



CAPILANO HONEY LIMITED

A.C.N: 009 686 435

CHL217

2 April 2007

Quota Honey Price Schedule

Effective 1 April 2007

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Dear Suppliers / Shareholders

At the Directors Meeting on 23 March 2007 a decision was made to raise prices by an average of 20¢/kg as shown below.

Our crop for the year is now 37% down on the forecast at the beginning of the financial year affected by the hardening of the drought. However, as previously stated we held sufficient opening stock from last year to support the business going forward.

Further to my comments in the last advice to Shareholder / Suppliers:

- The cost savings through Maryborough and Richlands are flowing through at a rate approaching \$1 million per year.
- The sponsorship support for our USA launch and new products in the form of an agreement with the Irwin Family and Australia Zoo has been signed.
- Our first orders have been taken for sales in the USA.

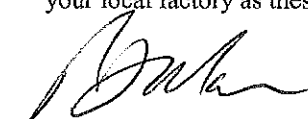
As things are finalised concerning new products you will be the first to know.

QUOTA HONEY PRICE SCHEDULE

Pf. 0 - 39	\$2.50 per kg	Blue Gum South Australian (Pf. 0-39)	\$2.60 per kg
Pf.40 - 49	\$2.50 per kg	River Red Gum (Pf 0-54)	\$2.60 per kg
Pf.50 - 59	\$2.35 per kg	Salvation Jane (Pf. 0-19)	\$2.45 per kg
Pf.60 - 69	\$2.25 per kg	Salvation Jane (Pf. 20-54)	\$2.25 per kg
Pf.70 - 79	\$2.20 per kg	Leatherwood	P.O.A.
Pf.80 - 95	\$2.10 per kg	Macadamia (0-79)	\$2.20 per kg
Pf.96 - 109	\$2.00 per kg	Canola/Turnip (Pf. 0-39)	\$2.05 per kg
110 & Over	P.O.A.	Banksia	\$2.00 per kg
Organic (BFA Certified)	\$3.65 per kg	Red Ash	\$1.00 per kg
Yellow Box - Grade 1 (Pf. 0-39)	\$2.80 per kg	Carrot	\$1.00 per kg
Yellow Box - Grade 2 (Pf. 0-49)	\$2.80 per kg	Crow Ash	\$1.00 per kg
Non-Active Jellybush/TTL	\$3.00 per kg	White Mangrove	\$1.00 per kg

Quality Conditions:

- **Yellow Box Grade 1** - To qualify for this price, honey will need to be Pf.0 - 39 having a moisture level not exceeding 16.5% and have good Yellow Box flavour.
- **Yellow Box Grade 2** - To qualify for this price, honey will need to be Pf.0 - 49 having moisture level not exceeding 18% and have good Yellow Box flavour.
- **Blue Gum South Australian Honey (*Eucalyptus leucoxylon*)** - To qualify for this price, honey will need to be Pf.0 - 39 having a moisture level not exceeding 18.0% and be true Blue Gum flavour.
- **River Red Gum** - With a reading of Pf.0-54, a moisture level not exceeding 18% and be true River Red Gum flavour.
- **Jelly Bush & Ti Tree** *Leptospermum* variety prices will be adjusted from time to time on an as needs basis and will be downgraded when supply exceeds demand. Jellybush/TTL must have a representative JB/TTL taste profile.
- **Honey having objectionable quality or flavour** will be downgraded according to flavour and/or market conditions and will include such honey as *Crow Ash, Red Ash, Carrot, White Mangrove, Peach Bush* and others.
- **Purple Top variety** will be downgraded to P190.
- Reducer honey and Pf.110 and darker can be difficult to sell. Before delivering these grades of honey, please discuss with your local factory as these may not be accepted and prices are subject to application.



R D Masters
Managing Director