

honey market report



June 2008

Dear Supplier Shareholders,

Honey supply to Capilano is of increasing concern as the drought continues to affect the country of many of our beekeepers, drastically reducing their ability to produce their normal quotas.

Our forecast for this year is only 6,850 tonnes which is well below the levels of the previous record low drought year of 2003, where we received 9,576 tonnes.

All shareholders have been advised that our profits are down as consumer sales shift towards products yielding lower margins to packers and while export sales are affected by unfavorable exchange rates.

We are facing a critical shortage of honey to meet our immediate needs and without honey this business can't operate.

The scarcity of honey has prompted the recent higher buying prices even though there has been little improvement in the returns from our markets to support the higher prices paid.

Beekeepers who have over-quota honey and who may consider delivering this honey as over-quota should discuss their options with Bill Winner (Beekeeper Services Manager), as differing terms may apply.

This may mean offering some additional financial inducement to encourage early delivery. The extra payment cannot be applied across the board for under quota deliveries simply because the profit is not there to do it.

These steps have been taken due to the very serious consequences that could arise from running out of honey.

R D Masters
Managing Director

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