

MINUTES OF MEETING

Minutes of Annual General Meeting ("AGM") held at the Springlake Hotel, Springfield Lakes, Queensland on Friday, 25 November 2011.

PRESENT (AGM 514)

Directors: Trevor Morgan (Chairman), Phillip McHugh (Deputy Chairman), Roger Masters (Managing Director) and Simon Tregoning.

Staff by Invitation: David Graham (Company Secretary), Ben McKee (General Manager - Operations), Rhys Holbeck (National Account Manager); Bill Winner (Beekeeper Services Manager), Annette Zbasnik (Corporate Secretary), Emma Pryor (Marketing Co-ordinator) and Lynne De-Roule (Beekeeper Administrator).

Shareholders: 30 members & partners, as per attendance register.

OPENING & WELCOME (AGM 515)

Mr Morgan opened the meeting at 11.15am and welcomed those present.

He also welcomed professional business advisor to the Capilano Group – Junaide Latif of William Buck, Auditors.

ACKNOWLEDGEMENT OF APPOINTMENT OF BEEKEEPER DIRECTORS (AGM 516)

Mr Morgan advised that the Foundation Shareholder had not advised any change to the current appointed Beekeepers Directors.

APOLOGIES (AGM 517)

The Chairman called for apologies from those shareholders unable to attend and these were received from John & Marlene Nelson, Graham & Karen Baker, Ron & Dawn Rich, Roy Barnes, Vince & Della Elliott, Kay Elson and Brett Heading.

DECLARATION OF POLL (AGM 518)

The Chairman referred to the explanatory note accompanying the proxy forms forwarded to shareholders and declared that voting on the resolution dealing with the Remuneration Report would be by poll.

Tellers

On a motion moved by Monte Klingner and seconded by Bernie Ballantyne it was resolved that Annette Zbasnik be appointed to count the votes.

Voting Slips

On a motion moved by Eduard Planken and seconded by Enrico Albertani it was resolved that all voting slips and associated computer records be destroyed once they were counted and the poll declared.

Proxies held by Directors and Management

The Chairman advised the following details of proxies received by directors and management:

	Proxies received by Directors	Votes Available	Proxies received by Management	Votes Available
Voted on all Resolutions	11	504,691	5	473,675
Voted on some Resolutions	-	-	-	-
Not voted in any way	4	381,066	3	62,645
Total Proxies Received	15	885,757	8	536,320

FINANCIAL & STATUTORY REPORTS (AGM 519)

The Chairman then moved to the next item on the Agenda, that being the Directors' Report, Financial Statements and the Report of the Auditor for the year ended 30 June 2011.

Following is an extract of his Report tabled to the meeting:

"This year has seen the consolidation of the business with a solid result after the changes that were made over the last two years.

While it has been a good year for Capilano, many of our suppliers have endured weather conditions that have been unusual at best and severe in many other cases. The floods in Queensland and Victoria impacted on honey producers in those areas, and many other areas have been affected by considerably higher rainfall than is normal. Fortunately the Capilano factories and offices in Richlands and Maryborough were both well above any potential flood levels and were not directly affected.

These unusual conditions resulted in the supply of honey being below what was expected at the beginning of the year, but Capilano was able to obtain adequate supplies of Australian honey to meet its requirements, although stock levels were relatively low at the end of the financial year. The good rainfall over almost all of the areas that supply honey to the company is expected to result in ample supply of good quality honey for the coming year.

Results

A net profit after tax of \$4.47m for the year is a good result that builds on the solid performance achieved in the second half of last year.

This was achieved while paying a reasonable and consistent price to suppliers for honey that resulted in an average of \$3.25/kg for the year over all grades.

The decision last year to exit marginal export business and to focus only on more profitable sales has seen a reduction in total sales, but an increase in profitability. The continued high value of the Australian dollar compared to most other currencies during this year has proven the merit of that decision.

The Board resolved to pay a fully franked final dividend of 15 cents per share for the year on all ordinary shares.

While debt reduction continues to be an objective of the Board, some return to shareholders is warranted. The amount being paid in dividend is only a proportion of the profit for the year, less than half; the remainder will be applied to debt reduction. Following the significant reduction in debt that was achieved last financial year, this year has seen a further reduction of \$7.1m in interest bearing debt since July 2010.

Cash flow continues to be strong and debt remains well within borrowing facility limits.

Business Overview

We will continue to focus on profitable markets for honey and building our brand strength in those markets.

Congratulations must go to our small sales team for the concerted effort, working with our major customers, to increase the strength of the honey category within supermarkets. This has seen a steady increase in Capilano's market share against our competitors this year and has led to the category being more productive for both Capilano and our customers.

With a supply base that matches our expected requirement we have reduced the risk associated with over supply and are well placed to take advantage of any opportunities as they arise.

A decision to consolidate all facilities to the Maryborough factory, provided an acceptable amount could be received for the sale of the Richlands factory, resulted in several offers but none that met the value or risk criteria set down by the Board. To avoid any further disruption and uncertainty for staff and suppliers it was resolved in June to discontinue the sale program and to retain the Richlands facility.

Our People

The good result this year could not have been achieved without the dedication and commitment of all the staff and management at the company, they have done an outstanding job and I thank them for their efforts.

The company has been trimmed of any excess expense to improve competitiveness, however this has meant in many cases the work and responsibility of running the operation is done by only a few people, this has resulted in a more efficient operation but we remain vigilant that adequate succession planning and backups are maintained. The Board has spent some time recently to ensure this happens.

I would also like to thank the other members of the Board for their commitment, willingness to work hard and their attention to detail over the last year. We have a small Board now, also in the interests of reducing costs and improving efficiency, but this places a considerably greater level of responsibility and work on those few Board members. The current Board works well, offering a range of expertise and operates as a very effective team.

Finally I would like to thank our shareholders and suppliers for their continued support."

He then invited shareholders to raise any issues they would like discussed from the CHL Annual Report, and also direct any questions to the Auditor, noting that these questions may only relate to the Conduct of the Audit or the Audit Report.

REMUNERATION REPORT (AGM520)

The Chairman then moved to the Resolution dealing with the Remuneration Report.

Following is an extract of the Chairman's report tabled to the meeting:

"This year's Report of Directors again contains a separate Remuneration Report on pages 7 to 10. The Corporations Law provides for shareholders to have a vote on the Remuneration report.

The vote is non-binding, but provides an opportunity for shareholders to indicate their support or opposition to the Board's Remuneration Policy.

In brief, Capilano endeavours to provide remuneration that is comparable with the salaries for similar positions in other companies. Incentives provide opportunity for some employees to achieve improved remuneration in accordance with Company performance and / or key personal performance indicators.

The Board uses independent reviews to compare salaries and retains the services of remuneration advisors RPC for further advice on remuneration matters.

The Board considers the Company's Remuneration Policy developed over many years is tried and tested and best suits the Company's needs to attract the most suitable people. The Board would welcome shareholder support for the Company's Remuneration Report."

Mr Peter Barnes then moved that the Remuneration Report be adopted in accordance with the details appearing in the Notice of Meeting. Phillip McHugh then seconded the motion.

There being no questions or comments from shareholders, the Chairman asked them to vote on the ballot papers provided.

RESULTS OF POLL – REMUNERATION REPORT (AGM 521)

At the invitation of the Chairman, the Secretary reported the results of the poll as follows:

IN FAVOUR of the motion	:	1,824,414	86%
AGAINST the motion	:	291,045	

The Company Secretary advised that the motion was passed.

CLOSURE (AGM 522)

There being no other business relating to the Annual General Meeting, the Chairman thanked shareholders for their attendance and attention to business and he then closed the meeting at 11.30am.