

MINUTES OF MEETING

Minutes of the Annual General Meeting held at the Queensland Lions Soccer Club,
Richlands, Queensland at 2.00pm on Friday 24 November 2006

PRESENT (AGM 456)

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

Staff by Invitation: Errol Bailey (*Company Secretary*), Richard Rivalland (*Financial Controller*), Peter McDonald (*General Manager - International Business*), John Gill (*General Manager - Operations*), Ben McKee (*Operations Manager*), George Gatenby (*National Business Manager*), Bill Winner (*Beekeeper Services Manager*) and Annette Zbasnik (*Corporate Secretary*).

Shareholders: 13 members & partners, as per attendance register.

OPENING & WELCOME (AGM 457)

Mr Morgan opened the meeting at 2.00pm and welcomed those present.

IN MEMORIAM (AGM 458)

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 459)

The Chairman called for apologies from those shareholders unable to attend and these were received from Rex & Naomi Carruthers, Alan & Lynne Stratton and Graham & Karen Baker.

DECLARATION OF POLL (AGM 460)

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 Wayne Sawdy and seconded by Tony Knight it was resolved that Annette Zbasnik be appointed to count the votes.

Voting Slips

On a motion moved by David Stevens and seconded by Tony Knight, it was resolved that all voting slips and associated computer records be destroyed once they were counted and the poll declared.

FINANCIAL & STATUTORY REPORTS (AGM 461)

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 2006.

He reported that it was pleasing to see the results for the year ended 30th June 2006 had 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 \$A had maintained a relatively high level against other currencies.

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

Overview of Results

Net profit after tax of \$1.4 million for the group reflected a turnaround of \$3.7 million from the previous year, and had allowed the payment of a dividend of 5 cents per share. The Company's Balance Sheet remained strong, and that the Company's Audit is unqualified.

He continued by noting that 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.

The Chairman reported that the operational changes planned for the Maryborough plant was an example of the Company's constant endeavour to obtain greater efficiencies. Directors aim 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, he reported that it was 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 private label brands. 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:

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 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 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.

Medihoney Pty Ltd

The financial results show an improved sales result for Medihoney but the investment required to develop the market for its products has been high and has 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 Management's proposed marketing campaign and noted that whilst appearing to be expensive, the campaign should position the Company well to gain an increased proportion of the local market and help to grow the whole category.

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 noted that there have been significant changes to the Board during the past year, beginning with the election of Greg Roberts at the 2005 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 Report, and he also invited questions to the Auditor, noting that these questions could only relate to the conduct of the Audit or the Audit Report.

Questions were asked by Duncan McMartin and Wayne Sawdy and were answered to the satisfaction of the Meeting.

ELECTION OF DIRECTORS (AGM 462)

The Chairman then advised that at the CBL AGM on 6 October 2006 Mr Ian Cane and Mrs Rosemary Doherty were elected directors of that company, and in accordance with the Constitution were automatically appointed directors of CHL.

REMUNERATION REPORT (AGM 463)

The Chairman advised that at the CBL AGM, shareholders had resolved to support the recommendation to adopt the Remuneration Report included in the Annual Report. Accordingly he advised that the Foundation Share will be voted in favour of this resolution.

Mr Ian Cane then moved that the Remuneration Report be adopted in accordance with the details appearing in the Notice of Meeting.

Mr 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.

Adjournment - Counting Of Votes

The Chairman formally adjourned the meeting at 2.25pm for the counting of votes.

Resumption

The Chairman then reconvened the meeting at 2.38pm.

RESULTS OF POLL – REMUNERATION REPORT (AGM 464)

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

IN FAVOUR of the motion	:	192,527
AGAINST the motion	:	41,788

The Chairman advised accordingly that the motion was passed.

CLOSURE (AGM 465)

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 2.40pm.
