HONEY LIMITED

ABN: 55 009 686 435

FINANCIAL & STATUTORY REPORTS

FOR CAPILANO HONEY LIMITED AND ITS CONTROLLED ENTITIES

FOR THE YEAR ENDED 30 JUNE 2010

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Report of the Directors

Your directors present their report on the consolidated entity consisting of Capilano Honey Limited ('CHL') and the entities it controlled at the end of or during the year ended 30 June 2010.

→ DIRECTORS

The following persons held office as directors during the financial year and up to the date of this report:

- Peter Barnes
- Roger D Masters, *Managing Director*
- Phillip F McHugh, *Deputy Chairman*
- Trevor R Morgan, *Chairman*
- Simon L Tregoning

→ ACTIVITIES

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

→ CONSOLIDATED RESULTS

The operating loss of the consolidated entity for the year after income tax was $5,978,995

→ DISTRIBUTIONS

No dividend was paid during the year.

No dividend has been provided for or declared for the year ending 30 June 2010.

→ REVIEW OF OPERATIONS

Sales revenue of $72,037,247 for the consolidated entity was $6,350,149 below the previous year's result. An analysis of this sales decrease is as follows:-

	% increase / of 2010 over 2009	*2010 $*	*2009 $*
Capilano Honey Limited	(8.9%)	65,982,799	72,402,353
Capilano Canada Inc.	(17.7%)	14,261,748	17,327,400
Intercompany sales	(27.6%)	(8,207,300)	(11,342,357)
Consolidated entity	**(8.1%)**	**72,037,247**	**78,387,396**

The decrease in revenue for the consolidated revenue was a result of the decision to withdraw from export markets that were made marginally profitable by exchange rates. This withdrawal released substantial working capital, contributing to the achievement of debt targets.

→ MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

a) There is at the date of this report no matter or circumstance which has arisen since 30 June 2010 that has significantly affected or may significantly affect:-

   i) the operations of the consolidated entity;

   ii) the results of those operations; or

   iii) the state of affairs of the consolidated entity in financial years subsequent to 30 June 2010.

b) On Friday 9 July 2010, the Board resolved to issue 471,135 shares under the Rights Issue Shortfall Facility, raising $333,262 in new capital. These shares commenced trading on the BSX on Friday, 16 July 2010.

→ SIGNIFICANT CHANGES

There were no other significant changes in the state of affairs of the consolidated entity during the year.

→ LIKELY DEVELOPMENTS

Likely future developments of the consolidated entity include continuing competitive marketing of the consolidated entity's brands on both domestic and export markets.

In the opinion of the directors it would prejudice the interests of the consolidated entity if any further information on likely developments in the operations of the consolidated entity and the expected results of operations were included herein.

Report of the Directors

→ INFORMATION ON DIRECTORS

Director	Qualifications/ Experience	Special Responsibilities	Shares held in Parent entity
Peter **BARNES**	Commercial apiarist. Director since 2007.	Non-Executive Beekeeper Director of Capilano Honey Limited. Non-Executive Beekeeper Director of Capilano Beekeepers Ltd. Member of the Honey Supply & Industry, Audit & Compliance and Nomination Committees.	P Barnes is a partner in a partnership which holds 70,000 shares. He also individually holds 37,520 shares, with a further 11,400 shares held in trust for his children.
Roger David **MASTERS**	B.Com, MBA, CA Managing Director since July 1996	Managing Director of Capilano Honey Limited. Member of the Audit & Compliance and Honey Supply & Industry Committees. Managing Director of Capilano Beekeepers Ltd. Director and President of Capilano Canada Inc.	R D Masters holds 1 share. He is also the beneficiary of an entity holding 330,800 shares.
Phillip Francis **McHUGH**	Commercial apiarist. Director since 1993 <u>Deputy Chairman</u> since 2007	Non-Executive <u>Deputy Chairman</u> of Capilano Honey Limited. Non-Executive Deputy Chairman of Capilano Beekeepers Ltd. Chairman of the Honey Supply & Industry Committee and Member of the HR and Nomination Committee.	P F McHugh holds 10,600 shares. He is also the beneficiary of an entity holding 33,676 shares.
Trevor Richard **MORGAN**	FAICD Commercial apiarist Director since 1998 <u>Chairman</u> since 2006	Non-Executive <u>Chairman</u> of Capilano Honey Limited, Chairman of Nomination Committee and a member of the Honey Supply & Industry Committee. Non-Executive Chairman of Capilano Beekeepers Ltd.	T R Morgan is a partner in a partnership which holds 37,128 shares.
Simon Lucien **TREGONING**	B.Com Independent Director since July 2006.	Independent Non-Executive Director of Capilano Honey Limited. Independent Non-Executive Director of Capilano Beekeepers Ltd. Chairman of both the Audit & Compliance and HR Committees.	Nil
Company Secretary			
Richard **RIVALLAND**	B.Com, CPA Company Secretary since 1 March 2008.	Mr Rivalland has a Bachelor of Commerce Degree majoring in Accounting and Management Accounting and is a Certified Practising Accountant. Mr Rivalland joined the Company in March 2003 as Management Accountant and was appointed Financial Controller in November 2004. Mr Rivalland was appointed Company Secretary on 1 March 2008 in addition to his role as Financial Controller.	R Rivalland holds 1,400 shares. He is also the beneficiary of an entity holding 43,000 shares.

→ MEETINGS OF DIRECTORS

The number of directors meetings held (including meetings of committees of directors) and number of meetings attended by each of the directors of the company during the financial year were:

Directors	Directors Meetings of the Company		Committee Meetings of Directors		General Meetings of the Company	
	No. of Meetings Attended	No. of Meetings Held (*)	No. of Meetings Attended	No. of Meetings Held (*)	No. of Meetings Attended	No. of Meetings Held (*)
P Barnes	18	18	13	13	1	1
R Masters	18	18	15	15	1	1
P McHugh	18	18	14	14	1	1
T Morgan	18	18	15	15	1	1
S Tregoning	17	18	12	13	1	1

(*) Reflects the number of meetings held during the time the director held office during the year, or while he/she was a Member of a Board Committee. Number of meetings attended includes attendance by invitation.

Report of the Directors

→ ENVIRONMENTAL REGULATIONS

The consolidated entity's operations are subject to environmental regulations under legislation in Queensland and Victoria in relation to its honey packing and construction, installation and plant maintenance operations.

Senior management of the parent entity is responsible for monitoring compliance with environmental regulations.

Based upon the results of enquiries made, the directors are not aware of any significant breaches during the period covered by this report.

Compliance with the requirements of environmental regulations was achieved across all operations.

→ PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

→ REMUNERATION REPORT

1. CAPILANO HR COMMITTEE

- **Role**

The Committee is responsible for reviewing the remuneration of executive management and the Board, executive incentive plans and reporting to the Board on these matters.

The responsibilities of the Committee include:

(i) Formulation of remuneration policy. This involves ensuring that the policy:
- attracts, retains, develops and motivates executives of the calibre appropriate to deliver Capilano's strategic goals and objectives;
- reflects a clear relationship between remuneration and individual and Capilano performance;
- is internally consistent; and
- contributes to the overall integrity of the Capilano remuneration system.

(ii) Recommending remuneration for directors and executives, including fixed remuneration, short and long term incentives and terms of service.

- **Memberships and Meetings**

	No. of Meetings Attended	No. of Meetings Held
Members of HR Committee		
S Tregoning (Chairman)	5	5
P McHugh	5	5
By invitation:		
R Masters	5	5
T Morgan	5	5
P Barnes	3	3

2. CAPILANO'S REMUNERATION POLICY (AUDITED)

- **Reward Philosophy**

Capilano's remuneration philosophy is that:

(i) remuneration should emphasise performance;
(ii) the balance between fixed and variable remuneration should reflect market conditions and the extent to which the role contributes directly to performance;
(iii) individual objectives reflect the need to deliver sustainable outcomes for shareholders; and
(iv) short and long term incentives are linked to individual's and Capilano's performance.

Capilano aims to achieve a mix of total remuneration (fixed and variable) that is consistent with high performance organisations, maximises the motivational impact for employees, and best aligns the interests of Capilano employees and shareholders.

- **Reward Principles**

The purpose of the remuneration policy is to ensure that salary packages offered by Capilano are sufficient to attract and retain the managing director, executives and employees with abilities and skills appropriate to the needs of the company measured as Total Employment Cost (TEC), and non executive directors as recommended to shareholders in general meeting.

TEC includes all costs associated with employment, including but not limited to PAYG salary, provision of motor vehicles, FBT, superannuation, and any other approved expenditure but excluding on costs. Fringe benefits or non-deductible expenditure shall be grossed up to include the tax effect as part of the cost of providing such benefits in a salary package.

The determination of TEC includes three basic principles:

1. external parity;
2. internal parity; and
3. reward for achievement.

1. External Parity

The principle of external parity means that Capilano's salary package values should be competitive and comparable with packages available from other companies of similar size, for jobs with similar content and level of responsibility. The Australian Institute of Management (AIM) conducts a comprehensive annual survey of up to 300 Australian companies which provides extensive remuneration details for a wide variety of management and supervisory positions. The information is statistically analysed and consolidated in a reference manual titled "AIM National Salary Survey" and this manual is used by Capilano as a basis for comparison.

In general, Capilano salary packages should be comparable with the median to upper quartile in the range recorded in the AIM Salary Survey for positions with similar job content and responsibility. (Note: median is the mid point in a range of values and average is the arithmetic mean of all values in the range.)

2. Internal Parity

The principle of internal parity means that within the management structure of Capilano, similar TECs apply for jobs with similar contents and level of responsibility. It is however still important that during salary planning and review, individual judgments be made in cases where there are different levels of complexity between jobs which are similar, varying numbers of subordinates, specialist skills and qualifications, and where length of service or other factors may be relevant.

3. Reward for Achievement

Management and supervisory personnel should have the opportunity to earn incentive payments geared to achievement of annual results exceeding targets and improvements in long term shareholder prosperity. These principles are applied in the form of the Annual Incentive Plan which is subject to review and refinement on an ongoing basis.

- **Annual Review**

TECs are determined to apply for the period of each financial year commencing on 1 July. Authority and responsibility for reviews are as follows:

a) Managing Director – reviewed by the Board with advice from the Board HR Committee;

b) Senior Executives report to the Managing Director – reviewed by the Managing Director and subject to endorsement by the Board HR Committee; and

c) All other salaried staff – reviewed by Functional Managers (Heads of Departments) and subject to approval by the Managing Director.

d) Non–Executive Directors – reviewed by the Board with advice from the Board HR Committee and external remuneration consultants and recommended by the Board to shareholders in general meeting.

3. CAPILANO TOTAL REWARD STRUCTURE (AUDITED)

The HR Committee is responsible for reviewing and recommending remuneration arrangements for the directors, the Managing Director and the executive team. The HR Committee assesses the appropriateness of the nature and amount of remuneration of such officers on an annual basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. Such officers are given the opportunity to receive their base remuneration in a variety of forms including cash and fringe benefits such as motor vehicles. It is intended that the manner of payment chosen will be optimal for the recipient whilst controlling costs for Capilano.

To assist in achieving these objectives, the HR Committee links the nature and amount of executive directors' and officers' remuneration to the company's financial and operational performance.

In addition, the following plans are in place:

- **Incentive Plans**

Incentive plans established by the directors enable executives and key employees to earn bonus payments as rewards for the achievement of business performance and growth targets. The incentive plans assist in motivating, retaining and recruiting skilled and talented people.

- **Short Term (Annual)**

The Managing Director, Executive Officers and key employees participate in a performance-based annual incentive plan approved by the Board whereby they can earn annual bonuses based on the achievement of operational targets during a financial year. Operational targets include achievement of specified results by individual employees within their areas of responsibility, coupled with overall business results.

4. CAPILANO EMPLOYEE SHARE PLANS FOR FUTURE CONSIDERATION (AUDITED)

Capilano has no broad based share plans for the benefit of employees. As Capilano is a publicly listed company, the Board may recommend the introduction of an employee plan at some time in the future.

5. DIRECTORS AND EXECUTIVES REMUNERATION DISCLOSURE (AUDITED)

- **Directors' Benefits**

Since the end of the previous financial year, no director of the company has received or become entitled to receive a benefit (other than a benefit included in the directors and executives remuneration disclosure below, the pro-rata payment of or entitlement to such a benefit for the period since 30 June 2009, a fixed salary as a full-time employee, or normal payments for the supply of honey by directors who are also beekeepers) by reason of a contract made by the company, an entity which the company controlled, or a body corporate that is related to the company with the director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest, except as stated below.

Report of the Directors

- **Details of Directors**

P Barnes	Director (Non Executive)
R Masters	Managing Director
P McHugh	Deputy Chairman (Non Executive)
T Morgan	Chairman (Non Executive)
S Tregoning	Director (Independent Non Executive)

- **Details of Most Highly Remunerated Executives and Key Management Personnel**

S Bluck	National Sales Manager	1 July 2009 – 26 May 2010
R Eustace	Marketing Manager	
P McDonald	Sales Director	
B McKee	General Manager (Operations)	
R Rivalland	Company Secretary, Financial Controller	

- **Gross Remuneration of Directors**

	Short Term Benefits		*Post Employment Benefits*	
	Cash salary and fees $	*Non monetary benefits $*	*Super-annuation $*	*Total $*
P Barnes	33,739	-	3,037	36,776
R Masters	146,749	160,356	45,833	352,938
P McHugh	-	-	43,475	43,475
T Morgan	-	-	70,128	70,128
S Tregoning	51,467	-	4,632	56,099
TOTALS 2010	**231,955**	**160,356**	**167,105**	**559,416**

The remuneration amounts listed above are gross earnings before tax.

- **Details of Most Highly Remunerated Executives and Key Management Personnel**

	Short Term Benefits		*Post Employment Benefits*		
	Cash salary and fees $	*Non monetary benefits $*	*Super-annuation $*	*Termination Payments $*	*Total $*
S Bluck (*)	101,796	10,592	11,637	45,101	169,126
R Eustace	113,701	15,600	11,637	-	140,938
P McDonald	134,128	10,800	12,072	-	157,000
B McKee	135,780	9,000	12,220	-	157,000
R Rivalland	155,963	-	14,037	-	170,000
TOTALS 2010	**641,368**	**45,992**	**61,603**	**45,101**	**794,064**

The remuneration amounts listed above are gross earnings before tax.

(*) The Position of National Sales Manager was made redundant in May 2010 as part of the corporate restructure.

	Incentive Plan
R. Masters	162,067
S Bluck (*)	23,100
R Eustace	24,063
P McDonald	62,800
B McKee	62,800
R Rivalland	68,000
	402,830

Payments made under the incentive plan were a result of achieving specific targets set by the Board in the 2009 financial year. Performance against the 2009 targets were assessed by the Board in the 2010 year. All payments are gross earnings before tax.

Report of the Directors

6. NON-EXECUTIVE DIRECTOR (NED) REMUNERATION (AUDITED)

The Board's focus is on long-term strategic direction and overall performance of Capilano. As a consequence, NED remuneration is not directly related to short-term results, rather, it is related to long-term performance and market place parity.

- **Policy**

Fees and payments to NEDs are determined with regard to the need to maintain appropriately experienced and qualified Board members and in accordance with competitive pressures in the market place. The remuneration policy is designed:

1) to attract and retain NEDs;
2) to motivate NEDs to achieve Capilano's objectives; and
3) to align the interests of NEDs with the long term interests of shareholders.

The Board seeks the advice of RPC Group Pty Ltd as independent remuneration consultants to ensure NED fees are reasonable and in line with the market.

- **Directors' Fees**

No increase is being sought for director's fees. Fees by position, as approved by Shareholders at the 2004 AGM, are as follows:

Organisation	Position	Directors' Fees $
Capilano Honey Limited	Chairman	71,330
	Deputy Chairman	6,815 *
	Independent NEDs	57,060ea
	Beekeeper NEDs	37,405ea

* In addition to the amount payable as a NED.

Superannuation Guarantee contribution – $18,901.

Directors and Officers Liability Insurance - 2010: $28,000; 2011: $25,580.

7. LINKING TOTAL REWARD TO PERFORMANCE (AUDITED)

The Capilano reward strategy is designed to provide superior rewards to employees with the best relative performance. For those employees this means:

i) ensuring remuneration is sufficiently attractive to retain key employees;

ii) providing a short term incentive;

8. EMPLOYMENT CONTRACTS (AUDITED)

The employment conditions of the Managing Director and the specified Executives are formalised in employment contracts. Employment contracts are not of a fixed term. Employment contracts specify a range of notice periods.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code Of Ethics for Professional Accountants set by the Accounting Professional and Ethics Board.

The following fees for non-audit services were paid or were payable to the external auditors during the year ended 30 June 2010:

	$
Taxation Services	7,075
Review of Prospectus	5,750
	12,825

AUDITORS

Cranstoun & Hussein continue in office in accordance with the *Corporations Act 2001*.

AUDITORS' INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2010 has been received and can be found on page 7 of the annual report.

Signed at Brisbane this TWENTIETH day of AUGUST 2010, in accordance with a resolution of the directors.

T R Morgan, Director   R D Masters, Director

Auditors' Independence Declaration

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

Consultants
David J Cranstoun
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Cranstoun & Hussein
Chartered Accountants & Business Advisers

William Buck
A member of William Buck - an association of independent firms across Australia and New Zealand with affiliated offices worldwide.

The Directors
Capilano Honey Limited
399 Archerfield Road
RICHLANDS QLD 4077

Auditors' Independence Declaration

As lead auditor for the audit of Capilano Honey Limited for the year ended 30 June 2010, 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 audit; and
(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Cranstoun + Hussein

CRANSTOUN & HUSSEIN
Chartered Accountants

J A Latif
A Member of the Firm

Brisbane, 20 August 2010

Liability limited by a scheme approved under Professional Standards Legislation

Corporate Governance

→ THE BOARD OF DIRECTORS

As a result of a corporate re-structure adopted by shareholders in May 2004, Capilano Honey Limited (CHL) was listed on the Bendigo Stock Exchange and a Foundation Share was issued to Capilano Beekeepers Ltd (CBL).

At the Annual General Meeting on 30 November 2009 Shareholders resolved to amend the CHL Constitution, in particular, certain capital restrictions including:

- Removing the 10% cap on shareholdings in CHL, allowing Shareholders to build larger stakes in CHL;
- Removing the special voting rights attached to the Foundation Share; and
- Removing the automatic appointment of the board of CBL to the board of CHL and limiting the right of CBL to appoint two beekeeper directors to the Board of CHL.

Board Composition

The Board of CHL will be comprised of Beekeeper Directors, Independent Directors, and may include a Managing Director.

At 30 June 2010 the CHL Board of Directors consisted of three Beekeeper Directors, one Independent Director and the Managing Director.

Number and appointment of Directors

The number of Directors shall not be less than 3 nor more than 8 which the Board may from time to time determine provided that the Board may not reduce the number below the number of Directors in office at the time of the reduction.

The constitution of CHL provides that as long as the Foundation Share is on issue, the Foundation Shareholder may appoint two Beekeeper Directors to the Board of Directors of the Company from time to time by written notice to the Company.

Power to appoint Directors

The Beekeeper Directors shall be those persons appointed by the Foundation Shareholder.

Independent Directors shall be elected by the shareholders.

Retirement of Independent Directors

The Constitution of CHL provides that at every annual general meeting, one third of the Independent Directors or, if their number is not a multiple of 3, then the number nearest to but not less than one third must retire from office. A Director must retire from office at the conclusion of the third annual general meeting after which the Director was elected or re-elected. A retiring Director if eligible may stand for re-election.

A Managing Director is not subject to retirement by rotation.

Board Chairman and Deputy Chairman

The Board Chairman and Deputy Chairman are elected by the Directors.

→ THE CAPILANO GROUP BOARD CHARTER

The Directors have formally adopted this Board Charter as a comprehensive document defining the role, purpose, functions, obligations and responsibilities of the Board and individual Directors.

The Corporations Act establishes that the Directors are ultimately accountable for all matters relating to the conduct of the company's affairs. The company's constitution further defines the obligations and powers of the Board. The Board recognises the distinction between its role of governance and the actual management of the company's businesses conducted by the executive management team under the leadership and direction of the Managing Director.

→ CORE PURPOSE

The core purpose of the Board is to guide the affairs of the Company so as to best serve the interests of and continuously add value for its shareholders.

→ BOARD FUNCTIONS

Strategic Plan

- to define strategic direction for the business and ensure that suitable strategic analysis is undertaken and business plans prepared and regularly reviewed and performance monitored.

Chief Executive

- to appoint a skilled and talented Chief Executive and ensure that he or she is adequately rewarded for results achieved.

Shareholder Prosperity

- to adopt appropriate policies to reward shareholders for their supply of honey and capital investment in the company including honey supply agreements and honey pricing, bonuses, premiums, dividends, retained earnings and market value of shares.

Meetings

- to meet regularly and with sufficient frequency to fulfil the Core Purpose.

Corporate Culture

- to encourage an appropriate culture for CHL and monitor corporate conduct for good fit.

Listing Rules

- to monitor lodgement and disclosure requirements and to ensure compliance with all listing rules of the Bendigo Stock Exchange.

Board Structure

- to consider changes to Board structure when appropriate to improve the Board's ability to achieve the Core Purpose.

Management Resources

- to ensure that the company maintains a management team of skilled and talented executives whose rewards reflect their contributions to company achievements.

Corporate Governance

Information

- to review the content, style and frequency of reports provided by management and request changes when required.

Risk Management

- to ensure that adequate risk identification and risk management functions are in place and regularly monitored.

Financial Performance

- to establish financial performance objectives and regularly review operational results.

Annual Budgets

- to approve annual operating budgets and capital investment budgets.

Funding

- to ensure that the company has access to adequate funds to provide working capital and investment capital.

Operational Policies

- to establish policies to guide management in key operational areas including quality, safety, security, foreign currency management and remuneration.

Board Committees

- to review annually the functions and membership of Board Committees.

Financial Statements & Audits

- to ensure that the statutory financial statements are prepared in accordance with all relevant standards and regulations and that the annual audit is conducted ethically, professionally and independently of management and the Board.

Statutory Compliance

- to regularly review the operation of the Corporate Compliance Program and compliance sign-offs from senior management.

Report to Shareholders

- to maintain suitable reporting to shareholders through the Annual General Meeting, Annual Report, District Meetings, newsletters and circulars and establish dialogue through regular contact by Beekeeper Services Manager, Directors and other management people.

Community Obligations

- to recognise that the company has community, industry and social obligations and ensure that appropriate policies are in place to guide the company's conduct so that it is, and is seen to be a responsible corporate citizen.

→ BOARD COMMITTEES

The effectiveness of the Board is enhanced by the establishment of appropriate Board Committees. They distribute the Board's workload and enable more detailed consideration to be given to important matters, and where sensitive issues have to be considered, the appropriate Committee can give independent consideration.

The Board has appointed the following Committees:

- **HR** - The Remuneration Committee was re-named the HR Committee to properly reflect the scope of its charter. This Committee is responsible for reviewing and recommending executive management remuneration and incentive plans, human resource and occupational health & safety issues and reporting to the Board on these matters.
- **Honey Supply & Industry** - This Committee advises the Board on matters related to honey supply and the industry generally.
- **Nomination** - This Committee advises the Board of suitable candidates with the qualifications, skills and expertise for appointment to any vacancy occurring from time to time.
- **Audit & Compliance Charter** –

  Committee Membership

  - the Committee shall be appointed by the Board and shall comprise a majority of non-executive directors and may include the Managing Director.
  - there shall be a minimum of three members.
  - the Board shall appoint a Chairman who is not the Chairman of the Board.
  - Membership of the Committee shall be reviewed by the Board annually.

  Meetings

  - the Committee shall meet at least five times a year. Additional meetings may be held as the work of the Committee demands.
  - a quorum shall consist of two members.
  - the Chairman will call a meeting of the Committee if so requested by any member of the Committee, the External Auditor or by the Chairman of the Board.
  - the Chairman of the Board and the Financial Controller shall attend each meeting by invitation of the Committee Chairman.
  - as necessary or desirable the Chairman may invite other members of the Board of Directors, other management and representatives of the External Auditors or other external advisors to be present at any meeting of the Committee.
  - the Committee shall meet at least twice a year with the External Auditors being at the completion of the full Financial Statements and the half-year Financial Statements and for part of that meeting to be without any management present.
  - the Company Secretary shall act as secretary to the Committee and shall be responsible, in conjunction with the Chairman, for drawing up the agenda, supported by explanatory documentation, and circulating it to Committee members prior to each meeting.
  - the Secretary will also be responsible for keeping the minutes of Committee meetings and circulating them to Committee members and to the other members of the Board of Directors at the Board meeting immediately following the Committee meeting.

Corporate Governance

Objectives and Specific Responsibilities

The objectives and specific responsibilities of this Committee are to ensure that:

- the systems of control which management have established are effective to safeguard the Company's assets;
- the Company's operations are conducted in accordance with its Constitution and all relevant laws and regulations;
- the accounting records are properly maintained;
- the financial information provided to the Board, shareholders and others is reliable;
- an avenue of communication exists between the External Auditors and the Board;
- the Board is provided with an assessment of the External Auditor's performance;
- the professional independence of the External Auditors is assured and the appointed audit firm has audit partner rotation in place that complies with the provisions of the Corporations Act;
- the external audit plan is approved and the proposed External Auditor's fees approved in conjunction with management;
- the Committee meets with the External Auditors at least at the completion of the annual audit and the half yearly review of the Company's accounts to confirm the financial statements, address any queries and receive the Auditor's evaluation of management's presentation of the financial accounts, policies and procedures; and
- the Committee review and ensure compliance with BSX requirements for all lodgements.

Authority

The Board authorises the Audit Committee within the scope of its responsibilities to:

- obtain Company documents and any information it requires from any employee (all employees are directed to co-operate with any request made by the Audit Committee) and external parties.
- obtain outside legal or other independent professional advice.
- the Committee shall also have the ability to consult independent experts where they consider it necessary to carry out their duties.

Reporting

- the Audit Committee should report to the Board after each Committee meeting summarising its activities and recommendations since the previous meeting.

Review of Charter

- this Charter will be reviewed annually by the Audit Committee to ensure its effectiveness and currency. Any proposed changes are to be recommended to the Board for approval.

→ OBLIGATIONS AND RESPONSIBILITIES OF DIRECTORS

The Board expects all Directors to demonstrate a high standard of personal integrity, skill and diligence and to participate in educational opportunities when appropriate to enhance the performance of their duties.

The Board has adopted the following Code of Conduct, which applies to all Directors:

1. A director must act honestly, in good faith and in the best interests of the company as a whole.
2. A director has a duty to use due care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
3. A director must use the powers of office for a proper purpose, in the best interests of the company as a whole.
4. A director must recognise that the primary responsibility is to the company's shareholders as a whole but should, where appropriate, have regard for the interests of all stakeholders of the company.
5. A director must not make improper use of information acquired as a director.
6. A director must not take improper advantage of the position of director.
7. A director must not allow personal interests, or the interests of any associated person, to conflict with the interests of the company.
8. A director has an obligation to be independent in judgement and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the board of directors.
9. Confidential information received by a director in the course of the exercise of directorial duties remains the property of the company from which it was obtained and it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that company, or the person from whom the information is provided, or is required by law.
10. A director should not engage in conduct likely to bring discredit upon the company.
11. A director has an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this code.

→ ASSESSMENT OF BOARD, DIRECTOR and MANAGEMENT PERFORMANCE

The Board conducts an annual self-assessment of its performance. This is a formal procedure in which all Directors individually review the Board's performance in each defined area of Board function. Results are collated and an average score determined in discussion at a Board meeting. The resulting assessment of performance is used as a basis for planning to improve outcomes in any areas where achievement is below the optimum.

A personal, individual self-assessment of performance is carried out annually by each Director. This is a formal, confidential process which Directors use as a basis for planning individual needs for further study or skill development where appropriate.

The Managing Director's performance is reviewed bi-annually by the Board. The performance of senior Management Executives is reviewed bi-annually by the Managing Director and the Board, comparing results achieved against agreed Key Performance Indicators.

Independent Audit Report to the Members

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

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Chartered Accountants & Business Advisers

William Buck
A member of William Buck - an association of independent firms across Australia and New Zealand with affiliated offices worldwide.

To the members of Capilano Honey Limited

Report on the Financial Report

We have audited the accompanying financial report of Capilano Honey Limited, which comprises the statement of financial position as at 30 June 2010, and the income statement, statement of comprehensive income statement of changes in equity and statement of cash flows, for the year ended on that date, a summary of significant accounting policies and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the 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 controls relevant to the preparation and fair presentation of the 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. In note 1 the directors also state, in accordance with Accounting Standard AASB 101: Presentation of Financial Statements that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we followed applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*.

Audit Opinion

In our opinion, the financial report of Capilano Honey Limited and Capilano Honey Limited and Controlled Entities is in accordance with:

a) the *Corporations Act 2001*, including:
   i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
   ii) complying with Australian Accounting Standards (including Australian Accounting Interpretations) and the Corporations Regulations 2001; and
b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2010. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Capilano Honey Limited for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

Cranstoun + Hussein

CRANSTOUN & HUSSEIN
Chartered Accountants

J A Latif
A Member of the Firm

Brisbane, 20 August 2010

Directors' Declaration

The directors of the company declare that:

1. the financial statements and notes, as set out on pages 13 to 40, are in accordance with the *Corporations Act 2001* and:

    a. comply with Accounting Standards and the Corporations Regulations 2001; and
    b. give a true and fair view of the financial position as at 30 June 2010 and of the performance for the year ended on that date of the company and consolidated entity;

2. the Group Financial Controller has declared that:

    a. the financial records of the company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;
    b. the financial statements and notes for the financial year comply with the Accounting Standards; and
    c. the financial statements and notes for the financial year give a true and fair view.

3. in the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

4. In the director's opinion, the financial statements and notes to the financial statements are prepared in compliance with International Financial Reporting Standards as made by the International Accounting Standards Board.

Signed at Brisbane this TWENTIETH day of AUGUST 2010 in accordance with a resolution of the directors.

T R Morgan, Director

R D Masters, Director

Consolidated Income Statement
For the year ended 30 June 2010

	Notes	2010 $	2009 $
Revenue	2	72,155,516	78,492,628
Finance costs	3(b)	(1,942,695)	(2,071,291)
Expenses	3(a)	(70,042,104)	(75,628,387)
Operating profit		170,717	792,950
Goodwill impairment	4	(5,108,423)	-
(Loss) profit before income tax		(4,937,706)	792,950
Income tax expense	5	(1,041,289)	(85,699)
Net (loss) profit for the year attributable to members of CHL		**(5,978,995)**	**707,251**
Earnings per share (cents)	30	(95.9)	13.7
Diluted earnings per share (cents)	30	(95.9)	13.7

The above income statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2010

	Notes	2010 $	2009 $
Net (loss) profit for the year attributable to members of CHL		(5,978,995)	707,251
Other comprehensive income			
Change in market value of available for sale financial assets.		711,116	(711,116)
Adjustments from the translation of foreign controlled entities		(15,036)	(217,998)
Other comprehensive income for the year, net of tax		696,080	(929,114)
Total comprehensive income for the year attributable to members of CHL		(5,282,915)	(221,863)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

As at 30 June 2010

	Notes	2010 $	2009 $
CURRENT ASSETS			
Cash and cash equivalents		472,375	239,535
Trade and other receivables	7	10,628,939	10,962,893
Inventories	8	12,160,225	17,808,187
Other current assets	9	163,552	299,665
TOTAL CURRENT ASSETS		**23,425,091**	**29,310,280**
NON-CURRENT ASSETS			
Other financial assets	10	-	897,195
Property, plant and equipment	11	19,697,479	19,911,271
Intangible assets	12	180,324	5,354,976
Deferred tax assets	13	2,708,380	3,726,444
TOTAL NON-CURRENT ASSETS		**22,586,183**	**29,889,886**
TOTAL ASSETS		**46,011,274**	**59,200,166**
CURRENT LIABILITIES			
Trade and other payables	14	8,093,727	7,631,886
Short term borrowings	15	3,518,947	11,090,656
TOTAL CURRENT LIABILITIES		**11,612,674**	**18,722,542**
NON-CURRENT LIABILITIES			
Long term borrowings	16	15,389,460	18,207,358
Long term provisions	17	309,224	316,033
TOTAL NON-CURRENT LIABILITIES		**15,698,684**	**18,523,391**
TOTAL LIABILITIES		**27,311,358**	**37,245,933**
NET ASSETS		**18,699,916**	**21,954,233**
EQUITY			
Issued capital	18	7,394,958	5,366,360
Reserves	19	4,042,851	3,346,771
Retained earnings		7,262,107	13,241,102
TOTAL EQUITY		**18,699,916**	**21,954,233**

The above statement of financial position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the year ended 30 June 2010

	Share Capital		Reserves		Retained Earnings	Total
	Ordinary	Foundation	Asset Revaluation	Foreign Currency Translation		
	$	$	$	$	$	$
Balance at 30 June 2008	5,366,358	1	4,042,851	233,034	12,533,851	22,176,095
Shares issued during the period	1	-	-	-	-	1
Net profit attributable to members of CHL	-	-	-	-	707,251	707,251
Other comprehensive income for the period	-	-	(711,116)	(217,998)	-	(929,114)
Balance at 30 June 2009	5,366,359	1	3,331,735	15,036	13,241,102	21,954,233
Shares issued during the period	2,028,598	-	-	-	-	2,028,598
Net loss attributable to members of CHL	-	-	-	-	(5,978,995)	(5,978,995)
Total other comprehensive income for the year	-	-	711,116	(15,036)	-	696,080
Balance at 30 June 2010	7,394,957	1	4,042,851	-	7,262,107	18,699,916

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2010

	Inflows (Outflows)	
	2010 $	2009 $
Cash flows from operating activities		
Receipts from customers	72,459,171	78,961,267
Payments to suppliers and employees	(63,952,931)	(76,377,169)
Interest received	14,011	24,521
Goods and Services tax received	1,196,881	1,431,514
Interest paid	(1,221,819)	(1,744,462)
Net cash generated from operating activities (Note 28)	**8,495,313**	**2,295,671**
Cash flows from investing activities		
Payment for property, plant and equipment	(1,416,048)	(1,741,060)
Proceeds from sale of shares in listed entity	1,480,839	129,881
Proceeds from sale of property, plant and equipment	33,745	1,835
Net cash generated from (used in) investing activities	**98,536**	**(1,609,344)**
Cash flows from financing activities		
Proceeds from share allotments	2,028,598	1
Repayment of borrowings	(10,389,607)	(1,759,493)
Net cash repaid from financing activities	**(8,361,009)**	**(1,759,492)**
Net increase (decrease) in cash held	232,840	(1,073,165)
Cash at the beginning of the financial year	239,535	1,312,700
Cash at the end of the financial year (Note 27)	**472,375**	**239,535**

The above statement of cash flows should be read in conjunction with the accompanying notes

Notes to and Forming Part of the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

Capilano Honey Limited is a listed public company, incorporated and domiciled in Australia. The financial statements cover the consolidated entity of Capilano Honey Limited and its controlled entities. The Corporations Amendment (Corporate Reporting Reform) Bill 2010 received Royal Assent on 28 June 2010. The accompanying Corporations Amendment Regulations 2010 (No.6) were made on 29 June 2010. In compliance with these legislative changes disclosures regarding the parent entity has been limited to those included in note 32.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards.

The following is a summary of the material accounting policies adopted by the consolidated entity in the preparation of the financial statements. The accounting policies have been consistently applied, unless otherwise stated.

Reporting Basis and Conventions

The financial statements have been prepared on an accruals basis and are 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.

Accounting Policies

(a) **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Capilano Honey Limited ("parent entity") as at 30 June 2010 and the results of all controlled entities for the year then ended. Capilano Honey Limited and its controlled entities together are referred to in this financial report as the consolidated entity. The effects of all transactions between entities in the consolidated entity are eliminated in full.

Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post-acquisition profits or losses of associates are recognised in the consolidated income statement, and its share of post acquisition movements in reserves are recognised in consolidated reserves. The cumulative post-acquisition movements are adjusted against the cost of the investment. Associates are those entities over which the consolidated entity exercises significant influence, but not control.

(b) **Goods and services tax**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(c) **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of Goods

Control of the goods has passed to the buyer.

Interest

Control of the right to receive the interest payment.

Sale of non-current assets

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal. Any gain is recognised as other income and any loss as an expense.

Any related balance in the asset revaluation reserve is transferred to retained earnings on disposal.

(d) **Property plant and equipment**

Land and buildings

Land and buildings are valued at fair value (being the amount for which an asset could be exchanged between knowledgeable parties in an arm's length transaction), based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Increases in the carrying amount arising on revaluation of land and buildings are credited to a revaluation reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against fair value reserves directly in equity; all other decreases are charged to the income statement.

Notes to and Forming Part of the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(d) **Property plant and equipment** *(continued)*

Plant and equipment

Plant and equipment is measured on the cost basis less depreciation and impairment losses.

The carrying value of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the assets' employment and subsequent disposal. The expected net cash flows have been discounted to their net present values in determining recoverable amounts.

Depreciation

Depreciation is calculated so as to write off the net cost of each item of property, plant and equipment and motor vehicles over its useful life. Additions are depreciated from the date they are installed ready for use.

The principal rates of depreciation in use are:-

- Buildings
  2.50 - 10.00% prime cost
- Plant and equipment
  5.00 - 40.00% prime cost
- Plant and equipment
  7.50 - 20.00% reducing balance
- Motor vehicles
  12.50% prime cost

(e) **Impairment**

At each reporting date, the consolidated entity reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over it recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the consolidated entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(f) **Inventories**

All inventories including work in progress is valued at the lower of cost and net realisable value. Cost includes direct materials, direct labour and an appropriate proportion of fixed and variable factory overhead expenditure. Overheads are applied on the basis of normal operating capacity.

(g) **Income tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or non-allowable items. It is calculated using tax rates that have been enacted or are substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the statement of financial position liability method in respect of differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be claimed.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the consolidated entity and its constituent member entities as applicable, will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

The consolidated entity has decided not to implement the tax consolidation regime.

(h) **Financial instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial assets at fair value through profit and loss

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management and within the requirement of AASB139: Financial Instruments: Recognition and Measurement. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Notes to and Forming Part of the Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(h) **Financial instruments** *(continued)*

Held-to-maturity investments

These investments have fixed maturities, and it is the consolidated entity's intention to hold these investments to maturity. Any held-to-maturity investments held by the consolidated entity are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets

Available-for-sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity, unless an impairment has been determined by the Board.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Derivative instruments

Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the consolidated entity assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(i) **Foreign currency**

Functional and presentation currency

The functional currency of each of the members of the consolidated entity is measured using the currency of the primary economic environment in which that member entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair value was determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Exchange differences arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

General commitments

Hedging in the form of foreign exchange contracts and options is undertaken in order to avoid or minimise possible adverse financial effects of movements in exchange rates on the Australian currency equivalent of sales denominated in foreign currencies.

Group controlled entities and associated entities

The financial results and position of foreign operations whose functional currency is different from the consolidated entity's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date
- Income and expenses are translated at average exchange rates for the period
- Equity and retained profits are translated at the exchange rates prevailing at the date of the transaction

Exchange differences arising on translation of foreign operations are transferred directly to the consolidated entity's foreign currency translation reserve in the statement of comprehensive income. These differences are recognised in the income statement in the period in which the operation is disposed.

(j) **Employee benefits**

Wages and salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised, and are measured as the amount unpaid at the reporting date at current pay rates in respect of employees' services up to that date. Where annual leave is not expected to be taken within twelve (12) months, the expected future payments are discounted using interest rates attaching, as at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Long Service Leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates attaching, as at the reporting date, to national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(k) **Provisions**

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Notes to and Forming Part of the Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(l) **Intangible assets**

Trademarks & Brand Names

Trademarks and brand names are recorded in the accounts at acquisition cost. Trade marks and brand names, having a benefit or relationship to more than one accounting period, are deferred and amortised to the income statement using the straight line method of calculation over the period of time during which the benefits are expected to arise, but not exceeding 20 years. Carrying values are assessed at each balance date for impairment and any write down included in the income statement in the period determined.

Goodwill

Goodwill is carried at cost less accumulated impairment losses. Goodwill is calculated as the excess of the consideration transferred over the acquisition date fair value of net identifiable assets acquired.

Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is tested for impairment annually and is allocated to the Group's cash generating units or groups of cast generating units, which represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity sold.

Following a restructure which involved an exit of some export markets, the Director's have resolved to fully impair any goodwill associated with Capilano Canada Inc. (refer note 4).

(m) **Government grants**

Government grants are recognised at fair value where there is reasonable assurance that the grant will be received and all grant conditions will be met.

Grants relating to expense items are recognised as income over the periods necessary to match the grant to the costs they are compensating.

Grants relating to assets are credited to deferred income at fair value and are credited to income over the expected useful life of the asset on a straight-line basis.

(n) **Cash and cash equivalents**

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount within short-term borrowings in current liabilities on the Statement of Financial Position.

(o) **Earnings per share**

Basic earnings per share is determined by dividing the net profit after income tax attributable to members of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

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Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(p) **Borrowing Costs**

Borrowing costs directly attributable to the acquisition, construction and production of assets that necessarily take a substantial period of time to prepare for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended user sale.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

(q) **Comparatives**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current knowledge. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

Key Estimates

The consolidated entity assesses impairment at each reporting date by evaluating conditions specific to the consolidated entity that may lead to impairment of assets. When an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

Key Judgements

The consolidated entity is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were actually recorded, such differences will impact the current and deferred tax positions in the period in which such determination is made.

		2010 $	2009 $
2.	**REVENUE**		
	Sales revenue	72,037,247	78,387,396
	Interest received	14,011	24,521
	Sundry	104,258	80,711
		72,155,516	**78,492,628**
3.	**OPERATING PROFIT**		
(a)	**Expenses**		
	Raw material and consumables	46,765,058	49,774,904
	Net foreign exchange loss	47,455	617,609
	Loss on disposal of property, plant and equipment	8,317	1,665
	Loss on disposal of investment in listed corporation	127,472	120,159
	Employee benefits	6,732,850	6,649,703
	Depreciation of property, plant and equipment	1,587,778	1,417,850
	Amortisation of intangibles	66,229	125,271
	Transportation costs	3,052,976	4,358,068
	Factory Costs	1,875,522	1,824,891
	Marketing and promotion	6,253,643	6,697,513
	Other	3,524,804	4,040,754
		70,042,104	**75,628,387**
(b)	Profit before income tax expense includes the following specific expenses:		
	Borrowing costs		
	Borrowing expenses	671,499	296,976
	Interest and finance charges paid	1,221,819	1,744,462
	Prospectus expenses	49,377	29,853
		1,942,695	2,071,291
4.	**IMPAIRMENT**		
	Goodwill Impairment		
	Goodwill on acquisition of Capilano Canada Inc	5,108,423	5,108,423
	Impairment of Goodwill relating to Capilano Canada Inc following exit of some significant Canadian market segments	(5,108,423)	-
	Carrying Value of Goodwill	**-**	**5,108,423**

		2010 $	2009 $
5.	**INCOME TAX**		
(a)	**Income tax expense**		
	Deferred tax	1,041,289	85,699
		1,041,289	85,699
	Deferred income tax (benefit) expense included in the income tax expense comprises:		
	(Increase) decrease in deferred tax assets	1,025,564	16,069
	Increase (decrease) in deferred tax liabilities	15,725	69,630
		1,041,289	85,699
(b)	**Numerical reconciliation of income tax expense to prima facie tax payable**		
	(Loss) profit before income tax expense	(4,937,706)	792,950
	Tax at the Australian tax rate of 30% (2009 – 30%)	(1,481,312)	237,885
	FITB of wholly owned subsidiary derecognised	1,241,897	-
	Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
	Effect of tax rates in foreign jurisdictions	-	(910)
	Impairment of goodwill	1,532,527	-
	Amortisation of intangibles	(43,176)	(43,295)
	Loss on disposal of listed investments	38,242	-
	Entertainment	3,887	2,766
	Legal expenses	2,250	3,149
	Over provision in prior years	(209,250)	(102,283)
	Current year tax losses of controlled entity utilised	(99,043)	-
	Sundry items	55,267	(11,613)
	Income tax expense	1,041,289	85,699
(c)	**Tax losses**		
	Deferred tax assets include a benefit representing income tax losses as follows:		
	Unused tax losses	11,523,588	14,700,184
	Potential tax benefit	3,457,076	4,537,379

Realisation of the benefit shall depend upon:

a) the ability of the consolidated entity and the parent entity to derive future assessable income of a nature and of sufficient amount to enable the benefit to be realised;

b) the ability of the consolidated entity and the parent entity to continue to comply with the conditions for deductibility imposed by law; and

c) an expectation that legislation will not change in a manner which would adversely affect the consolidated entity's and the parent entity's ability to realise the benefit.

Notes to and Forming Part of the Financial Statements

		Parent Entity	
		2010	2009
		$	$
6.	**DIVIDENDS**		
	Ordinary shares		
	No dividend has been declared for the year ended 30 June 2010 (2009 – Nil)	-	-
	Franked dividends		
	Franking credits available for subsequent financial years	2,385,409	2,385,409
	The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for franking debits that will arise from the payment of dividends recognised as a liability at the reporting date.		

		Consolidated	
		2010	2009
		$	$
7.	**TRADE AND OTHER RECEIVABLES**		
	Trade debtors	10,539,404	10,810,492
	Other debtors	646,638	690,093
	Provision for doubtful debts	(557,103)	(537,692)
		10,628,939	**10,962,893**
8.	**INVENTORIES**		
	Raw materials and stores	7,655,023	10,905,808
	Work in progress	434,905	550,911
	Finished goods	4,070,297	6,351,468
		12,160,225	**17,808,187**
	Cost of goods sold		
	Honey levies	175,476	50,187
	Other	54,892,322	58,400,431
	Total cost of goods sold	55,067,798	58,450,618
9.	**OTHER CURRENT ASSETS**		
	Prepayments	**163,552**	**299,665**

		Consolidated 2010 $	Consolidated 2009 $	Parent Entity 2010 $	Parent Entity 2009 $
10.	**OTHER FINANCIAL ASSETS**				
	Other financial assets comprise of available-for-sale financial assets				
	Available-for-sale financial assets comprise investments in the ordinary issued capital of various entities. There are no fixed returns or fixed maturing dates attached to these investments.				
	The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of fair value estimates is significant. As a result all unlisted investments are reflected at cost.				
(a)	Available-for-sale financial assets included in the financial statements comprise:				
	Shares in controlled entities (note 10(b))	-	-	1	480,403
	Shares in listed corporations	-	897,195	-	897,195
		-	897,195	1	1,377,598

(b) Investment in the controlled entities are unlisted and comprise:-

	Country of Incorpor-ation	Class of Share	Parent Entity 2010 % holding	Parent Entity 2010 Cost $	Parent Entity 2009 % holding	Parent Entity 2009 Cost $
Honey Corporation of Australia Pty Ltd	Australia	Ord	100	1	100	1
Capilano Canada Inc.	Canada	Ord	100	-	100	480,402
				1		480,403

		Parent Entity 2010 $	Parent Entity 2009 $
(c)	Movements in carrying amounts of investments in controlled entities		
	Carrying amount at beginning of financial year	480,403	480,403
	Impairment of investment in Capilano Canada Inc.	(480,402)	-
	Carrying amount at end of financial year	1	480,403

		2010 $	2009 $
11.	**PROPERTY, PLANT AND EQUIPMENT**		
	Land and buildings		
	Freehold land – independent valuation 2008	5,990,000	5,990,000
	Buildings – at Cost	5,188	4,200
	Buildings – at independent valuation 2008	5,010,000	5,010,000
	Less		
	Accumulated depreciation	(311,470)	(154,643)
		4,703,718	4,859,557
	Total land and buildings	**10,693,718**	**10,849,557**
	Plant and equipment		
	Cost	29,351,036	27,116,253
	Less		
	Accumulated depreciation	(20,458,120)	(19,143,635)
	Total plant and equipment	**8,892,916**	**7,972,618**
	Motor vehicles		
	Cost	126,211	85,163
	Less		
	Accumulated depreciation	(25,659)	(14,171)
	Total motor vehicles	**100,552**	**70,992**
	Capital work in progress	**10,293**	**1,018,104**
		19,697,479	**19,911,271**
(a)	**Reconciliations**		
	Reconciliations of the movements in carrying amounts for each class of property, plant and equipment are set out below:		
	Freehold land		
	Carrying amount at beginning of year	5,990,000	5,990,000
	Carrying amount at end of year	5,990,000	5,990,000
	Buildings		
	Carrying amount at beginning of year	4,859,557	5,009,620
	Additions	988	4,200
	Depreciation	(156,827)	(154,263)
	Carrying amount at end of year	4,703,718	4,859,557
	Plant and Equipment		
	Carrying amount at beginning of year	7,972,618	8,255,215
	Additions	2,339,409	977,245
	Disposals	(6,342)	(3,502)
	Depreciation	(1,412,769)	(1,256,340)
	Carrying amount at end of year	8,892,916	7,972,618

		2010 $	2009 $
11.	**PROPERTY, PLANT AND EQUIPMENT** *(continued)*		
	Motor Vehicles		
	Carrying amount at beginning of year	70,992	38,283
	Additions	83,462	39,956
	Disposals	(35,721)	-
	Depreciation	(18,181)	(7,247)
	Carrying amount at end of year	100,552	70,992
	Capital works in progress		
	Carrying amount at beginning of year	1,018,104	298,443
	Net movement	(1,007,811)	719,661
	Carrying amount at end of year	10,293	1,018,104
	Valuations		
	The independent valuation of the consolidated entity's freehold land and buildings carried out in May 2008 was on the basis of open market values for existing use. The revaluation surplus net of applicable deferred income tax was credited to an asset revaluation reserve in shareholders equity.		
(b)	If land and buildings were stated at historical cost, amounts disclosed would be as follows:		
	Freehold land		
	Cost	797,400	797,400
	Less: accumulated depreciation	-	-
	Carrying amount at end of year	**797,400**	**797,400**
	Buildings		
	Cost	7,459,157	7,458,169
	Less: accumulated depreciation	(2,818,086)	(2,631,619)
	Carrying amount at end of year	**4,641,071**	**4,826,550**
12.	**INTANGIBLE ASSETS**		
	Trademarks and brandnames	4,065,845	4,065,845
	Less: accumulated amortisation	(3,885,521)	(3,819,292)
	Goodwill on purchase of Capilano Canada Inc. (Note 4)	-	5,108,423
		180,324	**5,354,976**
	Reconciliation		
	Intangibles		
	Carrying amount at beginning of year	5,354,976	5,480,247
	Impairment of investment in Capilano Canada Inc.	(5,108,423)	-
	Amortisation	(66,229)	(125,271)
	Carrying amount at end of year	**180,324**	**5,354,976**

Notes to and Forming Part of the Financial Statements

		2010 $	2009 $
13.	**TAX**		
(a)	**Liabilities**		
	Current income tax	-	-
	Non-current deferred tax liability	-	-
(b)	**Assets**		
	Deferred tax assets comprise:		
	Provisions	194,438	209,883
	Future income tax benefits attributable to tax losses	3,457,076	4,537,379
	Tax allowances relating to property plant and equipment	(345,665)	(378,292)
	Revaluation adjustments taken directly to equity	(1,732,650)	(1,732,650)
	Intangible assets	1,035,869	1,004,720
	Other	99,312	85,404
		2,708,380	**3,726,444**
(c)	**Reconciliation**		
	The overall movement in deferred tax assets is as follows:		
	Opening balance	3,726,444	3,758,213
	Charge to income statement	(1,041,289)	(85,699)
	Foreign currency adjustment on opening balance	23,225	53,930
	Closing balance	**2,708,380**	**3,726,444**
14.	**TRADE AND OTHER PAYABLES**		
	Unsecured		
	Beekeeper creditors	4,979,040	3,790,400
	Trade creditors	1,280,329	2,087,299
	Other creditors	1,495,456	1,396,226
	Employee entitlements	338,902	357,961
		8,093,727	**7,631,886**
15.	**SHORT TERM BORROWINGS**		
	Secured (note 21)		
	Bank overdraft	248,653	-
	Bank loan	-	120,981
	Commercial bills	2,750,000	10,000,000
	Hire purchase	101,283	245,670
	Total secured liabilities	3,099,936	10,366,651
	Unsecured		
	Unsecured notes (note 20)	419,011	724,005
		3,518,947	**11,090,656**

Notes to and Forming Part of the Financial Statements

		2010 $	2009 $
16.	**LONG TERM BORROWINGS**		
	Secured (note 21)		
	Commercial bills	8,014,764	11,250,000
	Bank loans	7,040,972	6,214,756
	Hire purchase	333,557	730,077
	Total secured liabilities	15,389,293	18,194,833
	Unsecured		
	Unsecured notes (note 20)	167	12,525
		15,389,460	**18,207,358**
17.	**LONG TERM PROVISIONS**		
	Employee entitlements	**309,224**	**316,033**

		Parent Entity	
		No. of Shares	2010 $
18.	**ISSUED CAPITAL**		
(a)	**Foundation Share**		
	Balance 1 July 2009	1	1
	Movements	-	-
	Balance 30 June 2010	**1**	**1**

At the Annual General Meeting held on 30 November 2009, Shareholders voted to amend the Constitution, with the following major changes:

- The Foundation Share now ranks as an ordinary share with no special voting rights.
- The Foundation Shareholder may appoint two Beekeeper Directors to the Board of Directors.

		No. of Shares	2010 $
(b)	**Ordinary Shares**		
	Balance 1 July 2009	**5,151,066**	**5,366,359**
	Share issues	2,897,997	2,028,598
	Balance 30 June 2010	**8,049,063**	**7,394,957**
	Total contributed equity	**8,049,064**	**7,394,958**

Ordinary shares were issued in response to the Rights Issue Offer under the Prospectus dated 12 February 2010, raising $2,028,598 in new capital.

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held.

(c) **Capital Management**

Management controls the capital of the group in order to maintain an appropriate debt to equity ratio, provide the shareholders with adequate returns and ensure that the group can fund its operations and continue as a going concern.

A $10 million reduction in debt has been achieved by a combination of capital raising, asset sales and improved use of working capital.

Management manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels, distributions to shareholders and share issues.

Past strategy has been to ensure that the group's gearing ratio remains below 75%.

Notes to and Forming Part of the Financial Statements

		Note	2010 $	2009 $
18.	**ISSUED CAPITAL** *(continued)*			
	Total Borrowings	14,15,16	27,002,134	36,929,900
	Less: cash and cash equivalents	27	(472,375)	(239,535)
	Net debt		26,529,759	36,690,365
	Total equity		18,699,916	21,954,233
	Total capital		45,229,675	58,644,598
	Gearing ratio		59%	63%
19.	**RESERVES**			
	Nature and purpose of reserve			
	Asset revaluation			
	The asset revaluation reserve is used to record increments and decrements in the value of non-current assets.			
	Property plant and equipment		4,042,851	4,042,851
	Shares in listed entity		-	(711,116)
			4,042,851	**3,331,735**
	Foreign currency translation			
	The gain or loss generated on translating the financial statements of the controlled foreign entity into Australian Dollars at the appropriate rates.		-	15,036
	Total reserves		**4,042,851**	**3,346,771**
20.	**PAYABLES MATURITY ANALYSIS - UNSECURED NOTES**			
	Debts Payable			
	Not later than one year		419,011	724,005
	Later than one year but not later than two		167	12,525
			419,178	**736,530**

The Unsecured Notes (Capilano Deposit Fund) were created under a Trust Deed dated 17 May 1993. Trust Company of Australia Limited is the Trustee. Deposits have been received pursuant to the issue of a Prospectus dated 16 March 2010.

21. SECURED BORROWINGS

The overdraft, loans and commercial bills amounting to $18,054,389 (2009: $28,561,484) are secured by a registered mortgage over all land and buildings, a fixed and floating charge over all the company's and controlled entity's assets, undertakings and a trade credit policy assigned to the lender.

22. CONTINGENT LIABILITIES

The Directors are not aware of any significant contingent liabilities at the date of this report.

Notes to and Forming Part of the Financial Statements

		Note	2010 $	2009 $
23.	**COMMITMENTS**			
	Capital expenditure commitments			
	Contracted for but not provided for or payable: -			
	Not longer than one year		-	110,186
	Operating lease commitments			
	Future operating lease rentals not provided for in the financial statements or payable:			
	Not longer than one year		32,500	32,500
	Longer than one year but not longer than five years		71,293	103,793
			103,793	**136,293**
24.	**AUDITOR'S REMUNERATION**			
	Remuneration of the auditor of the parent entity for:			
	- auditing or reviewing the financial statements		99,700	96,760
	- audit of the share register		2,300	2,215
	- taxation services		7,075	6,650
	- due diligence services		5,750	2,750

25. RELATED PARTIES

Directors and specified executives:

Disclosure relating to directors and key management personnel are included in the Report of the Directors.

Directors who are apiarists trade with the company on the same trading conditions as other shareholders. In view of these arrangements no quantification has been made of the total sum of transactions.

Wholly Owned Group:

The wholly owned group consists of CHL and its wholly owned controlled entities.

Information relating to the controlled entities is set out in note 10(b).

26. SEGMENT REPORTING

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The Group is managed primarily by entity. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect of the following:

- the product sold and/or services provided by the segment;
- the manufacturing process;
- the type or class of customers for the products or services;
- the distribution method; and
- any external regulatory requirements.

Types of products and services by segment

- ***Australia***

  Australia manufacturers all products sold by the Group. All Group sales, except for North America are recorded in the Australian entity. All products produced are aggregated as one reportable segment as the products are similar in nature, manufactured and distributed to similar types of customers and subject to similar a regulatory environment.

- ***North America***

  The North American entity (Capilano Canada Inc) is responsible for distribution into Canada and the USA.

  As a result of recent restructures, all distribution into the USA and Canada will become the responsibility of the Australian entity from July 2010.

Notes to and Forming Part of the Financial Statements

26. **SEGMENT REPORTING** *(continued)*

Basis of accounting for purposes of reporting by operating segment.

- ***Accounting Policies***

  Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amounts of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities include deferred income taxes.

- ***Intersegment Transfers***

  Segment revenues, expenses and results include transfers between segments at cost.

  Inter-segment loans payable and receivable are initially recognised at the consideration received / to be received net of transaction costs. If inter-segment loans receivable and payable are not on commercial terms, these are not adjusted to fair value based on market interest rates.

- ***Comparative information***

  This is the first reporting period in which AASB 8 has been adopted. Comparative information has been restated to conform to the requirements of this standard.

(a)

Segment Performance	30 June 2010 Australia $	North America $	Intersegment Elimination $	Consolidated $
Sales revenue	65,982,799	14,261,748	(8,207,300)	72,037,247
Other revenue	207,510	45,946	(135,187)	118,269
Total segment revenue	**66,190,309**	**14,307,694**	**(8,342,487)**	**72,155,516**
Segment result	**(6,953,829)**	**330,145**	**1,685,978**	**(4,937,706)**
Unallocated revenue less unallocated expenses				-
Profit before income tax				**(4,937,706)**

Included in the Australia loss of $6,953,829 is the full impairment of:

- the intercompany loan of $6,352,719 to nil; and
- the investment in CCI of $480,402 to nil.

Included in the Intersegment profit of $1,685,978 is:

- the elimination of the intercompany loan impairment of $6,352,719; and
- the full impairment of the goodwill in CCI of $5,108,423 to nil.

Segment Performance	30 June 2009 Australia $	North America $	Intersegment Elimination $	Consolidated $
Sales revenue	72,402,353	17,327,400	(11,342,357)	78,387,396
Other revenue	87,554	17,678	-	105,232
Total segment revenue	**72,489,907**	**17,345,078**	**(11,342,357)**	**78,492,628**
Segment result	**619,569**	**26,009**	**147,372**	**792,950**
Unallocated revenue less unallocated expenses				-
Profit before income tax				**792,950**

Notes to and Forming Part of the Financial Statements

26. **SEGMENT REPORTING** *(continued)*

(b)

Segment Assets	Australia $	North America $	Intersegment Elimination $	Consolidated $
30 June 2009	57,662,188	3,979,207	(2,441,229)	59,200,166
30 June 2010	45,990,417	20,857	-	46,011,274
Change in total assets	**(11,671,771)**	**(3,958,350)**	**2,441,229**	**(13,188,892)**
Acquisition of non-current segment assets 2009	1,741,060	-	-	1,741,060
Acquisition of non-current segment assets 2010	**1,416,048**	**-**	**-**	**1,416,048**

The reduction in Group assets is predominantly due to a reduction in inventories of $5,647,962 and a non-cash goodwill impairment of $5,108,423 (refer note 4). 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	36,536,536	3,150,626	(2,441,229)	37,245,933
30 June 2010	27,311,358	-	-	27,311,358
Change in total assets	**(9,225,178)**	**(3,150,626)**	**2,441,229**	**(9,934,575)**

The reduction in Group liabilities of $9,934,575 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.

(d)

Revenue by geographical region	2010 $	2009 $
Australia	38,875,417	41,250,676
Asia	12,120,305	8,219,549
Middle East	3,333,407	4,334,264
North America	14,307,694	17,345,078
UK & Europe	3,128,509	6,948,335
Other foreign countries	390,184	394,726
Total revenue	**72,155,516**	**78,492,628**

Revenue attributable to external customers is based on the location of the customer.

(e)

Assets by geographical region	2010 $	2009 $
Australia	45,616,716	54,501,528
Other foreign countries	394,558	4,698,638
Total assets	**46,011,274**	**59,200,166**

The location of segment assets is by physical geographical location of the asset.

(f) **Major customers**

The Group has a number of customers to whom it provides products. The Group supplies five major customers accounting for 70% of external revenue (2009: 66%). The next most significant customer accounts for 3% of external revenue (2009: 3%).

Notes to and Forming Part of the Financial Statements

		2010 $	2009 $
27.	**RECONCILIATION OF CASH**		
	For the purpose of the statement of cash flows, cash includes cash on hand and at banks and investments in the money market, net of outstanding bank overdrafts. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position as follows:		
	Cash and cash equivalents	**472,375**	**239,535**
28.	**RECONCILIATION OF NET CASH GENERATED FROM OPERATING ACTIVITIES TO (LOSS) PROFIT AFTER INCOME TAX.**		
	(Loss) profit after income tax	(5,978,995)	707,251
	Increase in provision for doubtful debts	19,411	22,234
	Goodwill impairment	5,108,423	-
	Depreciation	1,587,778	1,417,850
	Amortisation	66,229	125,271
	Loss on disposal of investment in listed entity	127,472	120,159
	Loss on sale of equipment	8,318	1,665
	Decrease in deferred tax assets	1,018,064	31,769
	Exchange differences on translation of foreign operations	(15,036)	(217,999)
	Change in assets and liabilities		
	Decrease (increase) in assets		
	Trade debtors	271,088	301,430
	Other debtors	3,686	134,400
	Inventory	5,647,962	(386,902)
	Prepayments	136,112	43,179
	Goods and Services Tax received	39,769	37,736
	Increase (decrease) in liabilities		
	Trade creditors	(806,970)	(922,332)
	Other creditors	99,230	(922,942)
	Beekeeper creditors	1,188,640	2,267,902
	Employee entitlements	(25,868)	(465,000)
	Net cash generated from operating activities	**8,495,313**	**2,295,671**
29.	**FINANCING ARRANGEMENTS**		
	Total facilities		
	Unrestricted access was available at balance date to the following lines of credit:		
	Multi-Option (refer note below)	6,000,000	20,000,000
	Fixed bill facility	6,000,000	10,750,000
	Debtor Finance	9,751,723	-
	Letters of credit	-	859,494
	Hire purchase	-	775,000
	Fixed term loan (Canada)	-	322,615
		21,751,723	**32,707,109**

		2010 $	2009 $
29.	**FINANCING ARRANGEMENTS** *(continued)*		
	Used at balance date		
	Multi-Option	5,013,417	16,513,122
	Fixed bill facility	6,000,000	10,750,000
	Debtor Finance	7,040,972	-
	Letters of Credit	-	-
	Hire purchase	-	492,404
	Fixed term loan (Canada)	-	322,615
		18,054,389	**28,078,141**
	Unused at balance date		
	Multi-Option	986,583	3,486,878
	Fixed bill facility	-	-
	Letters of credit	2,710,751	859,494
	Hire purchase	-	282,596
	Fixed term loan (Canada)	-	-
		3,697,334	**4,628,968**
30.	**EARNINGS PER SHARE (EPS)**		
	Weighted average number of ordinary shares outstanding during the period used in calculation of basic and diluted EPS	6,237,815	5,151,066
	Earnings used in the calculation of basic and diluted EPS	(5,978,995)	707,251

31. FINANCIAL INSTRUMENTS

(a) Financial Risk Management

The consolidated entity's financial instruments consist mainly of deposits with banks, local money market instruments, accounts receivable and payable, loans to and from subsidiaries and the associate, bills, leases and derivatives.

The main purpose of non-derivative financial instruments is to raise finance for consolidated entity operations.

Derivatives are used by the consolidated entity for hedging purposes. Such instruments may include forward exchange and currency option contracts. The consolidated entity does not speculate in the trading of derivative instruments.

The main risks the consolidated entity is exposed to through its financial instruments are foreign currency risk, interest rate risk, liquidity risk and credit risk.

Foreign currency risk

The consolidated entity is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the consolidated entity's measurement currency. A committee of senior executives of the consolidated entity meet on a regular basis to analyse currency exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts.

Interest rate risk

Interest rate risk is managed with a mixture of fixed and floating debt. At 30 June 2010 approximately 98% of consolidated entity debt is floating. Management continuously monitors the debt profile of the consolidated entity in the context of the most recent economic conditions.

Liquidity risk

The consolidated entity manages liquidity risk by monitoring forecast cash flows and ensuring that adequate unutilised borrowing facilities are maintained.

Credit risk

The maximum exposure to credit risk at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. All export debtors are insured.

Sensitivity Analysis

The group has performed a sensitivity analysis relating to its exposure to interest rate risk, foreign currency risk and honey price risk at balance date. The sensitivity analysis demonstrates the effect on the current year results and equity which could result from a change in these risks.

Notes to and Forming Part of the Financial Statements

		2010 $	2009 $
31.	**FINANCIAL INSTRUMENTS** *(continued)*		
	Interest Rate Sensitivity Analysis		
	At 30 June 2010, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining constant would be as follows:		
	Change in profit		
	increase in interest rate by 2%	(471,000)	(583,000)
	decrease in interest rate by 2%	471,000	583,000
	Change in equity		
	increase in interest rate by 2%	(471,000)	(583,000)
	decrease in interest rate by 2%	471,000	583,000
	Foreign Currency Risk Sensitivity Analysis		
	At 30 June 2010, the effect on profit and equity as a result of changes in receivables following changes in the value of the Australian Dollar to foreign currencies, with all other variables remaining constant would be as follows:		
	Change in profit		
	increase in AUD:USD rate by 10%	(187,000)	(161,000)
	increase in AUD:CAD rate by 10%	(33,000)	(212,000)
	increase in AUD:GBP rate by 10%	-	(17,000)
	increase in AUD:EUR rate by 10%	(8,000)	(62,000)
	decrease in AUD:USD rate by 10%	228,000	197,000
	decrease in AUD:CAD rate by 10%	40,000	259,000
	decrease in AUD:GBP rate by 10%	-	21,000
	decrease in AUD:EUR rate by 10%	9,000	76,000
	Change in equity		
	increase in AUD:USD rate by 10%	(187,000)	(161,000)
	increase in AUD:CAD rate by 10%	(33,000)	(212,000)
	increase in AUD:GBP rate by 10%	-	(17,000)
	increase in AUD:EUR rate by 10%	(8,000)	(62,000)
	decrease in AUD:USD rate by 10%	228,000	197,000
	decrease in AUD:CAD rate by 10%	40,000	259,000
	decrease in AUD:GBR rate by 10%	-	21,000
	decrease in AUD:EUR rate by 10%	9,000	76,000
	Honey Price Sensitivity Analysis		
	At 30 June 2010, the effect on profit and equity as a result of changes in the purchase price of futured honey already delivered, with all other variables remaining constant would be as follows		
	Change in profit		
	increase in honey purchase price of 10%	(140,000)	(187,000)
	decrease in honey purchase price of 10%	140,000	187,000
	Change in equity		
	increase in honey purchase price of 10%	(140,000)	(187,000)
	decrease in honey purchase price of 10%	140,000	187,000
	Listed Investment Share Price Sensitivity Analysis		
	The listed investment was sold during the current financial year.		
	At 30 June 2009, the effect on profit and equity as a result of changes in the share price of the listed investment, with all other variables remaining constant would be as follows.		
	Change in equity		
	increase in share price of 10%	-	90,000
	decrease in shares price of 10%	-	(90,000)

31. FINANCIAL INSTRUMENTS *(continued)*

(b) **Financial Instruments**

i. Derivative Financial Instruments

Derivative financial instruments are used by the consolidated entity to hedge exposure to exchange risk associated with foreign currency transactions. Transactions for hedging purposes are undertaken without the use of collateral as only reputable institutions with sound financial positions are dealt with.

Forward exchange contracts

The consolidated entity enters into forward exchange contracts to buy and sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the consolidated entity against unfavourable exchange rate movements for both contracted and anticipated future sales and purchases undertaken in foreign currencies.

At balance date, there were no outstanding forward exchange contracts in respect of the consolidated entity.

Foreign currency options

From time to time the consolidated entity enters into arrangements with options to sell US dollars and buy Australian dollars. These options provide a guaranteed rate for settlement which is more favourable at the time of booking than the standard forward outright rate. A contingency obliges the company to deal further options at a contingent rate should the spot rate fall below the contingent rate.

At balance date, the consolidated entity had US$1,600,000 USD currency options, giving it the right but not the obligation to sell USD at 0.8615. There were no outstanding foreign currency options in respect of the consolidated entity.

ii. Net Fair Values

The net fair values of:

a) unlisted investments have not been established, as detailed in note 10.
b) other loans and amounts due are determined by discounting the cash flows, at market interest rates of similar borrowings, to their present value.
c) forward exchange contracts are the recognised unrealised gain or loss at balance date determined from the current forward exchange rates for contracts with similar maturities.
d) foreign currency options are not brought to account as they do not meet the recognition criteria under AASB 139 “Financial Instruments: Recognition and Measurement”.
e) other assets and liabilities approximate their carrying values.

No financial assets and financial liabilities are readily traded on organised markets in standardised form other than forward exchange contracts and foreign currency options.

Financial assets where the carrying amount exceeds net fair values have not been written down as the consolidated entity intends to hold these assets to maturity.

iii. Interest Rate Risk

The consolidated entity’s exposure to interest rate risk, which is the risk that a financial instrument’s value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on classes of financial assets and liabilities is as follows:

2010	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest maturing in less than 1 year $	Fixed Interest maturing in 1 - 5 years $	Non-interest Bearing $	Total $
Financial assets						
Cash	2.98%	471,086	-	-	1,288	472,374
Receivables	-	-	-	-	10,628,939	10,628,939
Total financial assets		**471,086**	**-**	**-**	**10,630,227**	**11,101,313**
Financial liabilities						
Commercial bills	8.87%	10,764,764	-	-	-	10,764,764
Hire purchase	4.69%	-	119,953	314,887	-	434,840
Unsecured Notes	4.67%	419,178	-	-	-	419,178
Beekeeper creditors	-	-	-	-	4,979,040	4,979,040
Bank loans	6.61%	7,289,625	-	-	-	7,289,625
Trade & sundry creditors	-	-	-	-	2,775,784	2,775,784
Total financial liabilities		**18,473,567**	**119,953**	**314,887**	**7,754,824**	**26,663,231**

Notes to and Forming Part of the Financial Statements

31. FINANCIAL INSTRUMENTS

(b) **Financial Instruments** *(continued)*

2009	Weighted Average Interest Rate	Floating Interest Rate $	Fixed Interest maturing in less than 1 year $	Fixed Interest maturing in 1 - 5 years $	Non-interest Bearing $	Total $
Financial assets						
Cash	0.35%	237,498	-	-	2,037	239,535
Receivables	-	-	-	-	10,962,893	10,962,893
Total financial assets		**237,498**	**-**	**-**	**10,964,930**	**11,202,428**
Financial liabilities						
Commercial bills	3.21%	21,250,000	-	-	-	21,250,000
Hire purchase	6.09%	-	224,128	751,618	-	975,746
Unsecured Notes	2.58%	736,530	-	-	-	736,530
Beekeeper creditors	-	-	-	-	3,790,400	3,790,400
Bank loans	4.54%	6,013,122	120,980	201,635	-	6,335,737
Trade & sundry creditors		-	-	-	3,483,525	3,483,525
Total financial liabilities		**27,999,652**	**345,108**	**953,253**	**7,273,925**	**36,571,938**

	2010 $	2009 $
32. PARENT ENTITY INFORMATION		
Net (loss) profit attributable to members of CHL	(6,753,221)	493,004
Change in market value of available for sale financial assets	711,116	(711,116)
Total comprehensive income for the year attributable to members of CHL	**(6,042,105)**	**(218,112)**
Current assets	23,404,232	25,764,115
Total assets	**46,969,475**	**60,208,160**
Current liabilities	11,612,674	18,214,780
Total liabilities	**27,311,358**	**36,536,536**
Issued Capital	7,394,958	5,366,360
Asset revaluation reserve	4,042,851	3,331,735
Retained earnings	8,220,308	14,973,529
Total equity	**19,658,117**	**23,671,624**
Capital expenditure commitments not provided for in the financial statements	-	110,186
Future operating leases not provided for in the financial statements	103,793	136,293

Notes to and Forming Part of the Financial Statements

33. CHANGE IN ACCOUNTING POLICY

a) Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB, which are mandatory to apply to the current period. Disclosures required by these Standards that are deemed material have been included in these financial statements on the basis that they represent a significant change in information from that previously made available.

Presentation of Financial Statements

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in these financial statements include:

- The inclusion of a Statement of Comprehensive Income. Items of income and expense not recognised in profit or loss are now disclosed as components of “other comprehensive income”. In this regard, such items are not longer reflected as equity movements in the Statement of Changes in Equity”;
- The adoption of the separate income statement approach to the presentation of the Statement of Comprehensive Income; and
- Other financial statements are renamed in accordance with the Standard.

Operating Segments

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group’s chief operating decision maker, which, for the Group is the board of directors. In this regard, such information is provided using different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position. Reconciliations of such management information to the statutory information contained in the financial statements have been included.

b) New Accounting Standards for Application in Future Periods

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. A discussion of those future requirements and their impact on the Group follows:

- ASSB 9: Financial Instruments and AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (applicable for annual reporting periods commencing on or after 1 January 2013).

  These standards are applicable retrospectively and amend the classification and measurement of financial assets. The Group has not yet determined the potential impact on the financial statements.

  The changes made to accounting requirements include:

  - Simplifying the classifications of financial assets into those carried at amortised cost and those carried at fair value;
  - Simplifying the requirements for embedded derivatives;
  - Removing the tainting rules associated with held-to-maturity assets;
  - Removing the requirements to separate and fair value embedded derivates for financial assets carried at amortised cost:
  - Allowing an irrevocable election on initial recognition to present gains and losses on investments in equity instruments that are not held for trading in other comprehensive income. Dividends in respect of these investments that are a return on investment can be recognised in profit and loss and there is no impairment or recycling on disposal of the instrument; and
  - Reclassifying financial assets where there is a change in an entity’s business model as they are initially classified based on:

    a) the objective of the entity’s business model for managing the financial assets; and

    b) the characteristics of the contractual cash flows.

- AASB 124: Related Party Disclosures (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard removes the requirement for government related entities to disclose details of all transactions with the government and other government related entities and clarifies the definition of a related party to remove inconsistence and simply the structure of the standard. No changes are expected to materially affect the Group.

- AASB 2009-4: Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 2 and AASB 138 and AASB Interpretations 9 & 16] (applicable for annual reporting periods commencing from 1 July 2009) and AASB 2009-5: Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139] (applicable for annual reporting periods commencing from 1 January 2010).

  These standards detail numerous non-urgent but necessary changes to accounting standards arising from the IASB’s annual improvements project. No changes are expected to materially affect the Group.

Notes to and Forming Part of the Financial Statements

34. CHANGE IN ACCOUNTING POLICY

b) New Accounting Standards for Application in Future Periods (continued)

- AASB 2009-8: Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments clarify the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when the entity has no obligation to settle the share-based payment transaction. The amendments incorporate the requirements previously included in Interpretation 8 and Interpretation 11 and as a consequence, these two Interpretations are superseded by the amendments. These amendments are not expected to impact the Group.

- AASB 2009-9: Amendments to Australian Accounting Standards – Additional Exemptions for First-time Adopters [AASB 1] (applicable for annual reporting periods commencing on or after 1 January 2010).

  These amendments specify requirements for entities using the full cost method in place of the retrospective application of Australian Accounting Standards for oil and gas assets, and exempt entities with existing leasing contracts from reassessing the classification of those contracts in accordance with Interpretation 4 when the application of their previous accounting policies would have given the same outcome. These amendments are not expected to impact the Group.

- AASB 2009-10: Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (applicable for annual reporting periods commencing on or after 1 February 2010).

  These amendments clarify the rights, options or warrants to acquire a fixed number of an entity's own equity instruments for a fixed amount in any currency are equity instruments if the entity offers the rights, options or warrants pro-rata to all existing owners of the same class of its own non-derivative equity instruments. These amendments are not expected to impact the Group.

- AASB 2009-12: Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052] (applicable for annual reporting periods commencing on or after 1 January 2011.

  This standard makes a number of editorial amendments to a arrange of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial statementsing Standards by the IASB. The standard also amends AASB 8 to require entities to exercise judgment in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures. These amendments are not expected to impact the Group.

- AASB 2009-13: Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1] (applicable for annual reporting periods commencing on or after 1 July 2010).

  This standard makes amendments to AASB 1 arising from the issue of Interpretation 19. The amendments allow a first-time adopter to apply the transitional provisions in Interpretation 19. This standard is not expected to impact the Group.

- AASB 2009-14: Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement [AASB Interpretation 14] (applicable for annual reporting periods commencing on or after 1 January 2011).

  This standard amends Interpretation 14 to address unintended consequences that can arise from the previous accounting requirements when an entity prepays future contributions into a defined benefit pension plan.

- AASB Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments (applicable for annual reporting periods commencing on or after 1 July 2010).

  This Interpretation deals with how a debtor would account for the extinguishment of a liability through the issue or equity instruments. The Interpretation states that the issue of equity should be treated as the consideration paid to extinguish the liability, and the equity instruments issued should be recognised at their fair value unless fair value cannot be measured reliably in which case they shall be measured at the fiar value of the liability extinguished. The Interpretation deals with situations where either partial or full settlement of the liability has occurred. This Interpretation is not expected to impact the Group.

The Group does not anticipate the early adoption of any of the above Australian Accounting Standards.

Shareholders' Information

As at 31 July 2010

CHL is listed on the Bendigo Stock Exchange using the ticker code 'CAP'.

a) **Classes of Shares**

There is one Foundation Share on issue, which is held by the ultimate parent entity CBL.

All other shares are ordinary shares in the company.

b) **Voting Rights**

At the Annual General Meeting held on 30 November 2010, Shareholders voted to amend the Constitution, with the following major changes:

- The Foundation Share now ranks as an ordinary share with no special voting rights.
- The Foundation Shareholder may appoint two Beekeeper Directors to the Board of Directors.

c) **Distribution of Shareholdings**

The number of shareholders, by size of holding are:

	Foundation Share		Ordinary Shares	
	Number of Holders	**Number of Shares**	**Number of Holders**	**Number of Shares**
1 – 1,000	1	1	89	38,542
1,001 – 5,000			271	772,912
5,001 – 10,000			157	1,158,788
10,001 – 100,000			182	3,858,155
100,001 and over			8	2,691,801
			707	8,520,190

d) **Shareholders holding less than a marketable parcel**

There are 52 shareholders holding 9,196 shares which the company considers to be less than a marketable parcel of shares (value $500), when using a value of $0.93 per share, being the weighted average traded price of the last 5 share trades on the Bendigo Stock Exchange.

e) **Ten largest shareholders**

The names of the ten largest holders of quoted shares are:

		Number of Ordinary Shares	Percentage of Ordinary Shares
1.	GPG NOMINEES PTY LIMITED	1,078,167	12.65%
2.	BAKER FAMILY SUPER FUND	343,432	4.03%
3.	MASTERS R D SUPER FUND	330,800	3.88%
4.	QUINN P J SUPER FUND	301,000	3.53%
5.	JENIK M	201,000	2.36%
6.	YTQUES S	201,000	2.36%
7.	PAULEY G F & M J	136,400	1.60%
8.	CAPEFIN PTY LTD	100,002	1.17%
9.	WINPAR HOLDINGS LIMITED	100,000	1.17%
10.	SLOSS J & N	84,887	1.00%
		2,876,688	33.76%

f) **Company Secretary**

Mr Richard Rivalland

g) **Registered Office**

399 Archerfield Road, Richlands Qld 4077. Telephone (07) 3712 8282.

h) **Register of Securities**

The Register of Securities is held at 399 Archerfield Road, Richlands Qld 4077.

Contact Details

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Capilano Group **of Companies**	Capilano Honey Limited Honey Corporation of Australia Pty Ltd Capilano Canada Inc. 399 Archerfield Road Richlands Qld 4077 (PO Box 531, Inala Q 4077) Telephone: (07) 3712 8282 Fax: (07) 3712 8286
Bankers	HSBC Bank Australia Limited
Auditors	Cranstoun & Hussein Chartered Accountants

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