



Half-Year Financial Report **08**

TABLE OF CONTENTS:

Report of the Directors	1
Auditor's Independence Declaration	2
Independent Auditor's Review Report	3
Directors' Declaration	4
Condensed Consolidated Income Statement	5
Condensed Consolidated Balance Sheet	6
Condensed Consolidated Statement of Changes in Equity	7
Condensed Consolidated Cash Flow Statement	8
Notes to the Financial Statements	9

**FINANCIAL AND STATUTORY REPORTS
FOR CAPILANO HONEY LIMITED AND ITS CONTROLLED ENTITIES
FOR THE HALF-YEAR ENDED 31 DECEMBER 2008**

Report of the Directors

Your directors present their report on the consolidated financial statements of the company and its controlled entities for the half-year ended 31 December 2008.

Directors

The following persons held office as directors of Capilano Honey Limited during or since the end of the half-year:

Trevor Richard Morgan, Chairman
Phillip Francis McHugh, Deputy Chairman
Peter Barnes
Roger David Masters
Simon Lucien Tregoning
Rosemary Doherty (retired 3 October 2008)
James Brett Lochran Heading (retired 2 October 2008)

Activities

The principal activities of the consolidated entity during the half-year continued to be the packing of honey for domestic and export sales.

Consolidated Results

The operating profit of the consolidated entity for the half-year after income tax was \$356,745.

Review of Operations

Sales revenue for the consolidated entity was \$39,125,114.

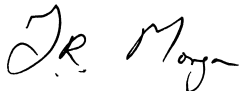
Significant Changes

There were no significant changes in operations during the half-year.

Auditor's Independence Declaration

The Auditor's Independence Declaration has been received and can be found on page 2 of this financial report.

Signed at Brisbane this 6th day of February 2009, in accordance with a resolution of the directors.



T R Morgan
Director



R D Masters
Director

Auditor's Independence Declaration



Principals
Andrew J Cranstoun
John Feddema
Masood Ayoob
Junaide A Latif
Paul A Copeland
Julie D Smith

Consultants
David J Cranstoun
Yusuf Hussein

Level 2
102 Adelaide Street
Brisbane

GPO Box 563
Brisbane
Queensland 4001

Telephone (07) 3229 5100
International +617 3229 5100
Facsimile (07) 3221 6027

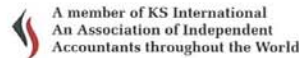
Email info@cah.com.au
Website www.cranstounandhussein.com.au
ABN 11 603 627 400

Our Ref

Your Ref

Date

Cranstoun & Hussein
Chartered Accountants & Business Advisers



The Directors
Capilano Honey Limited
399 Archerfield Road
RICHLANDS QLD 4077

Auditor's Independence Declaration

As lead auditor for the review of Capilano Honey Limited for the half-year ended 31 December 2008, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

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

J Latif
Principal
Cranstoun & Hussein

Brisbane
6 February 2009

Independent Auditor's Review Report

To the Members of Capilano Honey Limited



Principals
Andrew J Cranstoun
John Feddema
Masood Ayoub
Junaide A Latif
Paul A Copeland
Julie D Smith

Consultants
David J Cranstoun
Yusuf Hussein

Level 2
102 Adelaide Street
Brisbane

GPO Box 563
Brisbane
Queensland 4001

Telephone (07) 3229 5100
International +617 3229 5100
Facsimile (07) 3221 6027

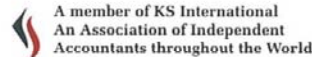
Email info@cah.com.au
Website www.cranstounandhussein.com.au
ABN 11 603 627 400

Our Ref

Your Ref

Date

Cranstoun & Hussein
Chartered Accountants & Business Advisers



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Capilano Honey Limited and Controlled Entities (the consolidated entity) which comprises the condensed consolidated balance sheet as at 31 December 2008, and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the consolidated entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements *ASRE 2410 Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the

consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Accounting Standard *AASB 134: Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Capilano Honey Limited and Controlled Entities, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Capilano Honey Limited and Controlled Entities is not in accordance with the *Corporations Act 2001* including:

- giving a true and fair view of the consolidated entity's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and
- complying with Accounting Standard *AASB 134 Interim Financial Reporting* and *Corporations Regulations 2001*.

Cranstoun & Hussein

CRANSTOUN & HUSSEIN
Chartered Accountants

J Latif
A Member of the Firm

Brisbane, 6 February 2009

Directors' Declaration

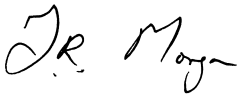
The directors of the company declare that:

- (a) the financial statements and notes, as set out on pages 5 to 9:
 - (i) comply with Accounting Standard AASB134: Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2008 and its performance for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) the company will be able to pay its debts as and when they become due and payable.

Signed at Brisbane this 6th day of February 2009, in accordance with a resolution of the directors.



T R Morgan
Director



R D Masters
Director

Condensed Consolidated Income Statement

For the half-year ended 31 December 2008

	31 December 2008 \$	31 December 2007 \$
Revenue	39,125,114	30,976,940
Other income	881,122	512,791
Finance costs	(1,217,422)	(1,178,010)
Other expenses	(38,157,161)	(32,250,391)
Profit (loss) before income tax	631,653	(1,938,670)
Income tax (expense) benefit	(274,908)	583,110
Net profit (loss) attributable to members of Capilano Honey Limited	356,745	(1,355,560)
Basic earnings per share (cents)	6.93	(26.3)
Diluted earnings per share (cents)	6.93	(26.3)
<i>The above income statement should be read in conjunction with the accompanying notes.</i>		

Condensed Consolidated Balance Sheet

As at 31 December 2008

	31 December 2008 \$	30 June 2008 \$
CURRENT ASSETS		
Cash and cash equivalents	435,579	1,312,700
Trade and other receivables	12,314,833	11,458,695
Inventories	18,760,707	17,421,285
Other current assets	544,529	342,844
TOTAL CURRENT ASSETS	32,055,648	30,535,524
NON-CURRENT ASSETS		
Financial assets	1,503,251	1,858,351
Property, plant and equipment	19,246,177	19,591,561
Intangibles	5,416,927	5,480,247
Deferred tax assets	3,665,262	3,758,213
TOTAL NON-CURRENT ASSETS	29,831,617	30,688,372
TOTAL ASSETS	61,887,265	61,223,896
CURRENT LIABILITIES		
Trade and other payables	10,071,720	7,581,995
Short term borrowings	1,941,485	2,128,837
TOTAL CURRENT LIABILITIES	12,013,205	9,710,832
NON-CURRENT LIABILITIES		
Long term borrowings	28,133,215	28,928,670
Long term provisions	327,758	408,299
TOTAL NON-CURRENT LIABILITIES	28,460,973	29,336,969
TOTAL LIABILITIES	40,474,178	39,047,801
NET ASSETS	21,413,087	22,176,095
EQUITY		
Issued capital	5,366,360	5,366,359
Reserves	3,156,131	4,275,885
Retained earnings	12,890,596	12,533,851
TOTAL EQUITY	21,413,087	22,176,095
<i>The above balance sheet should be read in conjunction with the accompanying notes.</i>		

Condensed Consolidated Statement of Changes in Equity

For the half year ended 31 December 2008

	Issued capital			Reserves		Retained earnings	Total equity
	Ordinary	Foundation	Asset Revaluation	Financial Asset	Foreign Currency Translation		
	\$	\$	\$	\$	\$	\$	\$
Balance at 1 July 2008	5,366,358	1	4,042,851	-	233,034	12,533,851	22,176,095
Shares issued during the period	1	-	-	-	-	-	1
Change in market value of available for sale financial assets	-	-	-	(355,100)	-	-	(355,100)
Adjustments from the translation of foreign controlled entities	-	-	-	-	(764,654)	-	(764,654)
Net profit attributable to members of CHL	-	-	-	-	-	356,745	356,745
Balance at 31 December 2008	5,366,359	1	4,042,851	(355,100)	(531,620)	12,890,596	21,413,087
Balance at 1 July 2007	5,366,343	1	2,773,478	-	(23,483)	19,982,265	28,098,604
Shares issued during the period	16	-	-	-	-	-	16
Change in market value of available for sale financial assets	-	-	-	(1,776,077)	-	-	(1,776,077)
Net loss attributable to members of CHL	-	-	-	-	-	(1,355,560)	(1,355,560)
Balance at 31 December 2007	5,366,359	1	2,773,478	(1,776,077)	(23,483)	18,626,705	24,966,983

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Condensed Consolidated Cash Flow Statement

For the half-year ended 31 December 2008

	<i>Inflows (Outflows)</i>	
	31 December 2008 \$	31 December 2007 \$
Cash flows from operating activities		
Receipts from customers	39,125,844	30,060,716
Payments to suppliers and employees	(38,486,347)	(28,189,736)
Interest received	15,019	215,337
Net goods and services tax recovered	868,200	803,044
Interest paid	(1,061,613)	(1,019,884)
Net cash provided by operating activities	461,103	1,869,477
Cash flows from investing activities		
Payment for property, plant and equipment	(356,110)	(511,397)
Proceeds on sale of Medihoney Pty Ltd	-	6,000,000
Purchase of investments	-	(5,500,000)
Loans advanced to associated entity	-	(2,231,539)
Other loans repaid	-	86,195
Proceeds from sale of property, plant and equipment	691	1,848
Net cash used in investing activities	(355,419)	(2,154,893)
Cash flows from financing activities		
Proceeds from issue of shares	1	16
Proceeds from borrowings	-	410,591
Repayment of borrowings	(982,806)	-
Net cash used in financing activities	(982,805)	410,607
Net (decrease) increase in cash held	(877,121)	125,191
Cash at the beginning of the financial period	1,312,700	296,036
Cash at the end of the financial period	435,579	421,227
The above cash flow statement should be read in conjunction with the accompanying notes.		

Notes to the Financial Statements

For the half-year ended 31 December 2008

1. BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance the requirements of the Corporations Act 2001, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

The accounting policies have been consistently applied by the entities in the consolidated entity and are consistent with those applied in the 30 June 2008 annual financial report.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2008 and any public announcements made by Capilano Honey Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

2. CONTINGENT LIABILITIES

There has been no change in contingent liabilities since the last annual reporting date.

3. SEGMENT REPORTING

Primary reporting – geographical segments	31 December 2008			
	Australia \$	Canada \$	Intersegment Elimination \$	Consolidated \$
Sales revenue	37,118,256	7,847,076	(5,863,125)	39,102,207
Other revenue	16,609	6,298	-	22,907
Total segment revenue	37,134,865	7,853,374	(5,863,125)	39,125,114
Segment Result	1,146,116	(612,873)	98,410	631,653
Unallocated revenue less unallocated expenses				-
Profit before income tax				631,653

Primary reporting – geographical segments	31 December 2007			
	Australia \$	Canada \$	Intersegment Elimination \$	Consolidated \$
Sales revenue	30,760,201	-	-	30,760,201
Other revenue	216,739	-	-	216,739
Total segment revenue	30,976,940	-	-	30,976,940
Segment Result	(1,938,670)	-	-	(1,938,670)
Unallocated revenue less unallocated expenses				-
Loss before income tax				(1,938,670)