



ANNOUNCEMENT

Profit Release

- year ended 30 June 2009 -

KEY POINTS

- FY09 Profit of \$707k after allowing for a non-cash foreign exchange write-down of \$(839k) in June 2009 in respect of asset re-valuations at balance date.
- Profit is after increased honey costs of \$5.5 million in 2009.
- Revenue is up 22% to \$78.4 million following full consolidation of our North American operations.
- Cash generated from operating activities of \$2.295 million compared with \$1.659 million last year.
- EBIT of \$2.537 million is an improvement of \$9.667 million on last year.
- The aggressive expense reduction program cut last year's expenses (excluding last year's abnormal expenses of \$6.3 million) by \$2.5 million.
- Market conditions remain extremely tough with honey supply still challenged by drought, despite competitive pricing, affecting our ability to commit to sales. Foreign exchange is still not entirely favourable to our export business.
- No dividend is declared.

The profit this year compares with the \$(7.5) million loss last year, despite increased honey costs of \$5.5 million in 2009. The average honey price rose to \$3.47/kg in June 2009 being a competitive price in a market still affected by drought.

The outlook for next year is improved although the lack of honey has affected our ability to pursue sales and increase both overhead recovery and profit. Future performance is subject to the underlying market conditions and risks as outlined in the Capilano prospectus.

In a world still suffering the repercussions of the impact of the Global Financial Crisis the Board of Directors are considering the potential of a capital raising for Capilano, as have many other companies in the past 6 months.

A handwritten signature in black ink, appearing to read 'R D Masters'.

R D Masters
Managing Director