



MINUTES OF MEETING

Minutes of Annual General Meeting ("AGM") held at the Lakes Resort,
West Lakes, South Australia on Friday, 6 October 2006.

PRESENT (AGM 024)

Directors: Trevor Morgan (Chairman), Ian Cane (Deputy Chairman), Roger Masters (Managing Director), Phillip McHugh, Rosemary Doherty, Greg Roberts, Bernard Ballantyne and Simon Tregoning.

Staff by Invitation: Errol Bailey (*Company Secretary*), Anthony Moloney (*Science & Strategic Development Director*), Richard Rivalland (*Financial Controller*), George Gatenby (*National Business Manager*), Peter McDonald (*General Manager - International Business*), John Gill (*General Manager - Operations*), Ben McKee (*Operations Manager*), Peter Silver (*Victorian Operations Manager*), Bill Winner (*Beekeeper Services Manager*), Carolyn Bryce (*Shareholder Services*), and Annette Zbasnik (*Corporate Secretary*)

Shareholders: 56 members & partners, as per attendance register.

OPENING & WELCOME (AGM 025)

The Chairman opened the meeting at 1.30pm and welcomed those present, especially those who had travelled long distances to attend.

He also welcomed Mr Junaide Latif of Cranstoun & Hussein, auditors for the Capilano Group.

He advised that whilst Capilano Beekeepers Ltd does not actively trade, it is the controlling entity of Capilano Honey Limited, and as such he considered it appropriate that shareholders review the Capilano Honey Annual Report prior to voting on the resolutions to be decided at the meeting. He advised that this discussion would take place after the Capilano Beekeepers Ltd Reports had been considered. He also noted that the Annual Report of Capilano Honey Limited would be reviewed by that company's shareholders at its AGM in November.

He then reminded shareholders that the current meeting was the AGM of Capilano Beekeepers Ltd and only matters which were AGM matters of that company would be discussed.

IN MEMORIAM (AGM 026)

At the request of the Chairman, the meeting observed a minute's silence in remembrance of those shareholders who had passed away since the last meeting.

APOLOGIES (AGM 027)

The Chairman called for apologies from those shareholders unable to attend and these were received from Brett & Lynda Lutze, Graham Baker, Michael & Marlene Nelson, Joyce & Graham Wagenfeller, Noel & Val Lewis, Robert & Ben Hooper, Ross & Joan McHugh, Ken & Karen Gell, Darren Smith, Bob Weir, Alan Gell, Brian & Ian Woolfe, Robert Seagraves, and Vince, Della & Phillip Elliott.

DECLARATION OF POLL (AGM 028)

The Chairman then referred to the explanatory note accompanying the proxy forms forwarded to shareholders, and declared that voting on the resolutions dealing with the election of directors and the Remuneration Report would be by poll.

Tellers

On a motion moved by Barry Pobke and seconded by Rod Gell it was resolved that Annette Zbasnik and Carolyn Bryce be appointed Tellers for the counting of votes.

Scrutineers

The meeting agreed not to appoint a scrutineer to observe the counting of votes.

Capilano Beekeepers Ltd
ACN: 108 568 672

Voting Slips

On a motion moved by Monte Klingner and seconded by Keith Gibbs, 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	17	186,156	6	66,697
Voted on some Resolutions	-	-	1	15,360
Not voted in any way	6	42,246	2	18,005
TOTAL PROXIES RECEIVED	23	228,402	9	100,062

FINANCIAL & STATUTORY REPORTS (AGM 029)

The Chairman advised that Capilano Beekeepers Ltd ("CBL") was incorporated in 2004, and that by resolution of Capilano Honey Limited ("CHL") shareholders, CBL was issued with a Foundation Share on 14 May 2004.

He noted that the Foundation Share provides for CBL to have:

- 75% of the total number of votes able to be cast in relation to special resolutions of CHL;
- the power to pass or veto any ordinary resolution put to a shareholders' meeting of CHL; and
- the elected Directors of CBL to be appointed as Beekeeper Directors of CHL.

The Chairman advised that the Foundation Share provides CBL with a level of control of CHL that requires preparation of separate Accounts, and that the CBL Accounts presented are the Consolidated Statement of Financial Performance of the Capilano Group of Companies for the year ended 30 June 2006. He reminded the meeting that CBL, the parent company, did not trade.

He noted that the important matters of this meeting were to consider resolutions for election of directors and the resolution to establish the way in which the Foundation Share will be voted on the Remuneration Report at the Annual Meeting of CHL.

The Chairman then referred to the Concise Financial Report included in the Annual Report and the full Financial and Statutory Report, and noted that these Reports provided details of the operations of the company for the y/e 30 June 2006. He was pleased to present them to shareholders and to commend Management on their preparation and invited shareholders to raise any issues they would like discussed on the CBL Reports.

He also invited shareholders to raise any issues they would like discussed on the Financial and Statutory Reports of CHL.

He then continued by saying that it is pleasing to see that the results for the year ended 30th June 2006 have shown a significant improvement over the previous year, and noted that this had occurred during a period when the bulk price of honey on the world market had remained low and the SA had maintained a relatively high level against other currencies.

PO Box 66
Richlands Q 4077
Ph: (07) 3712 8282
Fax: (07) 3712 8286

The low returns from the export bulk market had highlighted the importance of continuing our strategy of developing pre-packed export sales to generate greater returns and to provide greater stability for Capilano, its shareholders and its suppliers.

Overview of Results

Net profit after tax of \$1.4 million for the group reflected a turnaround of \$3.3 million compared with last year, and had allowed us to pay a dividend of 5 cents per share for the year.

The Chairman noted that the Company's Balance Sheet remains strong, and that the Company's Audit is unqualified.

The average price paid for quota honey was A\$2.00 per kg, a decrease of 25% from last year, reflecting lower international honey prices and intensive price competition in the Australian market, especially in the supermarket private label area.

Unfortunately, whilst this price is near or below the cost of production for some suppliers, the Board recognises the importance of local suppliers of high quality honey to the long term success of the Capilano Group.

He continued by saying that the operational changes for the Maryborough plant outlined earlier today at the Management Presentation are an example of the Company's constant endeavour to obtain greater efficiencies. The aim is to deliver a sustainable buying price for honey and to provide shareholders with a reasonable return on their investment in the Company.

The structural changes that were discussed in the Half Year Report to Shareholders continue to affect the company. Total domestic supermarket sales have remained static during this year, with increased competition from farm gate, farmers markets and discount pricing by some of the company's competitors.

Despite this, it is pleasing to note that Capilano has been able to maintain its share of supermarket sales during the same period.

Supermarkets have made clear their plans for their own brands i.e. private label. Private label previously returned fair and reasonable margins but the introduction of e-auctions and increased competition has seen these reduced to unattractive and unsustainable levels.

The Chairman then referred to other operations in which Capilano is involved:

Firstly, the Joint Venture with HoneyMax

The Joint Venture with HoneyMax in Argentina continues to provide a source of honey that cannot always be obtained locally to meet the requirements of our overseas customers.

Sales of bulk honey through the HoneyMax facility this year were lower than expected due to the higher volumes of Australian honey available. The joint venture with HoneyMax remains important to meet customer requirements and to provide security of supply for the retail markets the company is developing overseas particularly at times of low production in Australia.

Capilano Subsidiaries

Medihoney Pty Ltd

The financial results show an improved sales result for Medihoney but the investment required to develop the market for Medihoney products has been high and had an impact on the overall group results.

The Board believes the attributes of Medihoney, its antibacterial activity and its ability to combat antibiotic resistant organisms is very important and offers a valuable opportunity to the company for development. The Board also recognises that to fully realise the potential of Medihoney this growth requires significant further investment. To facilitate this expansion Directors have, during this year, sought advice and investigated opportunities to raise capital to allow us to realise the full potential of Medihoney and reduce its dependence on Capilano for funding. These investigations are ongoing.

Capilano Labonte Inc. (CLI)

CLI continues to increase its share of the Canadian market and provide an outlet for Australian honey at better returns than have been available on the bulk commodity market. Despite significant price competition in Canada CLI has performed to expectation.

The Board is confident CLI will develop into an important contributor to overall group results.

CLI also affords an easier access into the US market which represents an important opportunity to expand overseas pre-packed sales.

Looking to the Future

The Chairman then referred to the marketing campaign outlined in the Management Presentation prior to this meeting, and noted that although expensive, the campaign should position the company well to gain an increased proportion of the local market and help to grow the whole category

He noted that there had been a firming in the world price of honey in the last months of this financial year which, if sustained, may ease the competitive pressure on the local market and provide improved opportunities overseas.

Capilano's ability to provide a quality assured product continues to help it in all the markets in which it operates. The establishment of company owned laboratory facilities ensures adequate and timely testing of product and the thorough trace back systems in place significantly reduce the risks to the company, and its suppliers alike.

The Chairman then proceeded to congratulate the company's suppliers on their willingness to implement their quality systems to provide greater security.

He then continued with comments about his Board of Directors, as follows:

There have been significant changes to the Board during the past year, beginning with the election of Greg Roberts at the last AGM after the retirement of the previous Chairman, Don Keith.

Warwick Wilshire also retired on the 30 June 2006 after 23 years service with the Company, beginning as Managing Director in 1983 and followed by a further 10 years as an independent non executive Director. The Chairman noted that Warwick's experience and wisdom will be a loss to the Board but his replacement, Simon Tregoning, brings broad expertise and a diverse knowledge that has already benefited Capilano.

The changes that have occurred in the Board this year have placed an added responsibility on the existing members who have all worked extremely well together to make an effective and productive team.

He concluded by thanking all staff and management for their commitment and dedication to Capilano.

He then invited shareholders to raise any issues they would like discussed from the Annual Reports of both CBL and CHL.

He also invited questions to the Auditor, noting that these questions can only relate to the Conduct of the Audit or the Audit Report.

DIRECTORS (AGM 030)

There being no questions, the Chairman then moved to the Resolutions dealing with the election of directors, and advised that Ian Cane and Rosemary Doherty were the directors retiring by rotation. Both Ian & Rosemary being eligible, had offered themselves for re-election. As no other nominations had been received by the close of nominations, there were two nominees for the two available vacancies.

He then asked shareholders to vote on the ballot paper provided.

REMUNERATION REPORT (AGM 031)

Ian Cane 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.

After a comment from Monte Klingner the Chairman asked shareholders to vote on the ballot paper provided.

Adjournment - Counting Of Votes

The Chairman formally adjourned the meeting at 2.00 pm so the counting of votes could be finalised.

Resumption

The Chairman reconvened the meeting at 2.15 pm.

RESULTS OF POLL – ELECTION OF DIRECTORS

(AGM 032)

The Secretary then read out details of the votes received by each of the candidates, as follows:

		FOR	AGAINST
I A Cane	:	618,923	113,012
R Doherty	:	591,508	168,386

The Chairman then formally declared Ian Cane and Rosemary Doherty duly elected as directors.

Both directors then thanked shareholders for their confidence in electing them, and pledged to serve the Company to the best of their endeavours during their forthcoming terms of office.

RESULTS OF POLL – REMUNERATION REPORT

(AGM 033)

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

IN FAVOUR of the motion	:	458,263
AGAINST the motion	:	223,272

The Chairman thanked shareholders for their support of this Resolution, which was an endorsement of the Board's policy on this important matter, and advised that the Foundation Share would be voted in favour of the proposal to approve the Remuneration Report at the Annual General Meeting of CHL.

The Chairman also advised that he had spoken to Monte Klingner during the adjournment, and confirmed that the Law required the Remuneration Report to be voted on by shareholders at every AGM of the company.

CLOSURE (AGM 034)

There being no other business relating to the AGM the Chairman thanked shareholders for their attendance and attention to business, and in closing, said that he was looking forward to meeting with them all at the Annual Dinner that evening.

He then closed the meeting at 2. 20pm.