FINANCIAL & STATUTORY REPORTS

2005

FINANCIAL & STATUTORY REPORTS
FOR CAPILANO HONEY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE YEAR ENDED 30 JUNE 2005

CAPILANO
Honey Limited

A.B.N. 55 009 686 435

Table of Contents

Report of the Directors

Your directors present their report on the consolidated entity consisting of Capilano Honey Limited ('CHL') and the entities it controlled at the end of or during the year ended 30 June 2005.

DIRECTORS

The following persons held office as directors during the financial year and up to the date of this report:

Donald Gordon Keith *(Chairman)*	Ian Alfred Cane
Trevor Richard Morgan *(Deputy Chairman)*	Rosemary Doherty
Roger David Masters	Phillip Francis McHugh
Bernard James Ballantyne	Warwick Birdsall Wilshire

ACTIVITIES

The principal activities of the consolidated entity during the year continued to be:

- packing of honey for domestic and export sales.
- supply and distribution of honey based therapeutic products.

CONSOLIDATED RESULTS

The operating loss of the consolidated entity for the year after income tax was $1,795,158.

DISTRIBUTIONS

The ordinary dividend of five cents per share provided for in the 2004 accounts was paid during the year absorbing $258,292 in cash.

No dividend has been declared for the year ended 30 June 2005.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

There is at the date of this report no matter or circumstance which has arisen since 30 June 2005 that has significantly affected or may significantly affect:-

i) the operations of the consolidated entity;
ii) the results of those operations; or
iii) the state of affairs of the consolidated entity in financial years subsequent to 30 June 2005.

REVIEW OF OPERATIONS

Sales revenue of $79,395,184 for the consolidated entity was $4,453,104 below the previous year's result. An analysis of this sales decrease is as follows:-

	% increase / (decrease) of 2005 over 2004	*2005 $*	*2004 $*
Capilano Honey Limited	(5.5%)	77,271,173	81,770,614
Medihoney Pty Ltd	2.2%	2,124,011	2,077,674

The decrease in revenue for the parent entity was mainly a result of increased domestic supply, lower offshore commodity honey prices and increased domestic competition.

SIGNIFICANT CHANGES

There were no significant changes in the state of affairs of the consolidated entity during the year.

LIKELY DEVELOPMENTS

Likely future developments of the consolidated entity include continuing competitive marketing of the consolidated entity's brands on both domestic and export markets.

In the opinion of the directors it would prejudice the interests of the consolidated entity if any further information on likely developments in the operations of the consolidated entity and the expected results of operations were included herein.

Report of the Directors

INFORMATION ON DIRECTORS

Director	*Qualifications/Experience*	*Special Responsibilities*	*Shares held in Parent entity*
Donald Gordon **KEITH**	FAICD, AM Commercial apiarist. Director since 1989.	Chairman of Capilano Honey Limited Board, Chairman of the Nomination Committee, and a Member of the Honey Supply & Industry Committee. Chairman of Capilano Beekeepers Ltd. Director of Medihoney Pty Ltd.	D G Keith is a partner in a partnership which holds 57,920 shares.
Trevor Richard **MORGAN**	FAICD Commercial apiarist. Director since 1998.	Deputy Chairman of Capilano Honey Limited Board. Chairman of the Audit & Compliance Committee and Member of the Honey Supply & Industry and Nomination Committees. Director of Capilano Beekeepers Ltd.	T R Morgan is a partner in a partnership which holds 13,260 shares.
Roger David **MASTERS**	B.Com, MBA, CA Managing Director since July 1996, fourteen years senior management experience in the food industry, including nine years in the agribusiness sector.	Member of the Audit & Compliance and Honey Supply & Industry Committees. Director of Medihoney Pty Ltd and Director of Medihoney (Europe) Ltd. Vice-President of Capilano Labonte Inc.	1 R D Masters is also the beneficiary of an entity holding 4,000 shares.
Bernard James **BALLANTYNE**	Independent Director since 1991, and for six years prior was the nominee director representing the Allowrie shareholding. He has extensive experience in Agribusiness in senior management positions encompassing operations, sales, marketing and general management. Currently Group Managing Director of Castlegate VGS Pty Ltd.	Independent Non-executive Director. Member of the Remuneration and Audit & Compliance Committees. Chairman of Medihoney Pty Ltd. Chairman of Capilano Labonte Inc.	1
Ian Alfred **CANE**	Commercial apiarist. Director since 1990.	Chairman of Remuneration Committee and Member of the Honey Supply & Industry and Nomination Committees.	I A Cane is a partner in a partnership which holds 24,235 shares.
Rosemary **DOHERTY**	GAICD Commercial apiarist. Director since 2000.	Member of the Audit & Compliance, Nomination, Remuneration and Honey Supply & Industry Committees.	R Doherty is a partner in a partnership which holds 13,800 shares.
Phillip Francis **McHUGH**	Commercial apiarist. Director since 1993.	Chairman of the Honey Supply & Industry Committee and Member of the Nomination Committee.	P F McHugh holds 34,676 shares.
Warwick Birdsall **WILSHIRE**	FAICD, JP (C.Dec) Managing Director from July 1984 to 30 June 1996. Appointed Independent Director in June 1996.	Independent Non-executive Director. Member of the Audit & Compliance and Remuneration Committees. Director of Medihoney Pty Ltd.	1

Company Secretary

Errol John **BAILEY**	CPA, FCIS, JP(C.Dec)	A Certified Practicing Accountant and a Fellow of Chartered Secretaries Australia, Mr Bailey has extensive experience in corporate administration and finance, gained during more than twenty five years in management positions. Mr Bailey is also Company Secretary of Medihoney Pty Ltd and Medihoney (Europe) Ltd.

Report of the Directors

The particulars of directors' interests in shares are as at the date of this report. Directors retiring by rotation are Messrs Keith and Morgan. Mr Morgan being eligible, is offering himself for re-election. Mr Keith, although eligible, is not offering himself for re-election and will retire at the conclusion of the 2005 Annual General Meeting.

MEETINGS OF DIRECTORS

The number of directors meetings held (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year were:

Directors	*Directors Meetings of the Company*		*Committee Meetings of Directors*		*Directors Meetings of Controlled Entities*		*General Meetings of the Company*	
	No. of Meetings Attended	No. of Meetings Held (*)	No. of Meetings Attended	No. of Meetings Held (*)	No. of Meetings Attended	No. of Meetings Held (*)	No. of Meetings Attended	No. of Meetings Held (*)
D.G. Keith	12	13	17	17	6	6	1	1
T. R. Morgan	13	13	15	15			1	1
R.D. Masters	13	13	16	16	6	6	1	1
B.J. Ballantyne	12	13	13	15	6	6	1	1
I.A. Cane	13	13	11	11			1	1
R. Doherty	13	13	12	12			1	1
P. McHugh	13	13	9	9			1	1
W.B. Wilshire	13	13	15	15	6	6	1	1

(*) Reflects the number of meetings held during the time the director held office during the year, or while he/she was a Member of a Board Committee. Number of Meetings attended includes attendance by invitation.

ENVIRONMENTAL REGULATIONS

The consolidated entity's operations are subject to environmental regulations under legislation in Queensland and Victoria in relation to its honey packing and construction, installation and plant maintenance operations.

Senior management of the parent entity is responsible for monitoring compliance with environmental regulations.

Based upon the results of inquiries made, the directors are not aware of any significant breaches during the period covered by this report. They have been made aware of the following non-compliance:

- Richlands - PET and Packaging Operations: Environmental Licence Authority required under Section 41 of the Environmental Protection Act (QLD) 1994. Application for such a licence has been lodged and the licence should be granted before December 2005.

Compliance with the requirements of environmental regulations was substantially achieved across all other operations with no other instances of non-compliance in relation to requirements noted.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

REMUNERATION REPORT

CAPILANO REMUNERATION COMMITTEE

- **Role**

The Committee is responsible for reviewing the remuneration of executive management and the Board, executive incentive plans and reporting to the Board on these matters.

The responsibilities of the Committee include:

(i) Formulation of remuneration policy. This involves ensuring that the policy:
- attracts, retains, develops and motivates executives of the calibre appropriate to deliver Capilano's strategic goals and objectives;
- reflects a clear relationship between remuneration and individual and Capilano performance;
- is internally consistent; and
- contributes to the overall integrity of the Capilano remuneration system.

(ii) Recommending remuneration for directors and executives, including fixed remuneration, short and long term incentives and terms of service.

- **Memberships and Meetings**

	No. of Meetings Attended	No. of Meetings Held (*)
Members of Remuneration Committee		
I.A. Cane (Chairman)	4	4
W.B. Wilshire	4	4
R. Doherty	4	4
B.J. Ballantyne	3	4
By invitation:		
D.G. Keith	4	4
R.D. Masters	4	4
P. McHugh	2	2
T. R. Morgan	2	2

- **Advisor**

The Committee has retained independent external expert remuneration advisors RPC Group Pty Ltd to advise Capilano on executive remuneration matters, market remuneration data, short and long term incentive plans, non executive director remuneration and share participation plans.

CAPILANO'S REMUNERATION POLICY

- **Reward Philosophy**

Capilano's remuneration philosophy is that:

(i) remuneration should emphasise performance;
(ii) the balance between fixed and variable remuneration should reflect market conditions and the extent to which the role contributes directly to performance;
(iii) individual objectives reflect the need to deliver sustainable outcomes for shareholders; and
(iv) short and long term incentives link to individual's and Capilano's performance.

Capilano aims to achieve a mix of total remuneration (fixed and variable) that is consistent with high performance organisations, maximises the motivational impact for employees, and best aligns the interest of Capilano employees and shareholders.

- **Reward Principles**

The purpose of the remuneration policy is to ensure that salary packages offered by Capilano are sufficient to attract and retain the managing director, executives and employees with abilities and skills appropriate to the needs of the company measured as Total Employment Cost (TEC), and non executive directors as recommended to shareholders in general meeting.

TEC includes all costs associated with employment, including but not limited to PAYG salary, provision of motor vehicles, FBT, superannuation, and any other approved expenditure but excluding on costs. Fringe benefits or non-deductible expenditure shall be grossed up to include the tax effect as part of the cost of providing such benefits in a salary package.

The determination of TEC includes three basic principles:

1. external parity;
2. internal parity; and
3. reward for achievement.

1. External Parity
The principle of external parity means that Capilano's salary package values should be competitive and comparable with packages available from other companies of similar size, for jobs with similar content and level of responsibility. The Australian Institute of Management (AIM) conducts a comprehensive annual survey of up to 300 Australian companies which provides extensive remuneration details for a wide variety of management and supervisory positions. The information is statistically analysed and consolidated in a reference manual titled "AIM National Salary Survey" and this manual is used by Capilano as a basis for comparison.

In general, Capilano salary packages should be comparable with the median or average value in the range recorded in the AIM Salary Survey for positions with similar job content and responsibility. (Note: median is the mid point in a range of values and average is the arithmetic mean of all values in the range.)

2. Internal Parity
The principle of internal parity means that within the management structure of Capilano, similar TECs apply for jobs with similar contents and level of responsibility. It is however still important that during salary planning and review, individual judgments be made in cases where there are different levels of complexity between jobs which are similar, varying numbers of subordinates, specialist skills and qualifications, and where length of service or other factors may be relevant.

3. Reward for Achievement
Management and supervisory personnel should have the opportunity to earn incentive payments geared to achievement of annual results exceeding targets and improvements in long term shareholder prosperity. These principles are applied in the form of the Annual Incentive Plan, the Equity Participation Plan and the Medihoney Option Plan, which are subject to review and refinement on an ongoing basis.

- **Annual Review**

TECs are determined to apply for the period of each financial year commencing on 1 July. Authority and responsibility for reviews are as follows:

a) Managing Director – reviewed by the Board with advice from the Board Remuneration Committee;
b) Senior Executives report to the Managing Director – reviewed by the Managing Director and subject to endorsement by the Board Remuneration Committee; and
c) All other salaried staff – reviewed by Functional Managers (Heads of Departments) and subject to approval by the Managing Director.
d) Non–Executive Directors – reviewed by the Board with advice from the Board Remuneration Committee and external remuneration consultants and recommended by the Board to shareholders in general meeting.

CAPILANO TOTAL REWARD STRUCTURE

The Remuneration Committee is responsible for reviewing and recommending remuneration arrangements for the directors, the Managing Director and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of such officers on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient whilst controlling costs for Capilano.

To assist in achieving these objectives, the Remuneration Committee links the nature and amount of executive directors' and officers' remuneration to the company's financial and operational performance.

In addition, the following plans are in place:

- **Incentive Plans**

Incentive plans established by the directors enable executives and key employees to earn bonus payments as rewards for the achievement of business performance and growth targets. The incentive plans assist in motivating, retaining and recruiting skilled and talented people.

- **Short Term (Annual)**

The Managing Director, Executive Officers and key employees participate in a performance-based annual incentive plan approved by the Board whereby they can earn annual bonuses based on the achievement of operational targets during a financial year. Operational targets include achievement of specified results by individual employees within their areas of responsibility, coupled with overall business results.

- **Long Term**

  The Board has also established a Long Term Incentive Plan for the Managing Director and eligible Senior Executives to reward them for successful achievement of long-term business growth targets. The Plan is based on overall growth in profitability over periods of not less than five years. The Plan commenced in 2000 and no bonuses have yet accrued or been paid to any Executive.

CAPILANO EMPLOYEE SHARE PLANS FOR FUTURE CONSIDERATION

Capilano has no broad based share plans for the benefit of employees. Now that Capilano is a publicly listed company, the Board believes it is appropriate for this to be reviewed and subject to this review may recommend the introduction of an employee plan at some time in the future.

DIRECTORS AND EXECUTIVES REMUNERATION DISCLOSURE

- **Directors' Benefits**

  Since the end of the previous financial year, no director of the company has received or become entitled to receive a benefit (other than a benefit included in the directors and executives remuneration disclosure below, the pro-rata payment of or entitlement to such a benefit for the period since 30 June 2004, a fixed salary as a full-time employee, or normal payments for the supply of honey by directors who are also beekeepers) by reason of a contract made by the company, an entity which the company controlled, or a body corporate that is related to the company with the director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest, except as stated below.

- **Details of Directors (all specified directors)**

D G Keith	Chairman (Non Executive)
T R Morgan	Deputy Chairman (Non Executive)
R D Masters	Managing Director
I A Cane	Director (Non Executive)
R Doherty	Director (Non Executive)
P F McHugh	Director (Non Executive)
W B Wilshire	Director (Independent Non Executive)
B J Ballantyne	Director (Independent Non Executive)

- **Details of Most Highly Remunerated Executives and Specified Executives of the Parent Entity**

A Bond	General Manager Capilano Labonte Inc,
K Fenton	National Sales Manager
J Gill	General Manager - Operations
R Eustace	Business Development Manager
P McDonald	General Manager - International Business
R Rivalland	Financial Controller (appointed 1 November 2004)
A Bleakley	Financial Controller (until 31 October 2004)

- **Other Specified Executives of the Consolidated Entity**

A P Moloney	Chief Executive Officer – Medihoney Pty Ltd

- **Gross Remuneration of Specified Directors and Specified Executives**

	Primary			*Post employment*	*Equity*	
	Cash salary and fees $	*Incentive Plan* $	*Non monetary benefits* $	*Super-annuation* $	*Options* $	*Total* $
Details of Directors (all specified directors)						
D G Keith	71,330	-	-	6,420	-	77,750
T R Morgan	42,516	-	-	3,826	-	46,342
R D Masters	220,931	-	84,375	30,194	-	335,500
I A Cane	39,109	-	-	3,520	-	42,629
R Doherty	37,405	-	-	3,366	-	40,771
P F McHugh	37,405	-	-	3,366	-	40,771
W B Wilshire	67,060	-	-	5,135	-	72,195
B J Ballantyne	97,060	-	-	5,135	-	102,195
TOTALS 2005	**612,816**	**-**	**84,375**	**60,962**	**-**	**758,153**
The total remuneration of directors for the year ended 30 June 2004 is set out below.						
TOTALS 2004	**619,603**	**80,625**	**73,131**	**49,449**	**-**	**822,808**

	Primary			Post employment	Equity	
	Cash salary and fees $	Incentive Plan $	Non monetary benefits $	Super-annuation $	Options $	Total $
Details of Most Highly Remunerated Executives and Specified Executives						
A Bond	144,037	-	-	12,963	-	157,000
A P Moloney	142,846	-	9,118	13,037	-	165,001
K Fenton	143,853	-	-	12,947	-	156,800
J Gill	114,281	-	33,003	14,015	-	161,299
R Eustace	88,529	-	15,600	9,371	-	113,500
P McDonald	96,330	-	-	8,670	-	105,000
R Rivalland	55,046	-	-	4,954	-	60,000
A Bleakley	33,639	-	-	3,028	-	36,667
TOTALS 2005	**818,561**	**-**	**57,721**	**78,985**	**-**	**955,267**

The total remuneration of most highly remunerated executives and specified executives for the year ended 30 June 2004 is set out below. The current year includes executives who may not be included in the comparatives.

TOTALS 2004	**521,348**	**195,332**	**49,695**	**119,470**	**-**	**885,845**

The remuneration amounts listed above are gross earnings before tax.

Andrew Bond is employed by CHL as the General Manager of the associate entity.

B J Ballantyne has a consulting arrangement for the provision of business and corporate planning services. The amount paid by the company for the provision of these services for the year was $40,000. This amount has been included in the directors' and executive remuneration disclosure.

W B Wilshire has a consulting arrangement with the company for the provision of business and corporate planning services. The amount paid by the company for the provision of these services for the year was $10,000. This amount has been included in the directors' and executive remuneration disclosure.

OPTIONS

Remuneration – Share Options

Options over unissued shares of a controlled entity, Medihoney Pty Ltd, at the date of this report are as follows:

	Options issued 2001	Options issued 2004	Total options issued
Directors			
RD Masters, Managing Director, Capilano Honey Limited	180,000	20,000	200,000
Other Executives			
AP Moloney, Chief Executive Officer, Medihoney Pty Ltd	150,000	50,000	200,000
RB Eustace, Business Development Manager	60,000	-	60,000
P McDonald, General Manager - International Business	-	50,000	50,000
Total options issued	**390,000**	**120,000**	**510,000**

The options have been issued over ordinary shares of Medihoney Pty Ltd at no consideration under an Executive Option Plan. The options vest progressively between three (3) and five (5) years after the date of issue and may be exercised at $1 per share up to 30 June 2007 subject to the occurrence of specified future events and performance requirements.

As there is no active market for these shares, no value has been ascribed to these options.

NON-EXECUTIVE DIRECTOR REMUNERATION (NED)

The Board's focus is on long-term strategic direction and overall performance of Capilano. As a consequence, NED remuneration is not directly related to short-term results, rather, it is related to long-term performance and market place parity.

- **Policy**

  Fees and payments to NEDs are determined with regard to the need to maintain appropriately experienced and qualified Board members and in accordance with competitive pressures in the market place. The remuneration policy is designed:

  1) to attract and retain NEDs;
  2) to motivate NEDs to achieve Capilano's objectives; and
  3) to align the interests of NEDs with the long term interests of shareholders.

  The Board seeks the advice of RPC Group Pty Ltd as independent remuneration consultants to ensure NED fees are reasonable and in line with the market.

- **Directors' Fees**

No increase is being sought for director's fees. Fees by position are as follows:

Organisation	Position	Directors' Fees $
Capilano Honey Limited	Chairman	71,330
	Deputy Chairman	6,815 *
	Independent NEDs	57,060 each
	Beekeeper NEDs	37,405 each
Medihoney Pty Ltd	Chairman	-
	NED	-

* In addition to the amount payable as a NED.

Superannuation Guarantee contribution – existing amount of $30,770 will remain unchanged.
Directors and Officers Liability Insurance - 2005 $38,459; 2006 $39,860.

LINKING TOTAL REWARD TO PERFORMANCE

The Capilano reward strategy is designed to provide superior rewards to employees with the best relative performance. For those employees this means:

i) fixed remuneration at a higher market percentile than the median which is the Capilano standard;
ii) a greater level of short term incentive;
iii) potentially an allocation in executive long term incentive, the value of which is significantly impacted by improvements in Capilano's total shareholder returns.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence as set out in the Institute of Chartered Accountants in Australia's Professional Statement F1: Professional Independence.

The following fees for non-audit services were paid or were payable to the external auditors during the year ended 30 June 2005:

	$
Taxation Services	11,800
Review of Prospectus	2,500
	14,300

AUDITORS

Cranstoun & Hussein continue in office in accordance with the Corporations Act 2001.

Signed at Brisbane this NINETEENTH day of AUGUST 2005, in accordance with a resolution of the directors.

D.G. Keith

D G Keith, Director

R D Masters, Director

David J Cranstoun
Yusuf Hussein
Andrew J Cranstoun
John Feddema
Masood Ayoob
Junaide A Latif
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Our Ref

Your Ref

Date

Cranstoun & Hussein
Chartered Accountants & Business Advisers

A member of KS International
An Association of Independent
Accountants throughout the World

Auditors' Independence Declaration

As lead auditor for the audit of Capilano Honey Limited for the year ended 30 June 2005, I declare that, to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Capilano Honey Limited and the entities it controlled during the period.

J A Latif
Principal

Brisbane
19 August 2005

CORPORATE GOVERNANCE

THE BOARD OF DIRECTORS

As a result of a corporate re-structure adopted by shareholders in May 2004, Capilano Honey Limited (CHL) was listed on the Bendigo Stock Exchange. Prior to this event a new company called Capilano Beekeepers Ltd (CBL) was formed. The issued shares in CBL are redeemable preference shares, are not tradeable and can only be held by beekeepers who are parties to Honey Supply Agreements with CHL. CBL acquired voting control of CHL by virtue of a Foundation Share issued by CHL to CBL.

Board Composition

The constitution of CHL provides that as long as the Foundation Share is on issue, the Board of CHL will be comprised of the Beekeeper Directors elected by shareholders to the Board of CBL and Independent Directors who may be appointed by all the Directors in office acting jointly.

Number and appointment of Directors

The number of Directors (not including alternate Directors) is required to be the number, not being less than 5 nor more than 8, which the Board may from time to time determine provided that the Board may not reduce the number below the number of Directors in office at the time of the reduction.

The Board shall comprise Beekeeper Directors, Independent Directors and may include a Managing Director. The number of Beekeeper Directors shall exceed the number of non-Beekeeper Directors by at least one, so that the number of Beekeeper Directors shall be not less than 3 nor more than 5 and the maximum number of non-Beekeeper Directors shall be 3.

Power to appoint Directors

The Beekeeper Directors shall be those persons elected by the shareholders as Directors of CBL.

Independent Directors may be appointed by all the Directors in office acting jointly. Each Independent Director so appointed shall hold office for a fixed period of 2 years and at the expiration of that period may be re-appointed or replaced or the position left vacant at the discretion of the other Directors.

A person appointed as an Independent Director shall have skills and experience appropriate to the company's needs but shall not be a supplier of honey to the company or CBL, nor an employee or a customer of the company or CBL, whilst occupying the position of Independent Director.

Independent Directors appointed in accordance with this rule shall not be subject to retirement by rotation nor taken into account in determining rotational retirement of the other Directors.

Retirement of Beekeeper Directors

The Constitution of CBL provides that at every annual general meeting, one third of the Beekeeper Directors or, if their number is not a multiple of 3, then the number nearest to but not less than one third must retire from office. A Director must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected. A retiring Director if eligible may stand for re-election.

A Managing Director is not subject to retirement by rotation.

Board Chairman and Deputy Chairman

The Board Chairman and Deputy Chairman are elected by the Directors.

THE CAPILANO GROUP BOARD CHARTER

The Directors have formally adopted this Board Charter as a comprehensive document defining the role, purpose, functions, obligations and responsibilities of the Board and individual Directors.

The Corporations Act establishes that the Directors are ultimately accountable for all matters relating to the conduct of the company's affairs. The company's constitution further defines the obligations and powers of the Board. The Board recognises the distinction between its role of governance and the actual management of the company's businesses conducted by the executive management team under the leadership and direction of the Managing Director.

CORE PURPOSE

The core purpose of the Board is to guide the affairs of the Company so as to best serve the interests of and continuously add value for its shareholders.

CORPORATE GOVERNANCE

BOARD FUNCTIONS

Strategic Plan	to define strategic direction for the business and ensure that suitable strategic analysis is undertaken and business plans prepared and regularly reviewed and performance monitored
Chief Executive	to appoint a skilled and talented Chief Executive and ensure that he or she is adequately rewarded for results achieved
Shareholder Prosperity	to adopt appropriate policies to reward shareholders for their supply of honey and capital investment in the company including honey supply agreements and honey pricing, bonuses, premiums, dividends, retained earnings and market value of shares
Meetings	to meet regularly and with sufficient frequency to fulfil the Core Purpose.
Corporate Culture	to encourage an appropriate culture for CHL and monitor corporate conduct for good fit.
Listing Rules	to monitor lodgement and disclosure requirements and to ensure compliance with all listing rules of the Bendigo Stock Exchange
Board Structure	to consider changes to Board structure when appropriate to improve the Board's ability to achieve the Core Purpose
Management Resources	to ensure that the company maintains a management team of skilled and talented executives whose rewards reflect their contributions to company achievements
Information	to review the content, style and frequency of reports provided by management and request changes when required
Risk Management	to ensure that adequate risk identification and risk management functions are in place and regularly monitored
Financial Performance	to establish financial performance objectives and regularly review operational results
Annual Budgets	to approve annual operating budgets and capital investment budgets
Funding	to ensure that the company has access to adequate funds to provide working capital and investment capital
Operational Policies	to establish policies to guide management in key operational areas including quality, safety, security, foreign currency management and remuneration
Board Committees	to review annually the functions and membership of Board Committees
Financial Statements & Audit	to ensure that the statutory financial statements are prepared in accordance with all relevant standards and regulations and that the annual audit is conducted ethically, professionally and independently of management and the Board
Statutory Compliance	to regularly review the operation of the Corporate Compliance Program and compliance sign-offs from senior management
Report to Shareholders	to maintain suitable reporting to shareholders through the Annual General Meeting, Annual Report, District Meetings, newsletters and circulars and establish dialogue through regular contact by Beekeeper Services Manager, Directors and other management people.
Community Obligations	to recognise that the company has community, industry and social obligations and ensure that appropriate policies are in place to guide the company's conduct so that it is, and is seen to be a responsible corporate citizen

BOARD COMMITTEES

The effectiveness of the Board is enhanced by the establishment of appropriate Board Committees. They distribute the Board's workload and enable more detailed consideration to be given to important matters, and where sensitive issues have to be considered, the appropriate Committee can give independent consideration.

The Board has appointed the following Committees:

Remuneration	This Committee is responsible for reviewing and recommending executive management remuneration and incentive plans and reporting to the Board on these matters.
Honey Supply & Industry	This Committee advises the Board on matters related to honey supply and the industry generally.
Nomination	This Committee advises the Board of suitable candidates with the qualification, skills and expertise for appointment to any vacancy occurring from time to time.

Audit & Compliance

The objectives and specific responsibilities of this Committee are to ensure that:

- the systems of control which management have established are effective to safeguard the Company's assets.
- the Company's operations are conducted in accordance with its Constitution and all relevant laws and regulations.
- the accounting records are properly maintained;
- the financial information provided to the shareholders and others is reliable;
- an avenue of communication exists between the External Auditors and the Board;
- the Board is provided with an assessment of the External Auditor's performance;
- the professional independence of the External Auditors is assured;
- the external audit plan is approved and the proposed External Auditor's fees approved in conjunction with management; and
- the Committee meets with the External Auditors at least at the completion of the annual audit and the half yearly review of the Company's accounts to confirm the financial statements, address any queries and receive the Auditor's evaluation of management's presentation of the financial accounts, policies and procedures.

OBLIGATIONS AND RESPONSIBILITIES OF DIRECTORS

The Board expects all Directors to demonstrate a high standard of personal integrity, skill and diligence and to participate in educational opportunities when appropriate to enhance the performance of their duties.

The Board has adopted the following Code of Conduct, which applies to all Directors.

1. A director must act honestly, in good faith and in the best interests of the company as a whole.
2. A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. A director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
4. A director must recognise that the primary responsibility is to the company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the company.
5. A director must not make improper use of information acquired as a director.
6. A director must not take improper advantage of the position of director.
7. A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
8. A director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
9. Confidential information received by a director in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
10. A director should not engage in conduct likely to bring discredit upon the company.
11. A director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this code.

ASSESSMENT OF BOARD, DIRECTOR and MANAGEMENT PERFORMANCE

The Board conducts an annual self-assessment of its performance. This is a formal procedure in which all Directors individually review the Board's performance in each defined area of Board function. Results are collated and an average score determined in discussion at a Board meeting. The resulting assessment of performance is used as a basis for planning to improve outcomes in any areas where achievement is below the optimum.

A personal, individual self-assessment of performance is carried out annually by each Director. This is a formal, confidential process which Directors use as a basis for planning individual needs for further study or skill development where appropriate.

The Managing Director's performance is reviewed annually by the Board. The performance of senior Management Executives is reviewed annually by the Managing Director and the Board, comparing results achieved against agreed Key Performance Indicators.

Independent Audit Report to the Members

Scope

The financial report and directors' responsibility

The financial report comprises the directors' declaration, remuneration report included in the directors report, statements of financial performance, statements of financial position, statements of cash flows and accompanying notes to the financial statements for both Capilano Honey Limited (the company) and Capilano Honey Limited and Controlled Entities (the consolidated entity) for the year ended 30 June 2005. The consolidated entity comprises both the company and the entities it controlled during the year.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001,* Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We read the other information in the annual report to determine whether it contained any material inconsistencies with the financial report.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion, the financial report of Capilano Honey Limited:

- gives a true and fair view of the financial position of Capilano Honey Limited and Capilano Honey Limited and Controlled Entities at 30 June 2005, and of their performance for the year ended on that date, and
- is presented in accordance with the *Corporations Act 2001*, Accounting Standards and other mandatory financial reporting requirements in Australia and the *Corporations Regulations 2001*.

Cranstoun + Hussein

CRANSTOUN & HUSSEIN
Chartered Accountants

J A Latif
A Member of the Firm

Brisbane, 19 August 2005

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 15 to 40, are in accordance with the Corporations Act 2001 and:

    a. comply with Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position as at 30 June 2005 and of the performance for the year ended on that date of the company and consolidated entity;

2. the Group Financial Controller has declared that:

    a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
    b. the financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed at Brisbane this NINETEENTH day of AUGUST 2005 in accordance with a resolution of the directors.

D.G. Keith

D G Keith, Director

R D Masters, Director

Statements of Financial Performance

For the year ended 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Revenue from ordinary activities	2	79,734,258	86,002,044	77,637,926	83,753,005
Borrowing costs expense	3(b)	(1,996,332)	(1,746,496)	(1,996,332)	(1,746,496)
Other expenses from ordinary activities	3(a)	(80,114,337)	(83,950,825)	(77,269,600)	(81,644,274)
Share of net loss of associate accounted for using the equity method	10	(170,922)	(285,997)	-	-
(Loss) profit from ordinary activities before income tax	3(b)	(2,547,333)	18,726	(1,628,006)	362,235
Income tax benefit (expense)	4	752,175	24,671	523,862	(2,264)
Net (loss) profit attributable to members of CHL		**(1,795,158)**	**43,397**	**(1,104,144)**	**359,971**
Net increase in asset revaluation reserve	21	3,436,662	-	3,436,662	-
Net exchange differences on translation of financial report of associate accounted for using the equity method	10	(2,051)	(21,432)	-	-
Total changes in equity attributable to members of CHL other than those resulting from transactions with owners as owners		**1,639,453**	**21,965**	**2,332,518**	**359,971**
Earnings per share	33	(35.0) cents	0.8 cents		
Diluted earnings per share	33	(35.0) cents	0.8 cents		

The above statements of financial performance should be read in conjunction with the accompanying notes.

Movement in Retained Earnings

For the year ended 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
Retained profits at the beginning of the financial year		14,155,627	14,368,153	14,885,106	14,781,058
Transfer from asset replacement reserve	21	4,238,580	-	4,238,580	-
Under provision of 2004 dividend		(1,683)	-	(1,683)	-
Net profit attributable to members of CHL		(1,795,158)	43,397	(1,104,144)	359,971
Dividend provided for		-	(255,923)	-	(255,923)
Retained profits at the end of the financial year		**16,597,366**	**14,155,627**	**18,017,859**	**14,885,106**

Statements of Financial Position

As at 30 June 2005

	Notes	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
CURRENT ASSETS					
Cash		1,037,007	3,342,721	969,035	3,269,073
Receivables	6	9,868,396	11,546,660	9,480,810	11,236,235
Inventories	7	24,598,417	26,551,891	24,367,678	26,377,609
Other	8	1,203,165	807,283	1,180,152	790,075
TOTAL CURRENT ASSETS		**36,706,985**	**42,248,555**	**35,997,675**	**41,672,992**
NON-CURRENT ASSETS					
Receivables	9	2,158,652	2,030,205	4,881,209	3,136,304
Investment accounted for using the equity method	10	-	172,973	-	-
Other financial assets	11	-	-	480,404	480,404
Property, plant & equipment	12	22,005,513	18,116,833	21,919,104	18,074,790
Intangibles	13	1,524,491	896,344	746,280	870,852
Deferred tax assets	14	3,487,697	2,735,523	3,062,406	2,538,544
TOTAL NON-CURRENT ASSETS		**29,176,353**	**23,951,878**	**31,089,403**	**25,100,894**
TOTAL ASSETS		**65,883,338**	**66,200,433**	**67,087,078**	**66,773,886**
CURRENT LIABILITIES					
Payables	15	8,323,033	7,723,848	8,179,867	7,617,511
Interest-bearing liabilities	16	4,068,892	4,188,186	4,068,892	4,188,186
Provisions	17	637,428	1,053,903	597,416	1,033,945
TOTAL CURRENT LIABILITIES		**13,029,353**	**12,965,937**	**12,846,175**	**12,839,642**
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	18	26,498,769	28,588,987	26,498,769	28,588,987
Provisions	19	580,685	505,493	523,627	454,330
TOTAL NON-CURRENT LIABILITIES		**27,079,454**	**29,094,480**	**27,022,396**	**29,043,317**
TOTAL LIABILITIES		**40,108,807**	**42,060,417**	**39,868,571**	**41,882,959**
NET ASSETS		**25,774,531**	**24,140,016**	**27,218,507**	**24,890,927**
EQUITY					
Contributed equity	20	5,283,605	5,286,860	5,283,605	5,286,860
Reserves	21	3,893,560	4,697,529	3,917,043	4,718,961
Retained profits		16,597,366	14,155,627	18,017,859	14,885,106
TOTAL EQUITY		**25,774,531**	**24,140,016**	**27,218,507**	**24,890,927**

The above statements of financial position should be read in conjunction with the accompanying notes.

Statements of Cash Flows
For the year ended 30 June 2005

	Consolidated *Inflows (Outflows)*		Parent Entity *Inflows (Outflows)*	
	2005 $	2004 $	2005 $	2004 $
Cash flows from operating activities				
Receipts from customers	81,148,606	87,411,243	79,030,632	85,250,296
Payments to suppliers and employees	(78,057,113)	(89,166,447)	(75,206,628)	(87,100,459)
Interest received	208,756	214,126	208,524	213,729
Goods & Services tax received	1,503,096	1,323,569	1,546,239	1,372,720
Interest paid	(1,696,529)	(1,414,187)	(1,696,528)	(1,414,187)
Net cash generated from (used in) operating activities (Note 31)	**3,106,816**	**(1,631,696)**	**3,882,239**	**(1,677,901)**
Cash flows from investing activities				
Payment for property, plant & equipment	(2,274,672)	(1,436,518)	(2,222,748)	(1,396,715)
Purchase of intangible asset	(794,787)	(1,337)	-	-
Payments for investment in associated entity	-	(480,402)	-	(480,402)
Proceeds from sale of property, plant & equipment	11,606	23,178	11,606	23,178
Repayment of other loan	150,873	62,113	150,873	62,113
Loans to associated entity	(33,769)	(1,693,827)	(33,769)	(1,693,827)
Loans to controlled entities	-	-	(1,616,458)	(43,627)
Net cash used in investing activities	**(2,940,749)**	**(3,526,793)**	**(3,710,496)**	**(3,529,280)**
Cash flows from financing activities				
Proceeds from share allotments	159	67	159	67
Proceeds from borrowings	353,840	12,304,854	353,840	12,304,854
Repayment of borrowings	(2,567,488)	(6,472,068)	(2,567,488)	(6,472,068)
Dividend paid	(258,292)	(1,025,747)	(258,292)	(1,025,747)
Net cash (used in) provided by financing activities	**(2,471,781)**	**4,807,106**	**(2,471,781)**	**4,807,106**
Net decrease in cash held	(2,305,714)	(351,383)	(2,300,038)	(400,075)
Cash at the beginning of the financial year	3,342,721	3,694,104	3,269,073	3,669,148
Cash at the end of the financial year (Note 30)	**1,037,007**	**3,342,721**	**969,035**	**3,269,073**

The above statements of cash flows should be read in conjunction with the accompanying notes

Notes to and Forming Part of the Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The general purpose financial statements have been prepared in accordance with Accounting Standards, Urgent Issues Group Consensus Views, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. Unless otherwise stated, these accounting policies were also adopted in the preceding year.

(a) **Historical cost**

The financial statements are prepared in accordance with the historical cost convention except for certain assets, as noted.

(b) **Principles of consolidation**

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Capilano Honey Limited ("parent entity") as at 30 June 2005 and the results of all controlled entities for the year then ended. Capilano Honey Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates are recognised in the consolidated statement of financial performance, and its share of post acquisition movements in reserves are recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(c) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(d) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control of the goods has passed to the buyer.

Interest

Control of the right to receive the interest payment.

Sale of non-current assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to retained earnings on disposal.

(e) **Land and buildings**

Land and buildings are valued at fair value on a going concern basis in accordance with AASB1041. This represents a change in accounting policy from the prior year's valuation at deemed cost.

(f) **Depreciation**

Depreciation is calculated so as to write off the net cost of each item of property, plant & equipment and motor vehicles over its useful life. Additions are depreciated from the date they are installed ready for use. The amount of depreciation is disclosed separately in note 3.

The principal rates of depreciation in use are:-

Building	2.50 - 10.00%	prime cost
Plant and equipment	5.00 - 40.00%	prime cost
Plant and equipment	7.50 - 20.00%	reducing balance
Motor vehicles	22.50%	reducing balance

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(g) **Inventories**

All inventories including contracts in progress are valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of fixed and variable factory overhead expenditure.

(h) **Income tax**

Tax effect accounting procedures are followed whereby the income tax expense is matched with the accounting profit (after allowing for permanent differences). Income tax on net cumulative timing differences is set aside to the deferred income tax and future income tax benefit accounts at rates which are expected to apply when those timing differences reverse. The future tax benefit relating to tax losses is not carried forward as an asset unless the benefit is virtually certain of being realised.

The consolidated entity has decided not to implement the tax consolidation regime.

(i) **Foreign currency**

Transactions

Amounts payable to and by the company in foreign currencies at year end have been converted to Australian currency at rates of exchange applying at that date.

Sales and purchases in foreign currencies are recorded at the exchange rate applicable at the date of the invoice. Any gains or losses arising upon payment are reflected as a gain or loss in the statement of financial performance.

General Commitments

Hedging in the form of foreign exchange contracts and options is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates on the Australian currency equivalent of sales denominated in foreign currencies.

Foreign Associated Entity

As the associated entity is a self sustaining foreign entity, its assets and liabilities are, for the purposes of accounting for investments using the equity method, translated into Australian currency at rates of exchange current at balance date, while its revenues and expenses are translated at the average of rates ruling during the period. The investor's share of exchange differences is taken to the foreign currency translation reserve.

Foreign Controlled Entity

The foreign controlled entity is an integrated foreign operation. The assets, liabilities and equity are consolidated using the temporal method of consolidation whereby non monetary assets and liabilities and equity items, including revenue and expenses, are translated using historic rates of exchange, and monetary assets and liabilities are translated using rates of exchange current at the reporting date. Any resultant exchange differences are recorded as revenue or expense by the consolidated entity.

(j) **Fixed assets constructed by the economic entity**

The cost of fixed assets constructed by the economic entity includes the cost of all materials used in construction, direct labour worked on the project and an appropriate proportion of variable and fixed factory overhead.

(k) **Employee benefits**

Wages and Salaries and Annual Leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date.

Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, as at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(l) **Intangible assets & expenditure carried forward**

Trademarks and brand names are recorded in the accounts at acquisition cost. Trade marks, brand names and other significant items of expenditure, having a benefit or relationship to more than one accounting period, are deferred and amortised to the statement of financial performance using the straight line method of calculation over the period of time during which the benefits are expected to arise, but not exceeding twenty years.

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(m) **Cash and cash equivalents**

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value.

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

(n) **Earnings per share**

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(o) **Acquisitions of assets**

The purchase method of accounting is used for all acquisitions of assets regardless of whether shares or other assets are acquired. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. Where shares are issued in an acquisition, the value of the shares is their market price as at the acquisition date, unless the notional price at which they could be placed in the market is a better indication of fair value.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of the acquisition. The discount rate used is the rate at which a similar borrowing could be obtained under comparable terms and conditions.

Where an entity or operation is acquired and the cost of acquisition exceeds the fair value of the identifiable net assets acquired, the difference, representing goodwill on acquisitions is accounted for by increasing proportionately the fair values of the non-monetary assets acquired until the goodwill is eliminated.

(p) **Impact of adoption of Australian equivalents to International Financial Reporting Standards**

The company is preparing and managing the transition to Australian equivalents to International Financial Reporting Standards (AIFRS) effective for the financial years commencing from 1 January 2005. The adoption of AIFRS will be reflected in the consolidated entity's and the parent entity's financial statements for the half year ending 31 December 2005 and the year ending 30 June 2006. On first time adoption of AIFRS, comparatives are required to be restated. The majority of the AIFRS transitional adjustments will be made retrospectively against retained earnings at 1 July 2004.

The consolidated entity's management has assessed the significance of the expected changes and is preparing for their implementation. The audit & compliance committee is overseeing and managing the consolidated entity's transition to AIFRS. The impact of the alternative treatments and elections under AASB 1: First Time Adoption of Australian Equivalents to International Financial Reporting Standards (AASB 1) has been considered where applicable.

The directors are of the opinion that the key material differences in the consolidated entity's accounting policies on conversion to AIFRS and the financial effect of these differences, where known, are as set out below.

The following disclosure outlines the likely impacts on the current year result and financial position of the consolidated and parent entity had the financial statements been prepared using AIFRS, based on the directors' accounting policy decisions current at the date of this financial report. Readers of the financial report should note that further developments in AIFRS (for example, the release of further pronouncements by the Australian Accounting Standards Board and the Urgent Issues Group), if any, may result in changes to the accounting policy decisions made by the directors and, consequently, the likely impacts outlined in the following disclosure.

i. Market Development Expenditure

Under AASB 138: Intangible Assets, costs associated with the development phase of establishing a presence in a new market must be expensed. This will result in a change in the current accounting policy, which capitalises market development costs to the statement of financial position where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover these deferred costs.

As market development costs have been capitalised in controlled entities at 30 June 2005, the change in policy would result in a charge to the consolidated entity's income statement of $755,515 before applicable income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ii. Impairment of Assets

Under AASB 136: Impairment of Assets, the recoverable amount of an asset is determined as the higher of fair value less costs to sell, and value in use. In determining value in use, projected future cash flows are discounted using a risk adjusted pre-tax discount rate and impairment is assessed for the individual asset or at the 'cash generating unit' level. A 'cash generating unit' is determined as the smallest group of assets that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. The current policy is to determine the recoverable amount of an asset on the basis of undiscounted net cash flows that will be received from the asset's use and subsequent disposal. It is likely that this change in accounting policy will lead to impairments being recognised more often.

The consolidated entity has reassessed its impairment testing policy and tested all assets for impairment as at 1 July 2005. There is no impact of the change at 30 June 2005.

iii. Property, Plant and Equipment

AASB 116 requires that if an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be debited directly to equity under the heading of revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of that asset.

The consolidated entity has previously netted all increments and decrements within a class of assets as required by AASB 1041 Revaluation of Non-Current Assets. The change in policy would result in a charge to the parent and consolidated entities income statement of $45,068 before applicable income tax.

iv. Employee Benefits — Defined Benefit Superannuation Plan

Under AASB 119: Employee Benefits, employer-sponsors are required to recognise the net surplus or deficit in their employer-sponsored defined benefit funds as an asset or a liability based on the difference between the accrued benefits and the net market value of the plan's assets. This will result in a change in the consolidated entity's current accounting policy, which does not record an asset relating to any net surplus and a liability is only recognised as a net deficit where a present legal obligation exists.

The consolidated entity has guaranteed the benefits of former defined benefit members of the Capilano Group Superannuation Fund. This guarantee expires at 30 June 2006. There is no financial impact of this change for the year ended 30 June 2005.

v. Non-current Investments

Under AASB 139: Financial Instruments: Recognition and Measurement, financial assets are required to be classified into four categories, which determines the accounting treatment of the item. The categories and various treatments are: -

- held to maturity, measured at amortised cost;
- held for trading, measured at fair value with unrealised gains or losses charged to the profit and loss;
- loans and receivables, measured at amortised cost; and
- available for sale instruments, measured at fair value with unrealised gains or losses taken to equity.

The consolidated entity's financial assets comprise available for sale financial instruments. Under AASB 139: Financial Instruments: Recognition and Measurement, the measurement of available for sale instruments at fair value differs to the current accounting policy which measures non-current investments at cost with an annual review by directors to ensure the carrying amounts are not in excess of the recoverable value of the instrument. The impact of the change is unlikely to be significant.

AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the first AIFRS comparative year, and the first time adoption of this standard will apply from 1 July 2005. The consolidated entity has decided that it will adopt this election and will not restate comparative information for the financial year ended 30 June 2005 with regard to this accounting standard.

vi. Income Tax

Currently, the consolidated entity adopts the liability method of tax-effect accounting whereby the income tax expense is based on the accounting profit adjusted for any permanent differences. Timing differences are currently brought to account as either a provision for deferred income tax or future income tax benefit. Under AASB 112: Income Taxes, the entity will be required to adopt a balance sheet approach under which temporary differences are identified for each asset and liability rather than the effects of the timing and permanent differences between taxable income and accounting profit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The most significant impact on the consolidated and parent entities will be the recognition of a deferred tax asset at 1 July 2004 of approximately $671,752 in relation to asset revaluation and intangible assets previously treated as permanent differences and a deferred tax liability of $1,044,519 at 30 June 2005 in relation to asset revaluation. These adjustments will have no effect on the income statement for the year ended 30 June 2005. The adjustment at 1 July 2004 will be against retained earnings and the deferred tax adjustment at 30 June 2005 will be recognised directly in equity being a reduction in the asset revaluation reserve.

vii. Derivative Financial Instruments

The consolidated entity does not currently recognise derivative financial instruments in the financial statements. AASB 139: Financial Instruments: Recognition and Measurement requires a change to the method of accounting for derivative financial instruments and hedging activities so that they are recorded in the financial statements. AASB 1 provides an election whereby the requirements of AASB 139 dealing with financial instruments are not required to be applied to the first AIFRS comparative year and the first time adoption of this standard will apply from 1 July 2005. The consolidated entity has decided that it will adopt this election and will not restate comparative information for the financial year ended 30 June 2005 with regard to this accounting standard.

viii. Equity-based Compensation Benefits

Under AASB 2 Share-based Payment, equity based compensation to employees will be recognised as an expense in respect of the services received. This will result in a change to the current accounting policy under which no expense is recognised for equity-based compensation. The impact of the change is unlikely to be significant as the share options, over the unissued shares of the controlled entity, Medihoney Pty Ltd, issued under the Executive Option Plan have not been ascribed any value.

ix. Foreign Currency Translation Reserve: Cumulative Translation Differences

On the initial application of AIFRS the consolidated entity will elect to apply the exemption in AASB 1 relating to the balance of the foreign currency translation reserve. The cumulative translation differences for all foreign operations represented in the foreign currency translation reserve will be deemed to be zero at the date of transition to AIFRS. As a result of this exemption, the balance of the foreign currency translation reserve of the consolidated entity at 30 June 2005 will increase by $23,483 with a corresponding decrease in retained earnings. This change would not have an impact on the consolidated entity's total equity. There would be no financial impact of this change on the parent entity.

x. Revenue Disclosures in Relation to the Sale of Non-current Assets

Under Australian GAAP the gross proceeds on the sale of non-current assets are recognised as revenue and the carrying amount of the assets sold is recognised as an expense. Under AIFRS, the revenue recognised in relation to the sale of non-current assets is the net gain of the sale. The impact of this change at 30 June 2005 would be the reduction in revenue of $11,606 for the consolidated and parent entity and a corresponding increase in other income of $2,669 for the consolidated entity and $4,253 for the parent entity. There would be no financial impact on the consolidated or parent entity's net loss after tax.

xi. Reclassification of Other Income

Under Australian GAAP net foreign exchange gains are classified as revenue. Under AIFRS foreign exchange gains are required to be disclosed as other income. The impact of this change at 30 June 2005 would be the reduction in revenue of $89,340 for the consolidated entity and $123,354 for the parent entity and a corresponding increase in other income for the parent and consolidated entities. There would be no financial impact on the consolidated or parent entity's net loss after tax.

Notes to and Forming Part of the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

On transition to AIFRS the estimated cumulative financial effect of the reliably known differences on the parent and consolidated entity's reported net loss and total equity as at 30 June 2005 is summarised below. As noted, these amounts represent management's best estimates, and could differ from actuals.

	Consolidated Entity 2005 $	Parent Entity 2005 $
Reconciliation of Net Loss		
Net loss after tax under Australian GAAP	1,795,158	1,104,144
Key transitional adjustments		
Expensing of devaluation	45,068	45,068
Expensing of market development costs	755,515	-
Income tax expense – temporary differences	(317,501)	(93,654)
Total transitional adjustments	483,082	(48,586)
Net loss after tax under AIFRS	2,278,240	1,055,558
Reconciliation of Total Equity		
Total equity reported under Australian GAAP	25,774,531	27,218,507
Retrospective adjustments to equity at 1 July 2004		
Recognition of deferred tax asset on intangibles	815,866	815,866
Recognition of deferred tax liability on revalued assets	(144,114)	(144,114)
Recognition of deferred tax – temporary differences	100,162	100,162
	771,914	771,914
(Increase) decrease in current year loss resulting from transition to AIFRS	(483,082)	48,586
Recognition of deferred tax liability on revaluation	(1,044,519)	(1,044,519)
Total equity under AIFRS	25,018,844	26,994,488

No material impacts are expected in relation to the statements of cash flows.

			Consolidated		Parent Entity	
			2005	2004	2005	2004
			$	$	$	$
2.	**REVENUE**					
(a)	Revenue from Operating Activities					
		Sales revenue	79,395,184	83,848,288	77,271,173	81,770,614
(b)	Revenue from Outside the Operating Activities					
	(i)	Drum Hire	-	30	-	30
	(ii)	Interest received	208,756	214,126	208,524	213,729
	(iii)	Proceeds on sale of non-current assets	11,606	23,178	11,606	23,178
	(iv)	Insurance proceeds	1,213	3,819	1,213	3,819
	(v)	Net foreign exchange gain	89,340	1,738,417	123,354	1,729,519
	(vi)	Sundry	28,159	174,186	22,056	12,116
			79,734,258	**86,002,044**	**77,637,926**	**83,753,005**
3.	**OPERATING PROFIT**					
(a)	**Other expenses from ordinary activities**					
	Raw material and consumables		52,994,254	61,311,932	51,888,012	60,186,567
	Change in inventories of finished goods and work in progress		1,334,939	740,712	1,278,481	915,779
	Employee benefits		8,674,416	7,845,805	7,966,938	7,412,339
	Depreciation of property, plant & equipment		1,813,753	1,564,291	1,808,286	1,563,245
	Amortisation of intangibles		167,147	127,601	124,572	124,572
	Transportation costs		1,754,139	1,635,384	1,690,789	1,612,939
	Marketing & promotion		8,652,127	6,043,120	8,270,538	5,753,168
	Other		4,723,562	4,681,980	4,241,984	4,075,665
			80,114,337	**83,950,825**	**77,269,600**	**81,644,274**
(b)	(Loss) profit from ordinary activities before income tax expense, includes the following specific net gains and expenses:					
	Expenses					
	Borrowing costs					
	Borrowing expenses		271,068	304,892	271,068	304,892
	Interest and finance charges paid		1,696,529	1,414,187	1,696,529	1,414,187
	Prospectus expenses		28,735	27,417	28,735	27,417
			1,996,332	1,746,496	1,996,332	1,746,496
	Provisions - Employee Entitlements		129,147	144,976	103,199	78,474
	Research & Development		186,337	177,017	81,705	26,283
	Gains					
	Profit on disposal of non-current assets		2,669	15,522	4,253	15,522

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
4. **INCOME TAX**				
The aggregate amounts of income tax attributable to the financial year differ by more than 15% from the amounts prima facie payable on the (loss) profit from ordinary activities. The differences are reconciled as follows:				
(Loss) profit from ordinary activities before income tax	**(2,547,333)**	**18,726**	**(1,628,006)**	**362,235**
Prima facie tax payable at 30%	(764,200)	5,618	(488,402)	108,671
Tax effect of permanent differences				
Depreciation of buildings	3,445	3,445	3,445	3,445
Amortisation of intangibles	14,955	15,025	14,116	14,116
Share of net losses of associates	51,276	85,799	-	-
Sundry items	16,560	56,937	10,365	55,735
Over provision for previous year	(74,211)	(191,495)	(63,386)	(179,703)
Income tax (benefit) expense	**(752,175)**	**(24,671)**	**(523,862)**	**2,264**
Comprising:				
Current	-	-	-	-
Deferred	402,019	34,238	181,551	33,548
Benefit	(1,154,194)	(58,909)	(705,413)	(31,284)
	(752,175)	**(24,671)**	**(523,862)**	**2,264**

Future income tax benefit includes a benefit representing income tax losses carried forward of $4,436,609 calculated at 30% (2004 $3,546,155) in respect of the economic entity and $4,109,022 at 30% (2004 $3,371,855) in respect of the parent entity.

The above benefit in respect of income tax losses is after reducing deferred income tax liability of the economic entity by $1,665,850 (2004 $1,264,521) and of the parent entity by $1,445,382 (2004 $1,263,831).

Realisation of the benefit shall depend upon:

(a) the ability of the consolidated entity and the parent entity to derive future assessable income of a nature and of sufficient amount to enable the benefit to be realised;

(b) the ability of the consolidated entity and the parent entity to continue to comply with the conditions for deductibility imposed by law; and

(c) an expectation that legislation will not change in a manner which would adversely affect the economic entity's and the parent entity's ability to realise the benefit.

	Parent Entity 2005 $	Parent Entity 2004 $
5. DIVIDENDS		
Ordinary shares		
No dividend has been declared for the year ended 30 June 2005 (2004 – 5 cents)	-	256,609
Franked dividends		
Franking credits available for subsequent financial years	2,606,484	2,496,510
The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.		

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
6. CURRENT ASSETS – RECEIVABLES				
Trade debtors	9,398,792	10,499,596	9,026,984	10,201,040
Other debtors	311,615	643,703	295,837	631,834
Related corporations	-	245,551	-	245,551
Other loan (note 9)	157,989	157,810	157,989	157,810
	9,868,396	**11,546,660**	**9,480,810**	**11,236,235**
7. CURRENT ASSETS – INVENTORIES				
Raw materials and stores	17,168,272	20,456,685	17,168,272	20,456,685
Work in progress	274,248	205,962	274,248	205,962
Finished goods	7,155,897	5,889,244	6,925,158	5,714,962
	24,598,417	**26,551,891**	**24,367,678**	**26,377,609**
Cost of goods sold				
Honey levies	450,353	279,383	448,991	278,159
Other	59,719,421	68,104,823	58,661,017	66,979,821
Total cost of goods sold	60,169,774	68,384,206	59,110,008	67,257,980
8. CURRENT ASSETS – OTHER				
Prepayments	**1,203,165**	**807,283**	**1,180,152**	**790,075**
9. NON-CURRENT ASSETS – RECEIVABLES				
Related corporations	1,727,596	1,448,276	4,450,153	2,554,375
Other loan	431,056	581,929	431,056	581,929
	2,158,652	**2,030,205**	**4,881,209**	**3,136,304**
The other loan is interest bearing and relates to the sale of plant and equipment. Title to the plant and equipment does not pass to the purchaser until receipt of the final loan instalment in June 2008				

10. **NON CURRENT ASSETS - INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD**

Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting and are carried at cost by the parent entity (refer Note 11). Information relating to the associated entity is set out below.

Name of Company	Principal Activity	Country of Incorpor-ation	Ownership Interest		Consolidated carrying amount		Parent entity amount	
			2005 %	2004 %	2005 $	2004 $	2005 $	2004 $
Non traded investments								
Capilano Labonte Inc	Honey packing	Canada	50	50	-	172,973	480,402	480,402

On 1 July 2003 the company acquired 50% of the issued share capital of Capilano Labonte Inc.

	Consolidated 2005 $	Consolidated 2004 $
Movements in carrying amounts of investments in associates		
Carrying amounts at the beginning of the financial year	172,973	-
New investment during the year	-	480,402
Share of losses from ordinary activities after income tax	(170,922)	(285,997)
Share of movement in foreign currency translation reserve	(2,051)	(21,432)
Carrying amounts at the end of the financial year	**-**	**172,973**
Results attributable to associates		
Loss from ordinary activities before related income tax	(259,744)	(412,542)
Income tax saving	88,822	126,545
Loss from ordinary activities after related income tax	(170,922)	(285,997)
Accumulated losses attributable to associates at the beginning of the financial year	(285,997)	-
Accumulated losses attributable to associates at the end of the financial year	(456,919)	(285,997)
Income tax saving includes tax losses amounting to $233,454		
Reserves attributable to associates		
Foreign Currency Translation Reserve		
Balance at the beginning of the financial year	(21,432)	-
Share of movement in foreign currency translation reserve	(2,051)	(21,432)
Balance at the end of the financial year	(23,483)	(21,432)
Share of associates' expenditure commitments		
Lease commitments	275,405	154,705
Summary of the performance and financial position of associates		
The aggregate losses, assets and liabilities of associates are:		
Loss from ordinary activities after related income tax expense	490,961	571,994
Assets	5,429,599	4,549,780
Liabilities	5,578,707	4,203,835

Notes to and Forming Part of the Financial Statements

	Consolidated		Parent Entity	
	2005 $	2004 $	2005 $	2004 $
11. **NON-CURRENT ASSETS - OTHER FINANCIAL ASSETS**				
(a) The investments included in the financial statements comprise:				
Shares in controlled entities (note 11(b))	-	-	2	2
Shares in associated entities (note 10)	-	-	480,402	480,402
	-	-	480,404	480,404

(b) Investment in the controlled entities are unquoted and comprise:-

	Country of Incorpor-ation	Class of Share	2005 % holding	2005 Cost $	2004 % holding	2004 Cost $
Medihoney Pty Ltd	Australia	Ordinary	100	1	100	1
Honey Corporation of Australia Pty Ltd	Australia	Ordinary	100	1	100	1
Medihoney Europe Ltd	England	Ordinary				
				2		2

Medihoney Europe Ltd is a wholly owned controlled entity of Medihoney Pty Ltd and is included in the books of that company at a cost of $1.00. The company was incorporated on 16 February 2004.

	Consolidated		Parent Entity	
	2005 $	2004 $	2005 $	2004 $
12. **NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT**				
Land and buildings				
Freehold land – Cost	-	797,400	-	797,400
Freehold land – Valuation	1,282,000	-	1,282,000	-
Buildings – Cost	-	7,440,903	-	7,440,903
Buildings – Valuation	8,518,000	-	8,518,000	-
Less				
Accumulated depreciation	-	1,676,491	-	1,676,491
	8,518,000	5,764,412	8,518,000	5,764,412
Total land and buildings	**9,800,000**	**6,561,812**	**9,800,000**	**6,561,812**
Plant and equipment				
Cost	23,069,559	20,418,148	23,031,379	20,404,390
Less				
Accumulated depreciation	11,183,540	9,708,367	11,177,592	9,707,090
Total plant & equipment	**11,886,019**	**10,709,781**	**11,853,787**	**10,697,300**

Notes to and Forming Part of the Financial Statements

		Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
12.	**NON-CURRENT ASSETS - PROPERTY, PLANT AND EQUIPMENT (continued)**				
	Motor vehicles				
	Cost	27,961	27,961	27,961	27,961
	Less				
	Accumulated depreciation	26,813	26,467	26,813	26,467
	Total motor vehicles	**1,148**	**1,494**	**1,148**	**1,494**
	Capital work in progress	**318,346**	**843,746**	**264,169**	**814,184**
		22,005,513	**18,116,833**	**21,919,104**	**18,074,790**
	Reconciliations				
	Reconciliations of the movements in carrying amounts for each class of property, plant and equipment are set out below:				
	Freehold land				
	Carrying amount at beginning of year	797,400	797,400	797,400	797,400
	Revaluation increment	484,600	-	484,600	-
	Carrying amount at end of year	1,282,000	797,400	1,282,000	797,400
	Buildings				
	Carrying amount at beginning of year	5,764,412	5,940,868	5,764,412	5,940,868
	Additions	9,832	31,558	9,832	31,558
	Depreciation	(208,306)	(208,014)	(208,306)	(208,014)
	Revaluation increment	2,952,062	-	2,952,062	-
	Carrying amount at end of year	8,518,000	5,764,412	8,518,000	5,764,412
	Plant and Equipment				
	Carrying amount at beginning of year	10,709,781	11,411,549	10,697,300	11,410,026
	Additions	2,790,241	661,696	2,763,473	649,692
	Disposals	(8,937)	(7,656)	(7,323)	(7,656)
	Depreciation	(1,605,066)	(1,355,808)	(1,599,663)	(1,354,762)
	Carrying amount at end of year	11,886,019	10,709,781	11,853,787	10,697,300
	Motor Vehicles				
	Carrying amount at beginning of year	1,494	1,965	1,494	1,965
	Additions	-	-	-	-
	Depreciation	(346)	(471)	(346)	(471)
	Carrying amount at end of year	1,148	1,494	1,148	1,494
	Capital works in progress				
	Carrying amount at beginning of year	843,746	100,480	814,184	98,719
	Net additions	(525,400)	743,266	(550,015)	715,465
	Carrying amount at end of year	318,346	843,746	264,169	814,184
	Valuations				
	The independent valuation of the consolidated entity's freehold land and buildings carried out in July 2005 was on the basis of open market values for existing use.				

Notes to and Forming Part of the Financial Statements

		Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
13.	**NON-CURRENT ASSETS – INTANGIBLES**				
	Trademarks and brandnames (note 13(a))	3,965,848	3,965,848	3,932,452	3,932,452
	Less: accumulated amortisation	3,196,872	3,069,504	3,186,172	3,061,600
		768,976	**896,344**	**746,280**	**870,852**
	Market development (note 13 (b))	794,787	-	-	-
	Less: accumulated amortisation	39,272	-	-	-
		755,515	**-**	**-**	**-**
	Total Intangibles	**1,524,491**	**896,344**	**746,280**	**870,852**
(a)	This includes the cost of the "Barnes" brand acquired in November 1989; Allowrie honey business acquired May 1995, Greens honey business acquired in January 2000 and Windsor Farms honey business acquired in November 2000.				
(b)	This includes the cost of setting up Medihoney distribution channels in the United Kingdom.				
14.	**NON-CURRENT ASSETS – DEFERRED TAX ASSETS**				
	Future income tax benefit	**3,487,697**	**2,735,523**	**3,062,406**	**2,538,544**
15.	**CURRENT LIABILITIES - PAYABLES**				
	Beekeeper creditors	4,328,823	4,367,780	4,328,823	4,367,780
	Trade creditors	2,900,391	2,281,468	2,796,949	2,198,166
	Other creditors	1,093,819	1,074,600	1,054,095	1,051,565
		8,323,033	**7,723,848**	**8,179,867**	**7,617,511**
16.	**CURRENT LIABILITIES – INTEREST-BEARING LIABILITIES**				
	Secured (note 23)				
	Commercial Bills	750,000	750,000	750,000	750,000
	Hire purchase	495,321	414,572	495,321	414,572
	Loans	486,589	436,879	486,589	436,879
	Total secured liabilities	1,731,910	1,601,451	1,731,910	1,601,451
	Unsecured				
	Loans				
	Deposit fund (note 22)	1,688,863	2,032,109	1,688,863	2,032,109
	Beekeeper retains	648,119	554,626	648,119	554,626
		4,068,892	**4,188,186**	**4,068,892**	**4,188,186**
17.	**CURRENT LIABILITIES – PROVISIONS**				
	Employee entitlements	637,428	797,294	597,416	777,336
	Dividends (note 5)	-	256,609	-	256,609
	Income tax (note 4)	-	-	-	-
		637,428	**1,053,903**	**597,416**	**1,033,945**

		Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
18.	**NON-CURRENT LIABILITIES – INTEREST-BEARING LIABILITES**				
	Secured (note 23)				
	Commercial bills	25,000,000	26,250,000	25,000,000	26,250,000
	Hire purchase	622,038	796,163	622,038	796,163
	Total secured liabilities	25,622,038	27,046,163	25,622,038	27,046,163
	Unsecured				
	Loans -				
	Deposit fund (note 22)	156,002	126,827	156,002	126,827
	Beekeeper retains	720,729	1,415,997	720,729	1,415,997
		26,498,769	**28,588,987**	**26,498,769**	**28,588,987**
19.	**NON-CURRENT LIABILITIES – PROVISIONS**				
	Employee entitlements	**580,685**	**505,493**	**523,627**	**454,330**

		Parent Entity No. of Shares	Parent Entity 2005 $
20.	**CONTRIBUTED EQUITY**		
(a)	**Foundation Share**		
	Balance 1 July 2004	1	1
	Movements	-	-
	Balance 30 June 2005	**1**	**1**

On 14 May 2004 Capilano Beekeepers Ltd ('CBL') was issued a Foundation Share in CHL. This foundation share provides:

- CBL with 75% of the total number of votes which are able to be cast in relation to special resolutions of CHL.
- CBL with the power to pass or veto any ordinary resolution put to a shareholders meeting of CHL.
- For the elected CBL Beekeeper Directors to be appointed as Beekeeper Directors of CHL

		No. of Shares	2005 $
(b)	**Ordinary Shares**		
	Balance 1 July 2004	5,128,762	5,286,859
	Share Issues	28	159
	Share application monies refunded	-	(3,414)
	Balance 30 June 2005	**5,128,790**	**5,283,604**

Ordinary shares were issued to new shareholders who had successfully applied for a honey supply agreement.

	No. of Shares	2005 $
Total contributed equity	**5,128,791**	**5,283,605**

		Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
21.	**RESERVES**				
(a)	Composition				
	Asset revaluation	3,917,043	480,381	3,917,043	480,381
	Asset replacement	-	4,238,580	-	4,238,580
	Foreign currency translation	(23,483)	(21,432)	-	-
	Total reserves	**3,893,560**	**4,697,529**	**3,917,043**	**4,718,961**
(b)	Movements				
	Asset revaluation				
	Balance 1 July 2004	480,381	480,381	480,381	480,381
	Movements during the year	3,436,662	-	3,436,662	-
	Balance 30 June 2005	**3,917,043**	**480,381**	**3,917,043**	**480,381**
	Asset replacement				
	Balance 1 July 2004	4,238,580	4,238,580	4,238,580	4,238,580
	Movements during the year	(4,238,580)	-	(4,238,580)	-
	Balance 30 June 2005	**-**	**4,238,580**	**-**	**4,238,580**
	Foreign currency translation				
	Balance 1 July 2004	(21,432)	-	-	-
	Movements during the year	(2,051)	(21,432)	-	-
	Balance 30 June 2005	**(23,483)**	**(21,432)**	**-**	**-**

(c) Nature and purpose of reserve

Asset revaluation

The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.

Asset replacement

The amount standing to the credit of the asset replacement reserve resulted from prior periods allocations of retained profits for the purpose of replacement of assets in future periods.

Foreign currency translation

The gain or loss generated on translating the financial report of the equity accounted associate into Australian Dollars at the appropriate rates.

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
22. **PAYABLES MATURITY ANALYSIS - DEPOSIT FUND**				
Debts Payable				
Not later than one year	1,688,863	2,032,109	1,688,863	2,032,109
Later than one year but not later than two	146,349	90,883	146,349	90,883
Later than two years but not later than three	9,653	35,944	9,653	35,944
	1,844,865	**2,158,936**	**1,844,865**	**2,158,936**

The Capilano Deposit Fund (Unsecured Deposit Notes) was created under a Trust Deed dated 17 May 1993. Trust Company of Australia Limited is the Trustee. Deposits have been received pursuant to the issue of a Prospectus dated 12 October 2004.

23. **SECURED BORROWINGS**

The hire purchase, loans and commercial bills amounting to $27,353,949 (2004: $28,647,614) are secured by a registered mortgage debenture over all the assets of Capilano Honey Ltd and a negative pledge by Medihoney Pty Ltd.

24. **CONTINGENT LIABILITIES**

The Directors are not aware of any significant contingent liabilities at the date of this report.

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
25. **COMMITMENTS**				
Capital expenditure commitments				
Contracted for but not provided for or payable: -				
Not longer than one year	21,485	347,789	21,485	347,789
Operating lease commitments				
Future operating lease rentals not provided for in the financial statements or payable:				
Not longer than one year	49,592	55,806	49,592	55,806
Longer than one year but not longer than two years	22,211	40,580	22,211	40,580
Longer than two years but not longer than five years	36,554	35,547	36,554	35,547
	108,357	**131,933**	**108,357**	**131,933**

	Consolidated 2005 $	Consolidated 2004 $	Parent Entity 2005 $	Parent Entity 2004 $
26. AUDITOR'S REMUNERATION				
Amounts received, or due and receivable, by the auditors of the parent entity for:				
Audit or review of financial reports of the entity or any entity in the consolidated group				
- Current Year	75,250	51,954	73,500	50,854
Other Services				
- Current Year	14,300	13,472	13,600	12,472
	89,550	**65,426**	**87,100**	**63,326**

No other benefits were received by the auditors.

27. SUPERANNUATION COMMITMENTS

The Capilano Group Superannuation Fund was wound up in the 2002 year and benefits rolled over to an accumulation fund under a master trust arrangement.

The company has agreed with a number of the previous defined benefit category members to meet any shortfalls of benefits under the new arrangements compared to those that would have been payable from the Capilano Group Superannuation Fund, subject to continuation of existing company and employee contributions. The agreement covers the period from 30 June 2001 to 30 June 2006 or earlier retirement by the member. At balance date, any potential shortfall is not likely to be significant.

		Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
28.	**RELATED PARTIES**				
	Directors and specified executives:				
	Disclosure relating to directors and specified executives are included in the directors report.				
	Directors who are apiarists trade with the company on the same trading conditions as other shareholders. In view of these arrangements no quantification has been made of the total sum of transactions.				
	Controlling Entity:				
	The ultimate controlling entity is CBL. Information relating to the controlling entity is set out in note 20.				
	Wholly Owned Group:				
	The wholly owned group consists of CHL and its wholly owned controlled entites.				
	Information relating to the controlled entities is set out in note 11(b).				
	Aggregate amounts receivable from entities in the wholly owned group at balance date:				
	Non Current Receivable (loans)	-	-	2,722,557	1,106,099
	Associated Entity:				
	The interest held in the associated entity is disclosed in Note 10.				
	Aggregate amounts included in the determination of profit from ordinary activities before related income tax that resulted from transactions with the associated entity.				
	Sales to associated entity	5,567,904	3,109,387	5,567,904	3,109,387
	Purchases from associated entity	736,875	1,048,078	736,875	1,048,078
	Interest revenue	80,113	31,342	80,113	31,342
	Aggregate amounts receivable from associated entities				
	Current receivables (loans)	-	245,551	-	245,551
	Current receivables (trade debtors)	1,406,983	-	1,406,983	-
	Non-current receivables (loans)	1,727,596	1,448,276	1,727,596	1,448,276
	Non-current receivable (trade debtors)	-	197,873	-	197,893
	Superannuation Plan:				
	Information relating to the superannuation plan of the group is set out in note 27.				

29. SEGMENT REPORTING

a) **Primary reporting – geographical segments**

Primary reporting – geographical segments	30 June 2005 Australia $	Canada $	Europe $	Intersegment $	Consolidated $
Sales revenue	79,685,800	-	185,565	(476,181)	79,395,184
Other revenue	339,074	-	-	-	339,074
Share of net losses of associates	-	(170,922)	-	-	(170,922)
Total segment revenue	**80,024,874**	**(170,922)**	**185,565**	**(476,181)**	**79,563,336**
Segment result	**(2,153,569)**	**(170,922)**	**(94,827)**	**(128,015)**	**(2,547,333)**
Unallocated revenue less unallocated expenses					-
Loss from ordinary activities before income tax savings					(2,547,333)
Income Tax Savings					752,175
Loss from ordinary activities after income tax savings					(1,795,158)
Segment assets	64,589,597	-	1,293,741	-	65,883,338
Segment liabilities	40,049,577	-	1,364,184	(1,304,954)	40,108,807
Investment in associate	-	-	-	-	-
Acquisitions of non current segment assets	2,263,815	-	805,644	-	3,069,459
Depreciation and amortisation expense	1,939,387	-	41,513	-	1,980,900
Other non cash income	(2,669)	-	-	-	(2,669)

Primary reporting – geographical segments	30 June 2004 Australia $	Canada $	Europe $	Intersegment $	Consolidated $
Sales revenue	83,848,288	-	-	-	83,848,288
Other revenue	2,153,756	-	-	-	2,153,756
Share of net losses of associates	-	(285,997)	-	-	(285,997)
Total segment revenue	**86,002,044**	**(285,997)**	**-**	**-**	**85,716,047**
Segment result	**304,723**	**(285,997)**	**-**	**-**	**18,726**
Unallocated revenue less unallocated expenses					-
Profit from ordinary activities before income tax expense					18,726
Income Tax Expense					24,671
Profit from ordinary activities after income tax expense					43,397
Segment assets	66,027,460	-	-	-	66,027,460
Segment liabilities	42,060,417	-	-	-	42,060,417
Investment in associate	-	172,973	-	-	172,973
Acquisitions of non current segment assets	1,437,855	-	-	-	1,437,855
Depreciation and amortisation expense	1,691,892	-	-	-	1,691,892
Other non cash income	(15,522)	-	-	-	(15,522)

Secondary reporting – business segments

The consolidated entity operates predominantly in the one industry, that being the processing and sale of honey.

b) **Equity Accounted Investments**

The consolidated entity owns 50% of Capilano Labonte Inc, a honey packer located in Canada, which is accounted for using the equity method and is allocated to the Canada segment.

		Consolidated		Parent Entity	
		2005	2004	2005	2004
		$	$	$	$
30	**RECONCILIATION OF CASH**				
	For the purpose of the statements of cash flows, cash includes cash on hand and at banks and investments in the money market, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statements of cash flows is reconciled to the related items in the balance sheet as follows:				
	Cash	**1,037,007**	**3,342,721**	**969,035**	**3,269,073**
31	**RECONCILIATION OF NET CASH GENERATED FROM (USED IN) OPERATING ACTIVITIES TO (LOSS) PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX.**				
	(Loss) profit from ordinary activities after income tax	(1,795,158)	43,397	(1,104,144)	359,971
	Depreciation	1,813,753	1,564,291	1,808,286	1,563,245
	Amortisation	167,147	127,601	124,572	124,572
	Profit on sale of equipment	(2,669)	(15,522)	(4,253)	(15,522)
	Provision for doubtful debts	-	-	-	-
	(Decrease) increase in deferred tax payable	(752,175)	(24,671)	(523,862)	2,264
	Share of loss of associates	170,922	285,997	-	-
	Change in assets and liabilities				
	(Increase) decrease in assets				
	Trade debtors	1,100,804	1,884,053	1,174,056	2,052,246
	Other debtors	364,815	(393,896)	352,427	(379,146)
	Inventory	1,953,474	(5,374,968)	2,009,931	(5,550,035)
	Prepayments	(395,881)	(531,673)	(390,077)	(514,465)
	Goods & Services Tax received	(32,727)	1,739	(16,430)	(960)
	Increase (decrease) in liabilities				
	Trade creditors	618,923	282,962	598,783	250,475
	Other creditors	19,219	172,685	2,530	149,650
	Beekeeper creditors	(38,957)	(166,943)	(38,957)	(166,943)
	Provisions	(84,674)	513,252	(110,623)	446,747
	Net cash generated from (used in) operating activities	**3,106,816**	**(1,631,696)**	**3,882,239**	**(1,677,901)**

		2005 $	2004 $
32.	**FINANCING ARRANGEMENTS**		
	Total facilities		
	Unrestricted access was available at balance date to the following lines of credit:		
	Multi-Option (refer note below)	30,300,000	29,050,000
	Letters of credit	588,000	488,000
	Hire purchase	1,612,000	1,612,000
	Trade Finance Facility	500,000	500,000
		33,000,000	**31,650,000**
	Used at balance date		
	Multi-Option	25,750,000	27,000,000
	Letters of Credit	-	-
	Hire purchase	1,117,360	1,210,735
	Trade Finance Facility	486,589	436,879
		27,353,949	**28,647,614**
	Unused at balance date		
	Multi-Option	4,550,000	2,050,000
	Letters of credit	588,000	488,000
	Hire purchase	494,640	401,265
	Trade Finance Facility	13,411	63,121
		5,646,051	**3,002,386**

The Multi-Option facility includes bank guarantees required as part of the secured loan agreement. The total amount of the facility including these guarantees is $30,250,000. The Trade Finance Facility is $500,000. These facilities are secured by a registered mortgage debenture over all the assets of Capilano Honey Ltd and a negative pledge by Medihoney Pty Ltd.

Interest is charged at variable rates.

		2005 $	2004 $
33.	**EARNINGS PER SHARE (EPS)**		
	Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted EPS	5,128,790	5,128,762
	Earnings used in the calculation of basic and diluted EPS	(1,795,158)	43,397

34. **FINANCIAL INSTRUMENTS**

Financial Instruments

The information included in this note is provided as required by Accounting Standard AASB 1033 "Presentation and disclosure of Financial Instruments".

(a) **Derivative Financial Instruments**

Derivative financial instruments are used by the consolidated entity to hedge exposure to exchange risk associated with foreign currency transactions. The derivative financial instruments used by the consolidated entity are not recognised in the financial statements. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

Unrecognised Financial Instruments

(i) Forward exchange contracts

The consolidated entity enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both contracted and anticipated future sales and purchases undertaken in foreign currencies.

At balance date, there was no outstanding forward exchange contract in respect of the consolidated entity.

(ii) Foreign currency options

From time to time the consolidated entity enters into arrangements with options to sell US dollars and buy Australian dollars. These options provide a guaranteed rate for settlement which is more favourable at the time of booking than the standard forward outright rate. A contingency obliges the company to deal further options at a contingent rate should the spot rate fall below the contingent rate.

At 30 June 2005 the consolidated entity held target forwards with a face value of US$1,200,000 at a guaranteed rate of 0.7635. A further US$1,200,000 contingent options were held with a contingent rate of 0.7540. The spot rate at 30 June was 0.7628 and as such the potential loss on exercising these options would be the difference between 0.7635 (guaranteed) and 0.7628 (spot). As the spot rate was above the contingent rate, the contingent options would lapse.

(b) **Credit Risk**

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the statements of financial position and notes to the financial statements.

The credit risk exposure to forward exchange contracts is the potential deferred exchange loss as disclosed in note 34(a).

34. **FINANCIAL INSTRUMENTS (continued)**

(c) **Interest Rate Risk**

The economic entity's exposure to interest rate risk, which is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities is as follows:

2005	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest maturing in less than 1 year $	Fixed Interest maturing in 1 - 5 years $	Non-interest Bearing $	Total $
Financial assets						
Cash	5.25%	985,956	-	-	51,051	1,037,007
Receivables	-	-	-	-	9,710,407	9,710,407
Other loan	5.53%	-	157,989	2,158,652	-	2,316,641
Total financial assets		**985,956**	**157,989**	**2,158,652**	**9,761,458**	**13,064,055**
Financial liabilities						
Bank loans & overdraft	5.69%	25,750,000	-	-	-	25,750,000
Hire Purchase	6.92%	-	495,321	622,038	-	1,117,359
Capilano Deposit Fund	4.65%	1,844,865	-	-	-	1,844,865
Beekeeper creditors		-	-	-	4,328,823	4,328,823
Beekeeper retains	3.50%	1,368,848	-	-	-	1,368,848
Secured loans	6.97%	-	486,589	-	-	486,589
Trade & sundry creditors		-	-	-	3,994,210	3,994,210
Total financial liabilities		**28,963,713**	**981,910**	**622,038**	**8,323,033**	**38,890,694**

2004	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest maturing in less than 1 year $	Fixed Interest maturing in 1 - 5 years $	Non-interest Bearing $	Total $
Financial assets						
Cash	5.00%	3,263,403	-	-	79,318	3,342,721
Receivables	-	-	-	-	11,143,299	11,143,299
Other loan	5.00%	-	403,361	2,030,205	-	2,433,566
Total financial assets		**3,263,403**	**403,361**	**2,030,205**	**11,222,617**	**16,919,586**
Financial liabilities						
Bank loans & overdraft	5.52%	27,000,000	-	-	-	27,000,000
Hire Purchase	6.75%	-	414,572	796,163	-	1,210,735
Capilano Deposit Fund	4.61%	2,158,936	-	-	-	2,158,936
Beekeeper creditors	-	-	-	-	4,367,780	4,367,780
Beekeeper retains	3.45%	1,970,623	-	-	-	1,970,623
Secured loans	6.72%	-	436,879	-	-	436,879
Trade & sundry creditors	-	-	-	-	3,356,068	3,356,068
Total financial liabilities		**31,129,559**	**851,451**	**796,163**	**7,723,848**	**40,501,021**

(d) **Net Fair Value**

The net fair value of financial assets and liabilities approximates their carrying value.

Shareholders' Information

As at 31 July 2005

CHL listed on the Bendigo Stock Exchange on 18 June 2004.

a) Classes of Shares

There is one Foundation Share on issue, which is held by the ultimate parent entity CBL.

All other shares are ordinary shares in the company.

b) Voting Rights

Ordinary shares entitle their holder to one vote per share, either in person or by proxy, at a meeting of the company.

However, the Foundation Share provides:

- CBL with 75% of the total number of votes which are able to be cast in relation to special resolutions of CHL;
- CBL with the power to pass or veto any ordinary resolution put to a shareholders meeting of CHL;
- For the elected CBL Beekeeper Directors to be appointed as Beekeeper Directors of CHL.

c) Distribution of Shareholdings

The number of shareholders, by size of holding are:

	Foundation Share		Ordinary Shares	
	Number of Holders	**Number of Shares**	**Number of Holders**	**Number of Shares**
1 – 1,000	1	1	124	33,163
1,001 – 5,000			279	801,728
5,001 – 10,000			175	1,301,484
10,001 – 100,000			161	2,892,284
100,001 and over			1	100,121
			740	5,128,790

d) Shareholders holding less than a marketable parcel

There are 70 shareholders holding 793 shares which the company considers to be less than a marketable parcel of shares (value $500), when using a value of $4.00 per share, being the weighted average traded price of the last 5 share trades on the Bendigo Stock Exchange.

e) Ten largest shareholders

The names of the ten largest holders of quoted shares are:

		Number of Ordinary Shares	Percentage of Ordinary Shares
1.	Benalto Holdings Pty Ltd	100,121	1.95
2.	Baker Beekeeping Pty Ltd	58,343	1.14
3.	D G, L R, J M, H M, K J Keith & M M McCrystal	57,920	1.13
4.	Hughston & Sons Pty Ltd	55,024	1.07
5.	Gundagai Bee Farms Pty Ltd	51,629	1.01
6.	M A & B K Klingner	51,158	1.00
7.	E N Peadon	44,667	0.87
8.	R J & LR Blackwell	42,640	0.83
9.	Brazil Enterprises Pty Ltd	41,449	0.81
10.	M & M R Nelson	40,000	0.78
		542,951	10.59

f) Company Secretary

Mr Errol J Bailey.

g) Registered Office

399 Archerfield Road, Richlands Qld 4077. Telephone (07) 3712 8282.

h) Register of Securities

The Register of Securities is held at 399 Archerfield Road, Richlands Qld 4077.

Condensed Financial History 1996 - 2005

	$000's except as noted									
Year ended 30 June	**2005**	2004	2003	2002	2001	2000	1999	1998	1997	1996
Group total sales revenue	**79395**	83848	87815	61160	59431	59473	55445	55034	59539	46903
Earnings before interest and tax, premiums, interim bonus and loyalty payments	**(850)**	1433	7306	2331	6421	4741	1195	3944	3937	3102
Interest expense	**1697**	1414	1138	852	931	1068	944	793	487	530
Profit before tax, premiums, interim bonus and loyalty payments	**(2547)**	19	6168	1479	5490	3673	251	3151	3450	2572
Loyalty bonus payment - Quota & Over Quota Honey	**-**	-	-	-	-	-	-	930	353	-
Interim bonus payment - Quota & Over Quota Honey	**-**	-	2026	864	729	-	-	-	-	-
Operating profit before tax	**(2547)**	19	4142	615	4761	3673	251	2221	3097	2572
Income tax attributable to operating profit	**752**	(24)	1756	(1060)	(343)	758	(2034)	(1414)	52	520
Operating profit after tax	**(1795)**	43	2386	1675	5104	2915	2285	3636	3045	2052
Number of issued shares (000's)	**5129**	5132	5132	5132	5132	5132	5102	5064	5136	5109
Earnings per Share (cents)	**(35.0)**	0.8	46.5	32.6	99.5	56.8	44.8	71.8	59.3	40.2
Dividend per Share (unfranked) (cents)	**-**	-	-	-	17.0	17.0	5.0	15.0	15.0	15.0
Dividend per Share (franked) (cents)	**-**	5.0	20.0	15.0	-	-	-	-	-	-
Dividend: Times Covered	**-**	0.17	2.33	2.18	5.85	3.34	8.96	4.79	3.95	2.61
Total dividend paid	**-**	256	1026	769	872	872	255	776	768	784
Bonus - year end appropriation	**-**	-	-	1032	1565	-	-	-	-	-
Bonus - per kilogram (cents)	**-**	-	-	7.0	10.0	-	-	-	-	-
Total retained profit at 30 June	**16597**	14156	14368	13007	13125	10456	8413	5946	5179	4896
Net assets at 30 June	**25774**	24140	24374	23013	23130	20462	18311	16161	13501	11155
Net asset backing per issued share (NAB)	**$5.03**	$4.70	$4.75	$4.48	$4.51	$4.00	$3.59	$3.19	$2.63	$2.18
Average Traded Price (ATP) *	**$4.73**	$2.87	$2.53	$2.55	$2.78	-	-	-	-	-
Dividend Yield (Based on ATP)	**-**	1.7%	7.9%	5.9%	6.1%	-	-	-	-	-
Total Debt Percentage of Total Assets	**60.9%**	63.5%	59.8%	53.2%	51.6%	55.8%	56.8%	61.9%	60.6%	60.7%
Total Honey Price + Dividend + Retained Earnings (cents/kg)	**$2.87**	$4.38	$4.40	$2.28	$2.05	$1.93	$1.86	$1.79	-	-
Movement Year on Year $	**-$1.51**	-$0.02	$2.12	$0.23	$0.13	$0.07	$0.07	$0.03	-	-
Movement Year on Year %	**-34.4%**	-0.44%	92.64%	11.15%	6.71%	3.58%	4.07%	1.85%	-	-
Five Year Average	**15.11%**	22.73%	23.63%	5.47%	4.94%	6.88%	6.81%	4.40%	-	-
Number of full time equivalent employees as at 30 June	**133**	126	122	121	123	N/A	N/A	N/A	N/A	N/A

N/A - not available

* ATP - based on weighted average of traded prices over twelve months to 30 June, excluding nominated transactions between buyer and seller.

Where necessary, values have been adjusted for share issues and share buy-backs.