



UPDATE 9 APRIL 2010

Bank Financing

Capilano Honey Limited advises that an offer for banking facilities with a new bank was accepted on 9 April 2010, with the change from the existing bank to take effect from 1 July 2010.

Current banking facilities recently extended for a year remain in place until the transition is effected.

Outlined in the recently issued Rights Issue Prospectus were details of bank debt reduction targets, including advice regarding a placement of any shortfall to an investor or a sale & leaseback of land & buildings were possibilities, as part of the bank debt reduction program.

The new banking facility provides an alternative to a share placement of any shortfall to an investor or sale of land & buildings.

Bank debt has reduced from \$28.5 million on 1 July 2009 to \$21.3 million as at 31 March 2010 as part of the debt reduction program previously outlined to shareholders. This has been achieved through a reduction in working capital by exiting selected export market segments made marginal by unfavourable exchange rates; by selling surplus assets in the form of an investment in Comvita Ltd; and will be further reduced by the proceeds of the Rights Issue.

Profitability

Following the Half Year operating loss of \$1.25 million before impairments, a turn-a-around in the level of profitability has been seen to 31 March 2010. This follows a further reduction in operating expenses enabled by the exiting of certain export market segments in December 2009, and supported by a reduction in cost of honey effective 1 January 2010.

A handwritten signature in black ink, appearing to read 'R Masters', is positioned above the printed name.

Roger D Masters
Managing Director