	2,060,600
Combined person: Dustin Chong	
Krystal Chong	1,970,600
Combined person: Dylan Chong	
Paul D. Watson	20,800