14 July 2010

FINANCIAL UPDATE JUNE 2010 YEAR END

Bank debt has reduced from $28.5 million on 1 July 2009 to $18.1 million as at 30 June 2010 as a consequence of the $10.0 million debt reduction program previously outlined to shareholders.

No sale of land & buildings was necessary and 2,897,997 new shares were placed in the Rights Issue, representing 36% of the total shares on issue at 30 June 2010. These potential outcomes were noted in the Prospectus dated 12 February 2010.

We confirm a change in our bankers to HSBC Bank Australia Limited was effected on 28 June 2010.

We advise of an unaudited Operating Profit (before impairments and tax) of approximately $170,000 for the year ending 30 June 2010. This includes an Operating Profit of $1.42 million for the 6 months to 30 June 2010 (before impairments and tax) and reflects a $2.67 million turn-around from the $1.25 million loss (before impairments and tax) for the 6 months to 31 December 2009.

The Full Year result includes non-recurring expenses of over $1.2 million relating to the capital restructure of CHL including bank fees and charges, legal costs and redundancy payments.

The result also reflects an increase in domestic cost of honey of $1.7 million over the previous year based on average costs.

The withdrawal from export markets made marginally profitable by unfavourable exchange rate movements has released substantial working capital, contributing to the achievement of debt targets. However, it also affected the carrying value of goodwill and future income tax benefits. Directors have resolved to write down goodwill by $5.1 million and future income tax benefits by $1.2 million, both non-cash adjustments to Operating Profit. The unaudited net loss before tax for the full year to June 2010, including all impairments, is $4.93 million.

No dividend has been declared for the year ended 30 June 2010.

Roger D Masters
Managing Director