



BSX Listing Rules

Half yearly/Yearly Disclosure

References Version 1, Operative 23/8/2000

Chapter 3, BSX Listing Rules

Capilano Honey Limited

Name of entity

009 686 435

ABN, ACN or ARBN

Half yearly (tick)

Annual (tick)

30 June 2010

Half year/financial year ended ('Current period')

Summary

				\$A,000
Sales revenue or operating revenue	up/down	8.1%		72,156
Loss before abnormal items and after tax	up/down	945.4%		(5,979)
Abnormal items before tax		Gain (loss) of		-
Profit (loss) after tax but before outside equity interests	up/down	945.4%	to	(5,979)
Extraordinary items after tax attributable to members		Gain (loss) of		-
Profit (loss) for the period attributable to members	up/down	945.4%	to	(5,979)

Dividends (distributions) Franking rate applicable 100%

Current period	Final	-
	Interim	-

Previous corresponding period	Final	-
	Interim	-

Record date for determining entitlements to the dividend, (in the case of a trust distribution) Not applicable

Short details of any bonus or cash issue or other items(s) of importance not previously released to BSX:

Not applicable

Annexure 3A
Half Yearly/Yearly Disclosure

Consolidated profit and loss account

	Current period \$A'000	Previous corresponding period \$A'000
Sales revenue or operating revenue	72,156	78,493
Expenses from ordinary activities	(70,042)	(75,629)
Borrowing costs	(1,943)	(2,071)
Impairment of goodwill	(5,109)	-
Profit from ordinary activities before tax	(4,938)	793
Income tax benefit (expense) on ordinary activities	(1,041)	(86)
Profit from ordinary activities after tax	(5,979)	707
Outside equity interests	-	-
Profit from ordinary activities after tax attributable to members	(5,979)	707
Profit (loss) from extraordinary activities after tax attributable to members	-	-
(Loss) profit for the period attributable to members	(5,979)	707
Retained profits at the beginning of the financial period	13,241	12,534
Net transfers to and from reserves	-	-
Net effect of changes in accounting policies	-	-
Dividends paid or payable	-	-
Retained profits at end of financial period	7,262	13,241

Profit restated to exclude amortisation of goodwill

	Current period \$A'000	Previous corresponding period \$A'000
(Loss) profit from ordinary activities after tax before outside equity interests and amortisation of goodwill	(5,979)	707
Less (plus) outside equity interests	-	-
(Loss) profit from ordinary activities after tax (before amortisation of goodwill) attributable to members	(5,979)	707

Annexure 3A
Half Yearly/Yearly Disclosure

Revenue and expenses from operating activities

	Current period \$A'000	Previous corresponding period \$A'000
Revenue		
Sales Revenue	72,037	78,387
Net Foreign Exchange Gain	-	-
Interest Received	14	25
Gain on disposal of controlled entity	-	-
Other	105	81
	72,156	78,493
Expenses		
Raw Materials and Consumables	46,765	49,775
Employee Benefits	6,733	6,650
Depreciation of property, plant and equipment	1,588	1,418
Amortisation of intangibles	66	125
Transportation costs	3,053	4,358
Marketing and promotion	6,254	6,697
Factory costs	1,876	1,825
Foreign Exchange losses	47	618
Other	3,525	4,040
Loss on disposal of property, plant & equipment	8	2
Loss on disposal of investment in listed corporation	127	120
	70,042	75,628

Intangible and extraordinary items

	Consolidated - current period		
	Before tax \$A'000	Related tax \$A'000	After tax \$A'000
Amortisation of goodwill	-	-	-
Amortisation of other intangibles	66	-	66
Total amortisation of intangibles	66	-	66
Extraordinary items (details)	-	-	-
Total extraordinary items	-	-	-

Annexure 3A
Half Yearly/Yearly Disclosure

Comparison of half year profits
(Annual statement only)

	Current year - \$A'000	Previous year - \$A'000
Consolidated (loss) profit from ordinary activities after tax attributable to members reported for the 1st half year	(4,059)	357
Consolidated profit from ordinary activities after tax attributable to members for the 2nd half year	(1,920)	350

Consolidated balance sheet

Current assets	At end of current period \$A'000	As shown in last annual report \$A'000	As in last half yearly statement \$A'000
Cash	472	239	353
Receivables	10,629	10,963	11,368
Investments	-	-	564
Inventories	12,160	17,808	11,725
Other (provide details if material)	164	300	533
Total current assets	23,425	29,310	24,543
Non-current assets			
Receivables	-	-	-
Investments	-	897	-
Inventories	-	-	-
Other property, plant and equipment (net)	19,698	19,911	20,238
Intangibles (net)	180	5,355	2,643
Deferred Tax Asset	2,708	3,727	3,574
Total non-current assets	22,586	29,890	26,455
Total assets	46,011	59,200	50,998
Current liabilities			
Accounts payable	8,094	7,632	6,304
Borrowings	3,519	11,091	15,100
Provisions	-	-	-
Other (provide details if material)	-	-	-
Total current liabilities	11,613	18,723	21,404

Annexure 3A
Half Yearly/Yearly Disclosure

Consolidated balance sheet (continued)

Non-current liabilities			
Accounts payable	-	-	-
Borrowings	15,389	18,207	10,666
Provisions	309	316	282
Other (provide details if material)	-	-	-
Total non-current liabilities	15,698	18,523	10,948
Total liabilities	27,311	37,246	32,352
Net assets	18,700	21,954	18,646
Equity			
Capital	7,395	5,366	5,366
Reserves	4,043	3,347	4,098
Retained profits (accumulated losses)	7,262	13,241	9,182
Equity attributable to members of the parent entity	-	-	-
Outside equity interests in controlled entities	-	-	-
Total equity	18,700	21,954	18,646
Preference capital and related premium included	-	-	-

Consolidated statement of cash flows

Cash flows related to operating activities	Current period \$A'000	Previous corresponding period \$A'000
Receipts from customers	72,459	78,961
Payments to suppliers and employees	(63,953)	(76,377)
Dividends received	-	-
Interest and other items of similar nature received	14	25
Interest and other costs of finance paid	(1,222)	(1,744)
Income taxes paid	-	-
GST received	1,197	1,431
Net operating cash flows	8,495	2,296

Annexure 3A
Half Yearly/Yearly Disclosure

Consolidated statement of cash flows (continued)

Cash flows related to investing activities

Payments for purchases of property, plant and equipment	(1,416)	(1,741)
Proceeds from sale of property, plant and equipment	34	2
Payment for purchases of equity investments	-	-
Proceeds from sale of shares in listed entity	1,480	130
Proceeds from sale of equity investments	-	-
Loans to other entities	-	-
Loans repaid by other entities	-	-
Other (provide details if material)	-	-
Net investing cash flows	98	(1,609)

Cash flows related to financing activities

Proceeds from issues of securities (shares, options, etc.)	2,029	-
Proceeds from borrowings	-	-
Repayment of borrowings	(10,390)	(1,760)
Dividends paid	-	-
Other (provide details if material)	-	-
Net financing cash flows	(8,361)	(1,760)

Net (decrease) / increase in cash held

Net (decrease) / increase in cash held	232	(1,073)
Cash at beginning of period (see Reconciliation of cash)	240	1,313
Cash acquired on purchase of controlled entity	-	-
Exchange rate adjustments	-	-
Cash at end of period (see Reconciliation of cash)	472	240

Non-cash financing and investing activities

Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows are as follows. If an amount is quantified, show comparative amount.

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Annexure 3A
Half Yearly/Yearly Disclosure

Reconciliation of cash

Reconciliation of cash at the end of the period (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current period \$A'000	Previous corresponding period \$A'000
Cash on hand and at bank	472	240
Deposits at call	-	-
Bank overdraft	-	-
Other (provide details)	-	-
Total cash at end of period	472	240

Ratios

Profit before tax/sales

Consolidated profit from ordinary activities before tax as a percentage of sales revenue

Current period

Previous
corresponding period

(8.29)%	1%
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Profit after tax/equity interests

Consolidated profit from ordinary activities after tax attributable to members as a percentage of equity (similarly attributable) at the end of the period

(31.9)%	3.2%
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Earnings per security (EPS)

Calculation of basic, and fully diluted, EPS in accordance with AASB 1027: Earnings per Share

(a) Basic EPS

(b) Diluted EPS (if materially different from (a))

Current period

Previous
corresponding period

(95.9 ¢)	13.7 ¢
(95.9 ¢)	13.7 ¢

NTA backing

Net tangible asset backing per ordinary security

Current period

Previous
corresponding period

\$1.96	\$2.50
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Annexure 3A
Half Yearly/Yearly Disclosure

Details of specific receipts/outlays, revenues/expenses

	Current period A\$'000	Previous corresponding period \$A'000
Interest revenue included	14	25
Interest revenue included but not yet received (if material)	-	-
Interest costs excluded from borrowing costs capitalised in asset values	-	-
Impairment of goodwill	5,109	-
Loss on disposal of property, plant & equipment	8	2
Depreciation (excluding amortisation of intangibles)	1,588	1,418

Control gained over entities having material effect

Name of entity	
Consolidated profit (loss) from ordinary activities and extraordinary items after tax of the entity since the date in the current period on which control was acquired	
Date from which such profit has been calculated	
Profit (loss) from ordinary activities and extraordinary items after tax of the entity for the whole of the previous corresponding period	

Loss of control of entities having material effect

Name of entity	
Consolidated loss from ordinary activities and extraordinary items after tax of the entity for the current period to the date of loss of control	
Date from which the loss has been calculated	
Consolidated loss from ordinary activities and extraordinary items after tax of the entity while controlled during the whole of the previous corresponding period	
Contribution to consolidated profit from ordinary activities and extraordinary items from sale of interest leading to loss of control	

Annexure 3A Half Yearly/Yearly Disclosure

Reports for industry and geographical segments

(a) Segment Performance	30 June 2010			
	Australia \$	North America \$	Intersegment Elimination \$	Consolidated \$
Sales revenue	65,982	14,262	(8,207)	72,037
Other revenue	208	46	(135)	119
Total segment revenue	66,190	14,308	(8,342)	72,156
Segment result	(6,954)	330	1,686	(4,938)
Unallocated revenue less unallocated expenses				-
Profit before income tax				(4,938)

Included in the Australia loss of \$6,954k is the full impairment of:

- the intercompany loan of \$6,353k to nil; and
- the investment in CCI of \$480k to nil.

Included in the Intersegment profit of \$1,686k is:

- the elimination of the intercompany loan impairment of \$6,353k; and
- the full impairment of the goodwill in CCI of \$5,109k to nil.

Segment Performance	30 June 2009			
	Australia \$	North America \$	Intersegment Elimination \$	Consolidated \$
Sales revenue	72,402	17,327	(11,342)	78,387
Other revenue	88	18	-	106
Total segment revenue	72,490	17,345	(11,342)	78,493
Segment result	620	26	147	793
Unallocated revenue less unallocated expenses				-
Profit before income tax				793

(b) Segment Assets	Australia \$	North America \$	Intersegment Elimination \$	Consolidated \$
	30 June 2009	57,662	3,979	(2,441)
30 June 2010	45,990	21	-	46,011
Change in total assets	(11,672)	(3,958)	2,441	(13,189)
Acquisition of non-current segment assets 2009	1,741	-	-	1,741
Acquisition of non-current segment assets 2010	1,416	-	-	1,416

The reduction in Group assets is predominantly due to a reduction in inventories of \$5,648k and a non-cash goodwill impairment of \$5,109k). The lower inventories are due to the exit from certain export market segments and have enabled a significant amount of debt to be repaid.

(c) Segment liabilities	Australia \$	North America \$	Intersegment Elimination \$	Consolidated \$
	30 June 2009	36,536	3,151	(2,441)
30 June 2010	27,311	-	-	27,311
Change in total assets	(9,225)	(3,151)	2,441	(9,935)

The reduction in Group liabilities of \$9,935k is predominantly due to reduced working capital requirements following the exit from certain export market segments and the sale of shares in the listed investment.

Annexure 3A
Half Yearly/Yearly Disclosure

Secondary reporting – business segments

The consolidated entity operates predominantly in the one industry, being the processing and sale of honey.

Dividends

Date the dividend is payable -

Record date to determine entitlements to the dividend (ie. on the basis of registrable transfers received up to 5.00 pm) -

Amount per security

		<i>Franking rate applicable</i>	%	%	%
<i>(annual report only)</i>					
Final dividend:	Current year	- ¢	-	-	-
	Previous year	- ¢	-	-	-
<hr/>					
<i>(Half yearly and annual statements)</i>					
Interim dividend:	Current year	- ¢	-	-	-
	Previous year	- ¢	-	-	-

Total annual dividend (distribution) per security

(Annual statement only)

	Current year	Previous year
Ordinary securities	- ¢	- ¢
Preference securities	- ¢	- ¢

Total dividend (distribution)

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	\$-	\$-
Preference securities	\$-	\$-
Total	\$-	\$-

Annexure 3A
Half Yearly/Yearly Disclosure

Half yearly report – interim dividend (distribution) on all securities or Annual report – final dividend (distribution) on all securities

	Current period \$A'000	Previous corresponding period - \$A'000
Ordinary securities	\$ -	\$ -
Preference securities	\$ -	\$ -
Total	\$ -	\$ -

The dividend or distribution plans shown below are in operation.

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Any other disclosures in relation to dividends (distributions)

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Equity accounted associated entities and other material interests

Equity accounting information attributable to the to the economic entity's share of investments in associated entities must be disclosed in a separate notice. See AASB 1016: Disclosure of Information about Investments in Associated Companies.

Entities share of:	Current period A\$'000	Previous corresponding period A\$'000
Profit (loss) from ordinary activities before tax.	-	-
Income tax	-	-
Profit (loss) from ordinary activities after tax	-	-
Extraordinary items net of tax	-	-
Net profit (loss)	-	-
Outside equity interests	-	-
Net profit (loss) attributable to members	-	-

Annexure 3A
Half Yearly/Yearly Disclosure

Material interests in entities which are not controlled entities

The entity has an interest (that is material to it) in the following entities.

Name of entity	Percentage of ownership interest held at end of period or date of disposal		Contribution to profit (loss) from ordinary activities and extraordinary items after tax	
	Current period	Previous corresponding period	Current period \$A'000	Previous corresponding period \$A'000
Equity accounted associates and joint venture entities	-	-	-	-
Total	-	-	-	-
Other material interests	-	-	-	-
Total	-	-	-	-

Issued and listed securities

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

Category of securities	Number issued	Number listed	Issue Price (cents)	Paid-up value (cents)
Preference securities <i>(description)</i>				
Changes during current period				
Ordinary securities	8,049,064	8,049,063	92	92
Changes during current period	2,897,997	2,897,997	70	70
Convertible debt securities <i>(description and conversion factor)</i>				
Changes during current period				

Annexure 3A
Half Yearly/Yearly Disclosure

Issued and listed securities (continued)

			Exercise price	Expiry date
Options (<i>description and conversion factor</i>)				
Changes during current period				
Exercised during current period				
Expired during current period				
Debentures				
Unsecured Notes				

Discontinuing Operations

Consolidated profit and loss account

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Sales revenue or operation revenue						
Other revenue						
Expenses from ordinary activities						
Profit (loss) before tax						
Less tax						
Profit (loss) from ordinary activities after tax						

Annexure 3A
Half Yearly/Yearly Disclosure

Consolidated statement of cash flows

	Continuing operations		Discontinuing operations		Total entity	
	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000	Current period - \$A'000	Previous corresponding period - \$A'000
Net operating cash flows						
Net investing cash flows						
Net financing cash flows						

Other disclosures

	Current period A\$'000	Previous corresponding period A\$'000
Carrying amount of items to be disposed of:		
- total assets		
- total liabilities		
Profit (loss) on disposal of assets or settlement of liabilities		
Related tax		
Net profit (loss) on discontinuance		

Description of disposals

Comments by directors

Basis of accounts preparation

If this statement is a half yearly statement it should be read in conjunction with the last annual report and any announcements to the market made by the entity during the period.

Material factors affecting the revenues and expenses of the entity for the current period including seasonal or cyclical factors

- The 2010 net loss before tax \$(4.94) million includes:
 - full impairment of the goodwill in Capilano Canada Inc of \$5.1 million following the exit from export markets made marginally profitable by unfavourable exchange rates,
 - non-recurring expenses of \$1.2 million relating to the capital restructure including bank fees and charges, legal costs and redundancy payments,
 - depreciation and amortisation costs of \$1.65 million, and
 - domestic honey purchase price increases of 7% consuming an additional \$1.7 million compared with 2009.
- The operating profit of \$171k for 2010 includes an operating profit of \$1.42 million for the 6 months to 30 June 2010.
- The operating profit of \$1.42 million for the 6 months to 30 June 2010 represents an improvement of \$2.67 million when compared to the operating loss of \$(1.25) million for the previous 6 months.

A description of each event since the end of the current period which has had a material effect and is not related to matters already reported, with financial effect quantified (if possible)

Not applicable

Franking credits available and prospects for paying fully or partly franked dividends for at least the next year

Franking credits available \$2,385,409

Changes in accounting policies since the last annual report and estimates of amounts reported in prior years are disclosed as follows.

Not applicable

Changes in the amounts of contingent liabilities or assets since the last annual report are disclosed as follows.

Not applicable

Additional disclosure for trusts

Number of units held by the management company or responsible entity to their related parties.

Not applicable

A statement of the fees and commissions payable to the management company or responsible entity.

Identify:

- Initial service charges
- Management fees
- Other fees

Annexure 3A
Half Yearly/Yearly Disclosure

Annual meeting

(Annual statement only)

The annual meeting will be held as follows:

Place

TBA

Date

26 November 2010

Time

TBA

Approximate date the annual report will be available

10 September 2010

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law.
- 2 This statement, and the financial statements under the Corporations Law (if separate), use the same accounting policies.
- 3 In the case of a half-yearly report the same accounting standards and methods of computation are followed as compared with the most recent annual accounts.
- 4 This statement does give a true and fair view of the matters disclosed.
- 5 This statement is based on financial statements to which one of the following applies:

(Tick one)

The financial statements have been audited.

The financial statements have been subject to review by a registered auditor (or overseas equivalent).

The financial statements are in the process of being audited or subject to review.

The financial statements have *not* yet been audited or reviewed.

- 6 If the accounts have been or are being audited or subject to review and the audit report is not attached, details of any qualifications are attached/will follow immediately they are available* (*delete one*).
- 7 The entity has a formally constituted audit committee.



Sign here:

..... Date: 20 August 2010

(Director/Company secretary)

Print name:

RICHARD P RIVALLAND

Notes

True and fair view If this statement does not give a true and fair view of a matter (for example, because compliance with an Accounting Standard is required) the entity must attach a note providing additional information and explanations to give a true and fair view.

Income tax If the amount provided for income tax in this statement differs (or would differ but for compensatory items) by more than 15% from the amount of income tax *prima facie* payable on the profit before tax, the entity must explain in a note the major items responsible for the difference and their amounts.

Additional information An entity may disclose additional information about any matter, and must do so if the information is material to an understanding of the financial statements. The information may be an expansion of the material contained in this statement, or contained in a note attached to the statement.