



## HALF YEAR REPORT TO SHAREHOLDERS

for the six months ended 31 December 2015

Dear Shareholder

### CAPILANO DELIVERS ANOTHER RECORD HALF-YEAR PROFIT

Capilano's business continues to grow as we concentrate on the core strategies of meeting our consumer's expectations, leading innovation and delivering consistent premium quality in both flavour and packaging.

For the six months to 31 December 2015, we are pleased to report a net profit before tax (NPBT) of \$7.77m, which compares to \$5.12m for the same period last year, an improvement of over 51%.

Revenue has increased over 15% to \$67.1m due to continued growth in market share of branded retail products throughout the business. Export sales have driven performance with growth of over 32%, with sales to Asia up 53%.

Interest bearing net debt has increased to \$20.2m as we fund acquisitions and meet the much greater working capital needs of our growing business. Inventory value for the period has increased from \$23.3m to \$32.6, with stock growing to 4,288 tonnes from the historical low of 2,223 tonnes for the same time last year. Increased inventory is assisting our ability to meet new sales demands and achieve the best quality product, with valuable Australian honey stock on hand increasing 1,027 tonnes (91%).

Capilano Honey Limited Group - 6 months to 31 December	FY15 Half Year \$million	Current Half Year \$million
Revenue	\$57.9	\$67.1
Earnings Before Interest and Tax (EBIT)	\$5.36	\$8.02
Net Operating Profit Before Tax (NPBT)	\$5.12	\$7.77
Average Honey Price / Kg	\$4.61	\$5.64
Current Ratio	1.88	1.66
Debt Ratio (Total Liabilities/Total Assets)	46%	52%
Gearing Ratio (Net Interest Bearing Debt/Equity)	13%	52%
Interest Cover	25.9	35.5
Net Assets	\$32.2	\$39.2
Earnings Per Share (EPS)	\$0.42	\$0.64
Net Assets Backing/Share	\$3.78	\$4.56



The average cost of supplier honey for the 6 months to 31 December has risen to \$5.64/kg compared with \$4.61/kg for the same period last year, reflecting heightened competition in the market and sustained lower primary production. Changes in sales mix and wholesale price increases has largely recovered the rising cost of raw materials.

The implementation of our new Capilano Apiaries beekeeping venture is progressing well and we remain committed to our security of supply chain strategies.

Capilano's re-commissioning of our factory in Maryborough, Victoria, is expanding operational capability and is delivering supply of premium glass jars and non-honey products. We will be relocating our retail honey pail production to this site to further improve capacity at our Brisbane based head office facility, where we pack our key retail lines.

Greater levels of inventory and continued interest in our natural wholesome products, in conjunction with new product ranging, should see Capilano continue to prosper over the remainder of the financial year and into the future.

Capilano's Directors have decided to continue the practice of considering only an annual dividend.

Yours sincerely

Ben McKee  
Managing Director

