

District Visits April 2007



Topics:

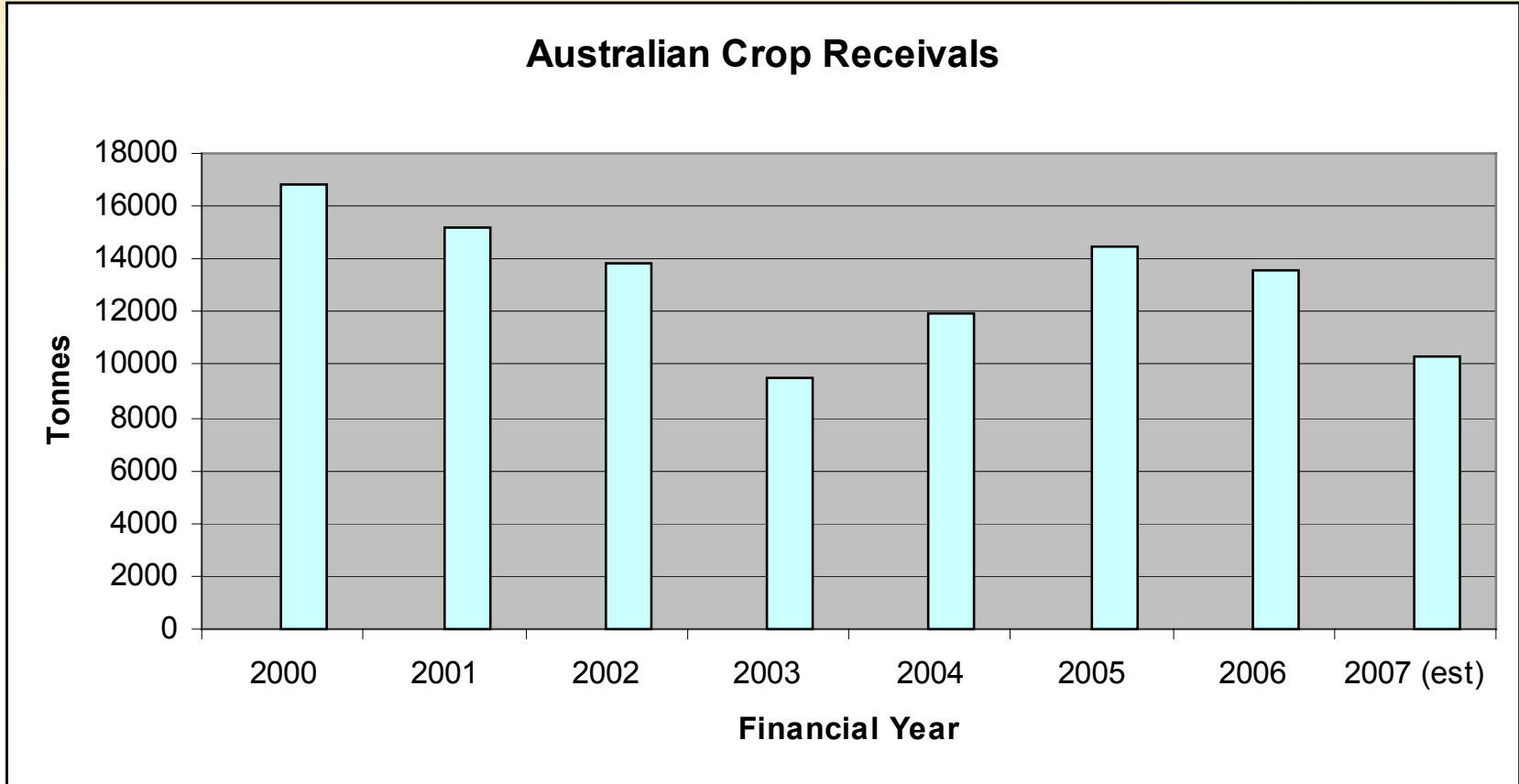


- **Operational Review**
- **Medihoney**

Honey Receivals



Capilano Honey Supply



Capilano Honey Supply



	2007 (est)	2006	2005	2004	2003
Receivals - tonnes	10,351	13,564	14,466	11,949	9,527
Average Price - \$/kg	\$ 2.17	\$ 2.00	\$ 2.70	\$ 4.38	\$ 4.23
Import - tonnes	180	224	333	2,384	5,000

Bulk Export Prices



US\$/Tonne

A\$/kg

Australia

US\$2,100

\$2.50

Argentina

Crop is below average because of bad weather

US\$1,800

\$2.17

China

USA anti-dumping regulations making it harder for China to export to USA.

US\$1,350

\$1.62

Canada

Last season was the second highest production on record.

US\$1,800

\$2.17

Brazil

Due to quality assurance regulations

Banned from supplying EU

Financial



Balance Sheet



	YTD	2006	2005
Current Ratio	3.00	3.05	2.54
Debt Ratio	54.1%	57.9%	66.0%
Interest Cover	2.17	3.53	0.99

Profitability



Capilano Honey Limited		2007	2006	2005
For 9 months to 31 March		\$'000	\$'000	\$'000
Sales	Domestic	28,479	32,601	35,605
	Export	16,743	15,221	16,966
	Tonnes	9,615	9,911	9,505
EBIT		896	2,652	(205)
		2.0%	5.5%	-0.4%
NPBT		(305)	1,443	(1,430)

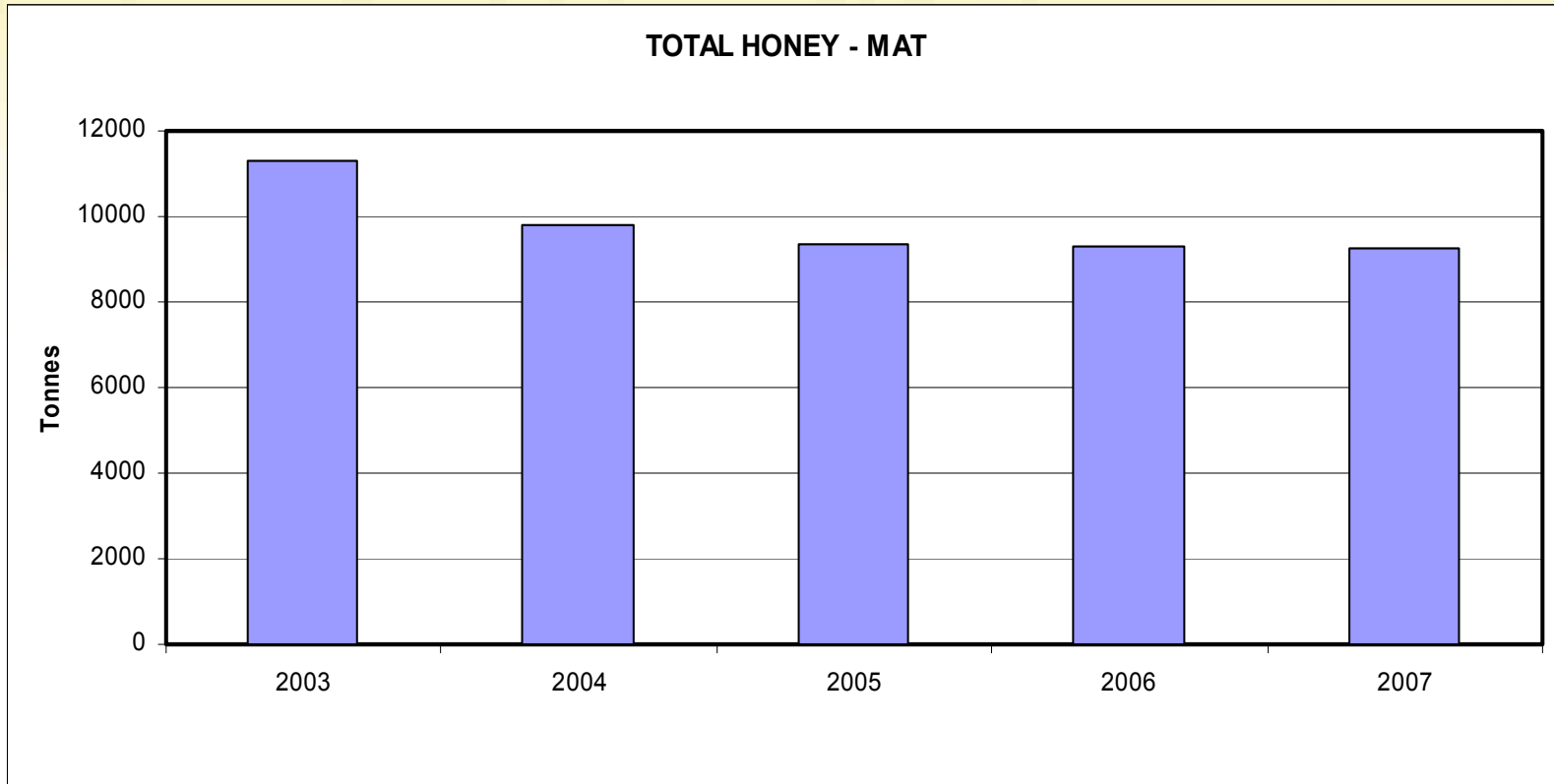
Impacts on Profit



- Rising honey cost increases our costs
 - 9615 tonnes x change in average honey price (17 cents) = \$1.63 million
- Expenses have been cut substantially with Maryborough restructure
- Profit reduced by customer transfer to private label
 - Private label is low margin business for the packer

Australian Retail Market

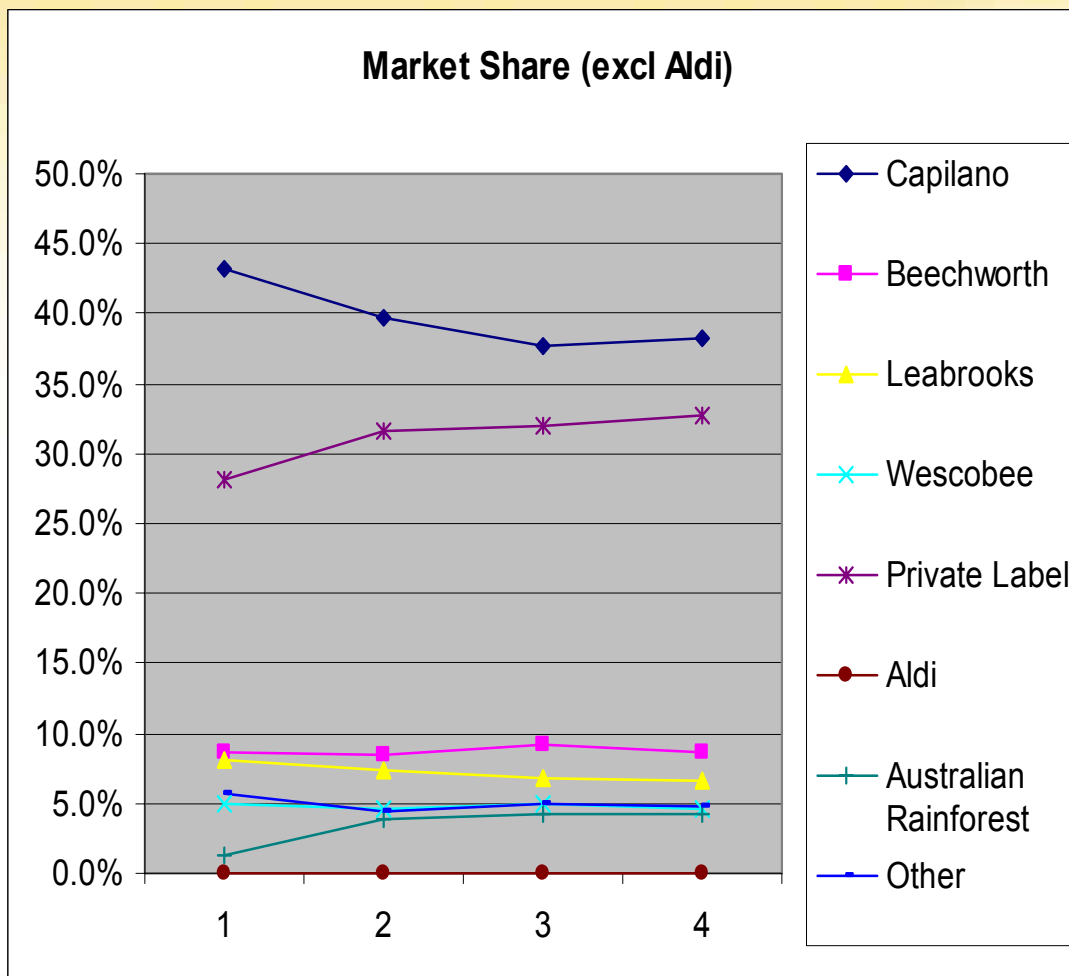
MAT 25 March 2007 – 9,240 tonnes



Source: Nielsen, 25 March 2007. Excludes Aldi

Market Share - Tonnes

as at YTD 25 Feb 2007

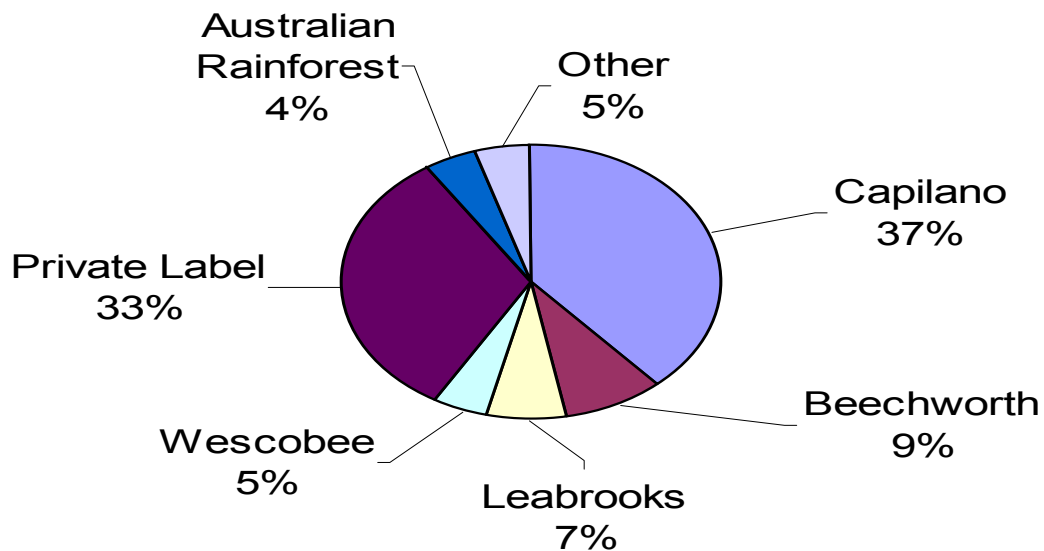


Market Share - Tonnes

as at (Year to Date) 25 Feb 2007



Market Share Excl. Aldi



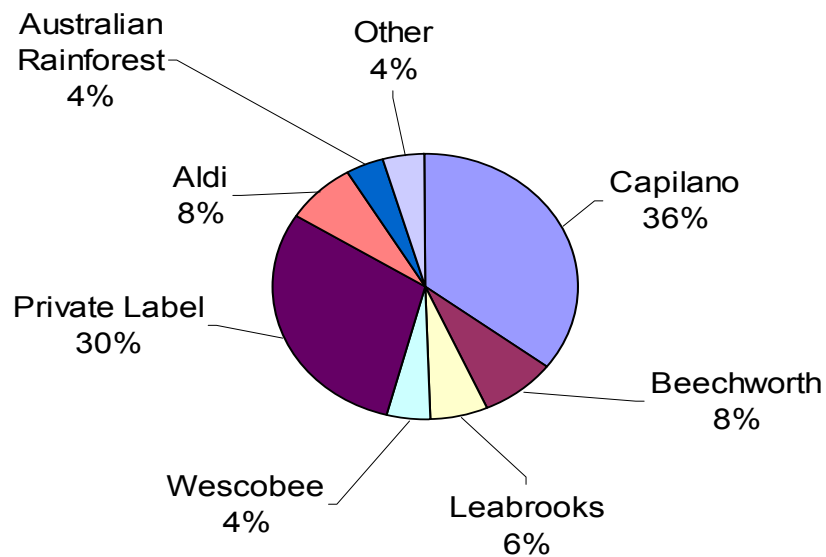
Market Share - Tonnes

as at (Year to Date) 25 March 2007



AUSTRALIA'S NO.1 HONEY, NATURALLY!

Market Share incl. Aldi



Private label	30.2%
Aldi	7.7% est.
Australian Rainforest	<u>3.9%</u>
	41.8%

Retail Prices (MAT)

Ref: AC Nielsen 25/02/07



	<u>\$/kg</u>
Capilano	10.46
Beechworth	9.86
Leabrooks	9.54
Wescobee	10.18
Private Label	7.77
Aldi	?
Australian Rainforest	8.42

Marketing



CAPILANO
Honey Limited

Branding Relaunched

The re-branded packs launched into store during May 2006.



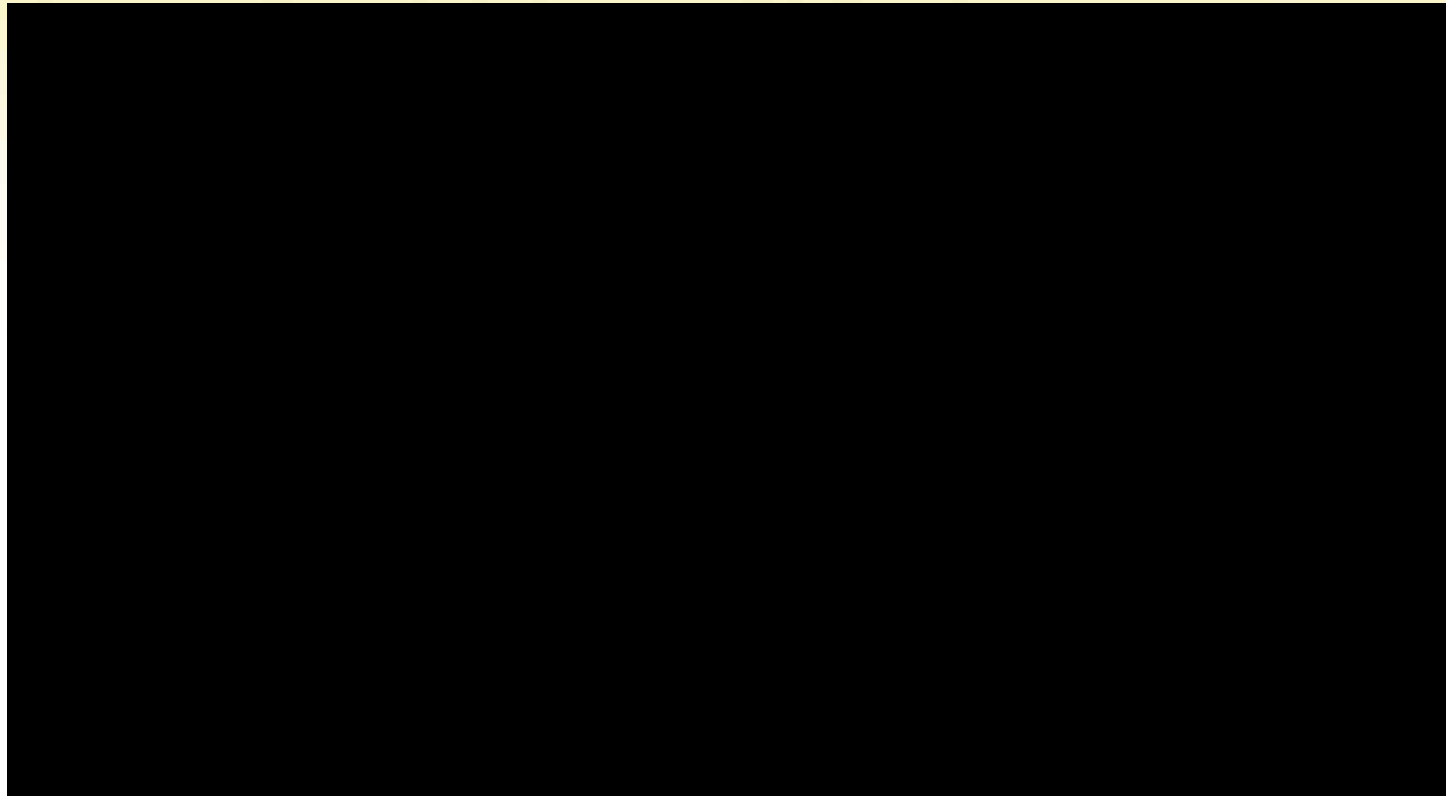
Media Campaign

TVC features using honey on cooking shows

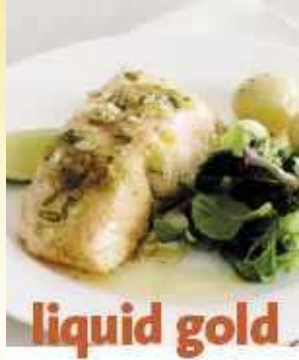


Media Campaign

TVC Sydney & Melbourne from June - October



Media Campaign



liquid gold

Capilano Premium Blend Honey adds a natural burst of flavour

Honey and lime salmon

Serves 4
olive oil cooking spray
4 salmon fillets, skin on, bones removed
mixed salad greens, boiled potatoes and lime wedges, to serve

Honey and lime marinade

1/4 cup Capilano Premium Blend Honey
2 tablespoons olive oil
4 green onions, trimmed, thinly sliced
2 garlic cloves, crushed
1 lime, juiced

1 Preheat oven to 200°C. Cut four 40cm pieces of foil. Line a large baking tray with baking paper.

2 Make marinade. Whisk honey, oil, onions, garlic and 2 tablespoons lime juice in a small jug. Season with salt and pepper.

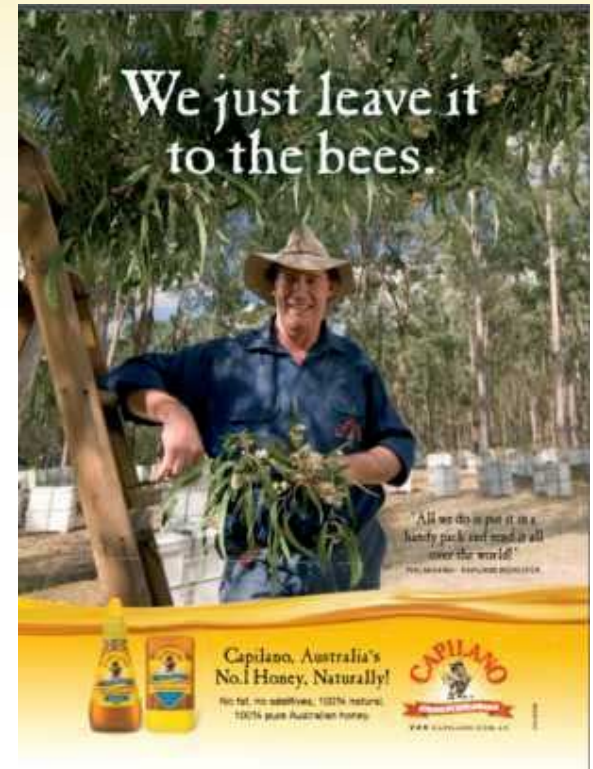
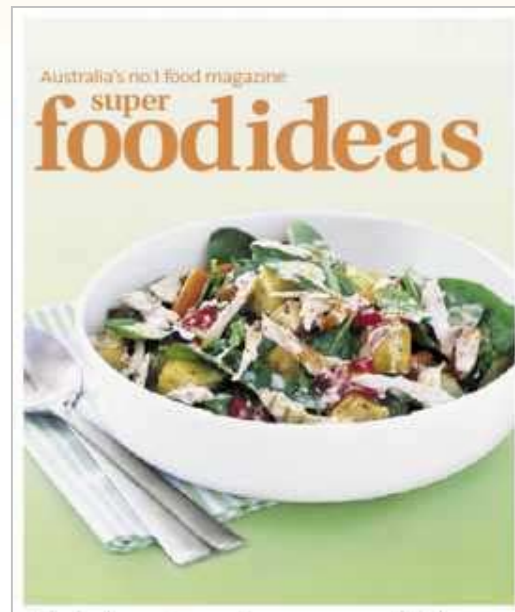
3 Spray 1 side each piece of foil with oil. Place 1 salmon fillet, skin side down, in the centre of each greased piece of foil. Working quickly, pour 1/3 tablespoons marinade over each. Fold foil over salmon to cover. Fold up edges tightly to seal.

4 Place foil parcels on prepared tray. Bake for 15 to 20 minutes or until salmon is just cooked through (parcel should puff up when ready).

5 Carefully open parcels. Serve salmon with salad greens, potatoes and lime wedges.



National print campaign and recipe features July to August 2007.



Capilano, Australia's No.1 Honey, Naturally!

No fat, no additives, 100% natural, 100% pure Australian honey.



Website completed in May 2006



A screenshot of the Capilano Honey website homepage. The page has a yellow and white color scheme. At the top, there is a navigation menu with links: HOME, ABOUT US, PRODUCTS, EDUCATION, NUTRITION, RECIPES, MEDIA & NEWS, and LINKS. The main header features the Capilano logo on the left and a search bar on the right with the text 'Store Search (Type in honey variety)'. Below the header is a large banner image showing a close-up of honeycomb, a glass of honey, and a jar of honey. The main content area is divided into two columns. The left column contains three sections: 'Online Poll: Which Honey variety is your favourite? VOTE NOW!', 'Recipe of the Month' featuring an image of banana crepes and the text 'BANANA CREPES', and 'Send us your favourite honey recipe ideas'. The right column contains a paragraph of text about Capilano honey, followed by an image of three honey products (a jar, a bottle, and a spray bottle). Below the image is the text '0% fat, 100% natural, pure Australian Honey!'. At the bottom of the page, there is a footer with the text '© 2006 Capilano Honey Limited. All rights reserved.' and the Medihoney logo.

Irwin Sponsorship



- Capilano is excited to confirm a formal marketing alliance with Australia Zoo, Wildlife Warriors Worldwide and the Irwin family.
- The marketing alliance is aimed at opening up new markets and encouraging honey use by a wider audience.
- “Steve grew up on Capilano Honey and not only believed in the natural qualities of the product but also admired the company as a great Australian brand. He was wholeheartedly enthusiastic about joining forces with Capilano to promote honey” John Stainton.



Irwin Sponsorship



The Steve Irwin Tribute Pack

- As a tribute to a great Australian, Capilano will be producing a Steve Irwin tribute pack.
- The pack will be launched in September 2007.
- A percentage of each bottle sold will be going to the Irwin Foundation.



New Product Development



New Capilano Branded Upside Down Packs



New Product Development



New Look Label Elements

- The aim is to differentiate and reposition the Capilano floral range.
- The new florals range will feature:
 - A clear window easily displaying the honey
 - Colour coding for easy identification
 - Product description
 - A picture relating to the product description
 - Serving suggestion
 - Healthy ticks highlighting key health points
 - A 100% Australian symbol



New Product Development



- Capilano single serve retail and food service pack.
- To be launched during late 2007.



Joint Marketing



- In April 2007 Capilano and Kraft launched Snackabouts with Capilano Honey.
- Capilano expects this product will attract a new generation to the honey category.



Bee Movie



- Capilano finalising national marketing sponsorship exclusive to honey company for 'Bee Movie'.
- 'Bee Movie' is an animated movie starring Jerry Seinfeld as 'Barry the Bee'.
- Launch November 2007 in Australia
- Further information:
www.beemovie.com



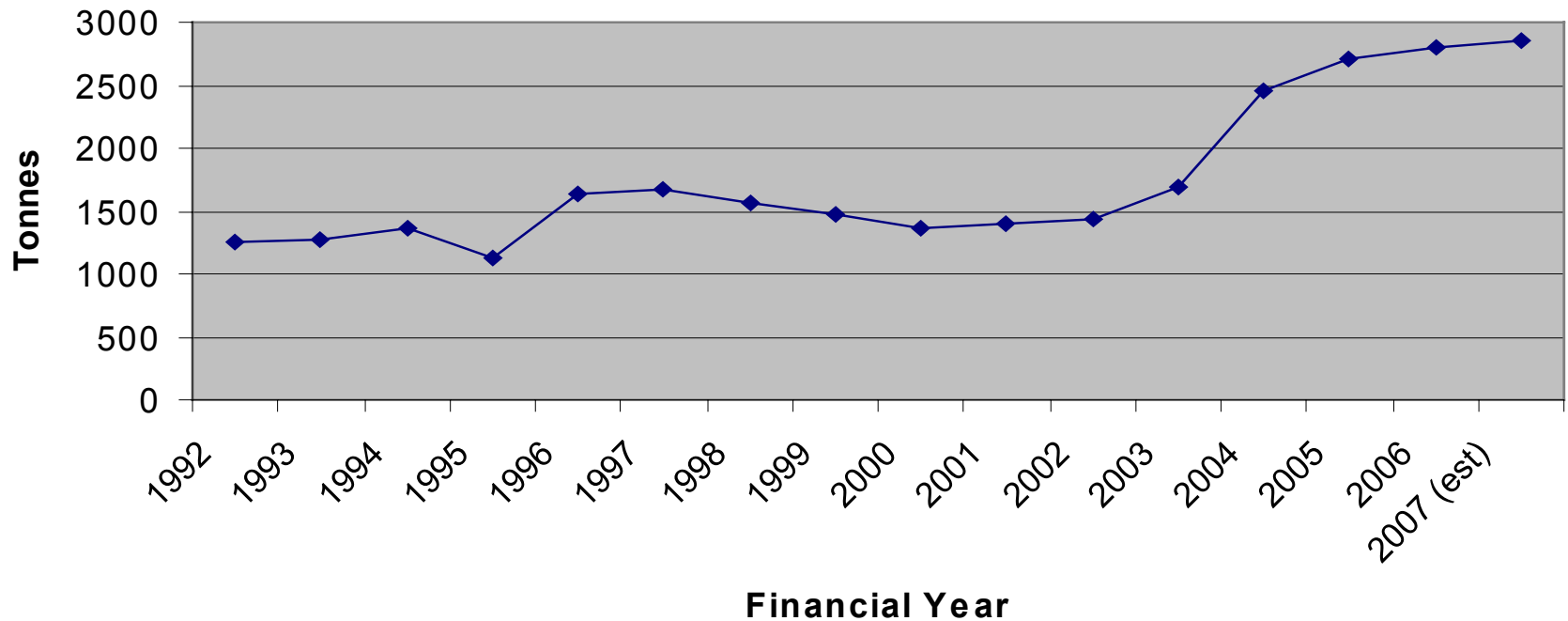
Export Sales



Export Retail



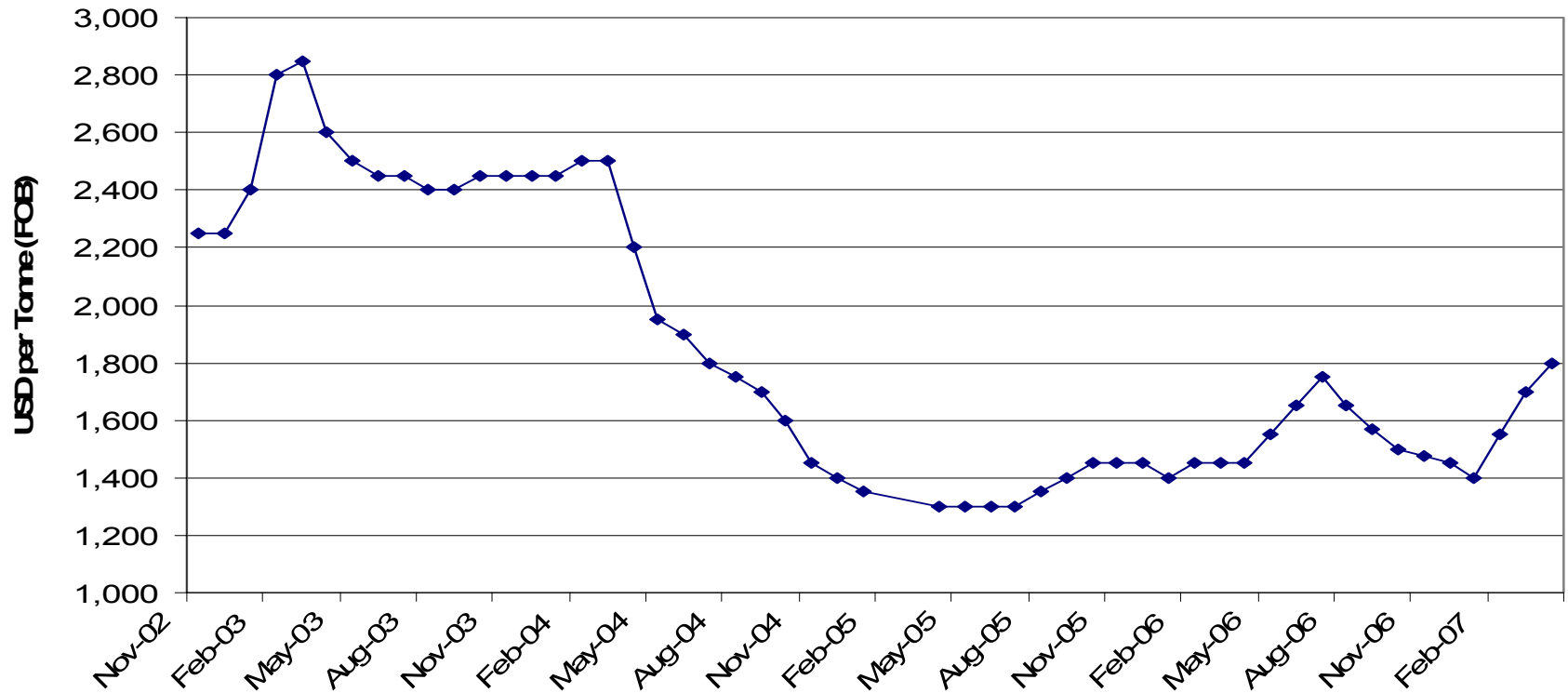
Export Retail Sales



Export Bulk Prices



World Honey Price



Canada/USA

USA Launch

- Initial test market launch in New England.
- Capilano brand products listed by leading supermarkets.
- Consumer demonstrations planned for Memorial Day weekend (May), one of the largest shopping weekends in the US.
- The Upside Down pack is proving very popular with US supermarkets as it brings innovation to the honey category.



Argentina



- Supply to UK and Europe
- Customers blend specification
- Margin on tonnage shared equally



medihoney[®]
nature's antibacterial.

COMMERCIALISATION PROCESS

Product Pipeline

Discovery



Market Research

Product
Development

Clinical
Trials



Regulatory
Approval

Manufacture

Market



Commercialisation Process

Marketing initiatives completed:

- Product Portfolio Review
- Branding Strategy Review
- Sales & Distribution Focus



Commercialisation Process

- Wound care packaging



Recent Milestones

- August 2006** FDA agreement in principle to antimicrobial claim test protocol.
- September 2006** Ophthalmic drops - Conformity Assessment Certification and CE mark certification.
- November 2006** Launch of woundcare products in Germany and Austria.
- February 2007** Skin Cream - Registration as a Class 1 Medical Device with MHRA (UK).

Media Exposure

NEWS FEEDBACK NEWS.ORG.AU FOX SPORTS CLASSIFIEDS

NETWORK
HIGHLIGHTS:

The Courier Mail The Telstra Business Nominations

News Sport Business Technology Entertainment Lifestyle
Breaking News Business Owner Money & You Property

Match-maker

By Alex Tilbury
February 25, 2007 11:00pm

AUSTRALIA considers itself an international introduction agency for domestic companies looking for foreign partners.

Like its chief economist Tim Hartcourt says "we are a match-making agency for businesses".

"We'll get you a few phone numbers but we cannot guarantee a sale. We help people in their journey to exporting and I reckon there is a lot of talent out there, who just needs that initial spark," he said.

"When you look at Europe as a whole, 18 per cent of Australian small businesses export, primarily to New Zealand, UK, US, Europe and China.

"Some exporters have 'Europhobia'. They all go to Britain as there is a bit of a Kylie-effect because the economy there has been strong and we have Commonwealth ties, plus we all speak English.

"But we are finding there is plenty of demand for

THE ARIZONA REPUBLIC
February 27, 2007

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GEORGE BRAZIL
Plumbing - Heating - Air
Electrical Services

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RESIDENTIAL HVAC TECHNICIAN
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Phoenix
Scottsdale
Southwest Valley
Tempe

sunday sections
AAE
Travel & Explore
Viewpoints

weekly features
Food & Drink
Home Real Estate
Movie Preview
Yes

Print Article Email Article Most Popular

Honey, root may help staph

Feb. 27, 2007 12:00 AM

Question: I have had a staph infection in my nose for and topical ointments that haven't helped. What can I do?

Answer: The bacterium *Staphylococcus aureus* is one of the most common bacteria found on the skin of healthy people, and it may or may not cause problems. About 25 to 30 percent of the population has staphylococci in their noses. About 500,000 develop staph infections every year. Disturbingly, they are resistant to the penicillin-related antibiotics used to treat them. The most common staphylococcal infection is the skin infection called impetigo. Other staph infections include abscesses, boils, cellulitis, and toxic shock syndrome. About 500,000 develop staph infections every year. Disturbingly, they are resistant to the penicillin-related antibiotics used to treat them. The most common staphylococcal infection is the skin infection called impetigo. Other staph infections include abscesses, boils, cellulitis, and toxic shock syndrome.

Standard treatment for staph infections of the nose is a nasal irrigation (over-the-counter or prescription), but some people take up to a year to subside. If this approach hasn't worked, researchers at the University of Waikato in New Zealand found that honey's antibacterial activity can even stop the growth of staphylococci. Honey has no adverse effects on healthy tissue and is safe to use in the nose. Honey is available commercially include manuka honey from New Zealand.

advertisement

HONEY MUSTARD

Daily Mail
24 HOURS A DAY

WTH 150,000! There's still chance in our free Fantasy game...more

78 Feb 2007

Back to home Login Register

Main sections: Health Diet & fitness

Health
Diet & fitness
Women & Family
Jane Clarke
My Operation
Health email
Message boards

Partners
Cut your bills
Diet centre
Mail wine club
Mail online bingo
Dating
Money shop
DVD rental

Find me a job
Find a holiday
Find a home
Find me a date
Find me a car

Special reports
Breast Cancer
The Smoking Debate
Tackling obesity
Binge drinking
Coping with asthma
Dealing with stress
Menopausal

Health tools
Breast Checker
Pregnancy Guide

How a spoonful of honey can make toast of the superbugs

By JULIE WHELDON · More by this author
Last updated at 08:40 am on 27th February 2007

Comments (22)

Honey could be the latest weapon in the battle against hospital superbugs.

It has long been used to dress wounds by the Aborigines, who trusted its antibacterial powers.

And after watching them at work, doctors have combined sterile honey from Australian bees with seaweed to clean wounds infected after heart surgery.

MRSA - It's even worse than you think
The £30 MRSA zipper that will fit in your pocket
Matrons to take charge of cleaning in the MRSA war

Medihoney is already being used on patients at the James Cook University Hospital in Middlesbrough.

It is combined with a gum extracted from the seaweed, which helps draw out and absorb harmful bacteria. The ingredients are then placed on dressings which are applied to the wound.

If successful, the treatment could eventually be used in hospitals to help fight bugs such as MRSA that claim



Doctors are using honey from a particular colony of bees in Australia to clean wounds infected after heart surgery.

Most popular stories
Health » Entire site »

How a spoonful of honey can make toast of the superbugs
Tired? aching? Lost interest in sex? This could be the surprising reason...
Painkillers linked to high blood pressure in men
Miracle baby comes back from the dead
Suicide generation: five-year-olds calling helpline

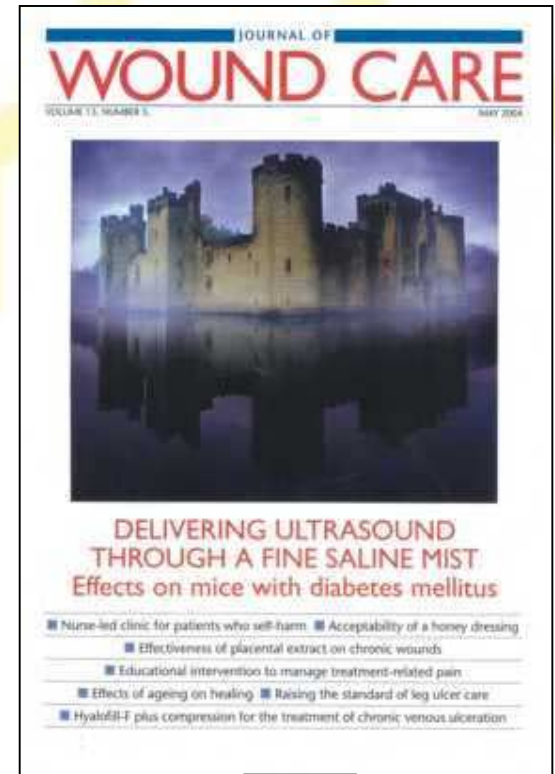
Medical Journal Reviews



US



Germany



UK

Wound Care – November Harrogate UK conference and honey symposium



Wound Care – Expanded Distribution

- Germany & Austria – November 2006
- Slovenia – March 2007



The screenshot shows a webpage from 'Lokalzeit aus Köln' with the title 'MEDIZINZEIT Medihoney'. The article discusses the use of honey in wound care, mentioning its historical use by ancient Egyptians and its effectiveness against modern antibiotic-resistant bacteria. It also notes that honey is available in pharmacies in Germany.

Lokalzeit
aus Köln

- ▶ Startseite Studio
- ▶ Aktuelle Sendung
- ▶ Nachrichten
- ▶ Tipps & Termine
- ▶ Wetter
- ▶ Verkehr

Serien:
Medizinzeit

Service:
Rezept-Aktionen

Archiv

Wir über uns

- ▶ Studioleitung
- ▶ Redaktion
- ▶ Produktion
- ▶ Empfang
- ▶ Sendezeiten
- ▶ Anfahrt

MEDIZINZEIT

Medihoney



Dass Honig die Heilung von Wunden heilen kann, wussten schon die alten Ägypter. Auch in den beiden Weltkriegen behandelte man Verletzungen mit Honigumschlägen. Damals gab es nämlich noch keine Antibiotika. Antibiotika in Pillenform oder Salbe- sie galten jahrelang als absolutes Heilmittel, doch mittlerweile gibt es so genannte multiresistente Bakterien, gegen die auch Antibiotika machtlos sind. Es sind Keime, die wenn sie in Wunden eindringen, zu Blutvergiftungen und letztlich zum Tod führen können. Häufig findet man diese Keime in Krankenhäusern. Daher sind Forscher überall auf der Welt bemüht, ein Gegenmittel zu finden, das ihnen den Garaus macht. Ärzte an der Universitäts-Kinderklinik Bonn haben jetzt ein altes Hausmittel, das schon die alten Ägypter kannten, wieder entdeckt. Ihrer Erfahrung nach ist es bei der Behandlung von Wunden viel wirksamer, als modernste Antibiotika.

Mit dem antibakteriell wirkenden Honig lassen sich selbst chronische Entzündungen bei Patienten mit geschwächtem Immunsystem erfolgreich behandeln. Die Mediziner setzen ihn derzeit bei Infektionen krebserkrankter Kinder ein. Der besondere Honig ist als Medizinprodukt europaweit zugelassen und wird voraussichtlich ab Herbst in deutschen Apotheken erhältlich sein.

Sendung vom 27.07.2006



Medizinzeit

- ▶ Aktuelle Medizinzeit: Morbus Sudeck
- ▶ Info zur Serie
- ▶ Archiv

Medihoney

German Media Article

Wound Care

New Packs

- 5 x 20g Wound Gel
- 5 x 20g Medical Honey



Bee Vital Launch

Australia

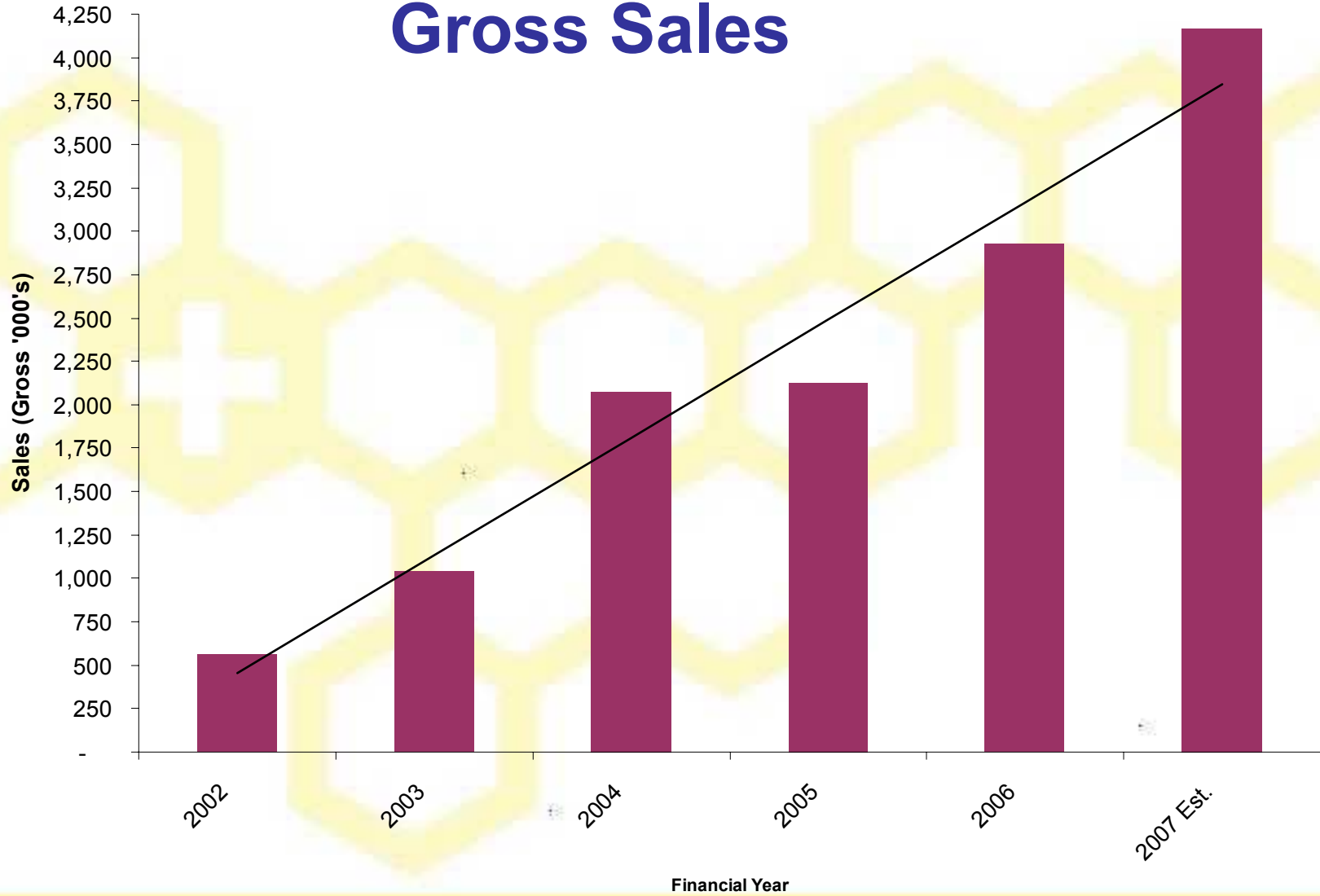
Canada

Hong Kong

Middle East



Gross Sales



Financial Results

<u>31 March 2007</u>	<u>YTD</u> <u>\$'000's</u>	<u>2006</u> <u>\$'000's</u>	<u>2005</u> <u>\$'000's</u>
Sales	3,057	2,126	1,516
NPAT	(932)	(1,086)	(999)

Capital Raising

- Seeking to raise approximately \$15 million through issue of shares
- Purpose of the Capital Raising
 - Product Development
 - Brand and Product Portfolio
 - Distribution

Capital Raising

- Reduced capital sought due to
 - Change to use of distributors from own sales force
 - Defer USA market to later timing

Capital Raising

- Engaged Ernst & Young
- Investor search through more than 50 potential targets
- Major wound care companies, venture capital providers, healthcare companies, high net worth individuals
- Outcome - 3 proposals

Capital Raising

- Two proposals of \$5.5 to \$6.5 for 50% of business
- One required issue of options in Capilano up to 10% of existing capital at \$6 per share exercise price
- Staged introduction of funds over 3 years
- Funds subject to milestone achievements
- Funds to be used for working capital

Capital Raising

- 3rd proposal from health-care company Comvita
- Purchase price of \$6.0m for 100% goes to Capilano
- Paid by cash (\$0.5) and shares in Comvita (\$5.5)
- Synergistic benefits to Medihoney & Capilano
- Capilano retains potential benefits from wound care development in Comvita

Proposal 1 & 2

FOR

- Capilano to cease funding
- Retain 50% of future benefit
- Retain operational control

AGAINST

- Funds used as working capital
- No return to Capilano for 4 years
- Loan account not repaid now
- Risk attached to milestone achievement
- Leaves main competitor in international market
- Slower speed to market vs alternative
- Need to engage staff to implement plan

Proposal 3

FOR

- Capilano to cease funding
- Retain future benefit through 8% stake in Comvita
 - 8% of Comvita's revenue of A\$35m = A\$2.8m
 - 50% of Medihoney's revenue of A\$4m = A\$2m.
- Dividend revenue from Comvita
- Capital gain on sale
- Compete as 'one' in supply and sales
- Brings extended product range
- Manufacturing capability through Derma Science allows early commercialisation
- Complementary distribution channels and markets
- Access to impregnated dressing bypassing development
- Access to staff without need to hire our own
- Consolidates supply
- Pooling of IP resources
- Retention of BeeVital business

Proposal 3

AGAINST

- Lower implicit valuation of our business
- Loss of ability to direct wound care strategy
- Risk attaching to Comvita's share price

Summary

- A share in Comvita will share in the future success of medical honey business
- Risk in developing the business is weighed against risk attaching to Comvita's share price
- We recoup our development costs over past 5 years with this investment
- Combining the main two therapeutic companies increases chances of success
- Synergistic benefits to Capilano outside of Medihoney

Recommendation

The recommendation of the Board of Capilano is to sell
Medihoney Pty Ltd to Comvita Limited
for consideration of \$6 million.

Spreading our wings >



Company Overview

Growth Strategy

Comvita Medical





The Nature of New Zealand

A little bit about us.... >

- > Founded 1975 by Claude Stratford and Alan Bougen
- > Sustainable philosophy, strong set of core values
- > Bay of Plenty based
- > 100% owned subsidiaries in the
UK, Australia, Japan, Taiwan.
Distributors in Hong Kong, China, Middle East
Strategic Partnership with US Wound Care Company
- > 143 staff worldwide
- > Focus on Adding & Capturing Value
 - Premium brand
 - Strong product innovation, R & D focus
 - Strength in Route to Market - highly scaleable





The Nature of New Zealand

A little bit about us.... >

- > Growing – 20% CAGR for past 5 years
- > Listed on the NZAX in 2003. Move to NZSX 2006.
- > 2003 NZTE Consumer Products Exporter of the Year
- > 2005 NZTE Food & Beverage Exporter of the Year
- > 2006 NZTE Agritech, Life Sciences & Biotechnology Exporter of the Year
- > 2006 SBN National Sustainability Premier Award & Peoples Choice Award

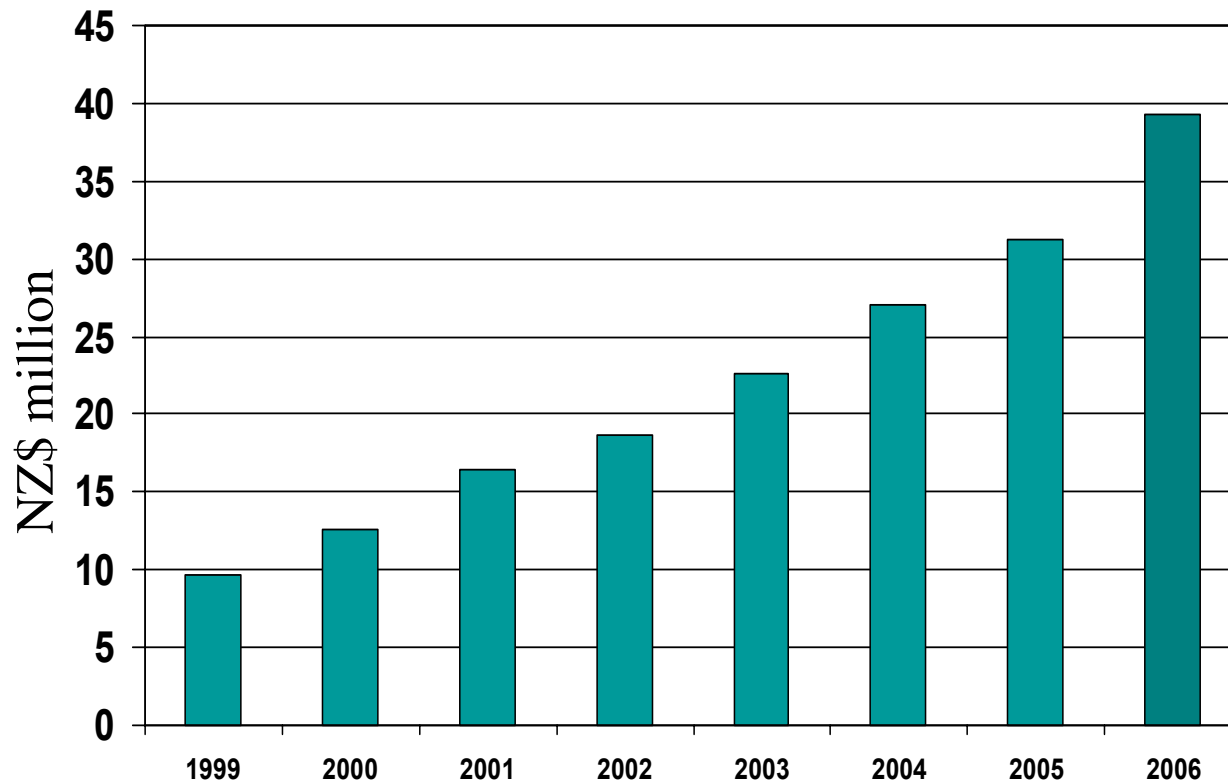


2006 Sales growth 26.3% >



The Nature of New Zealand

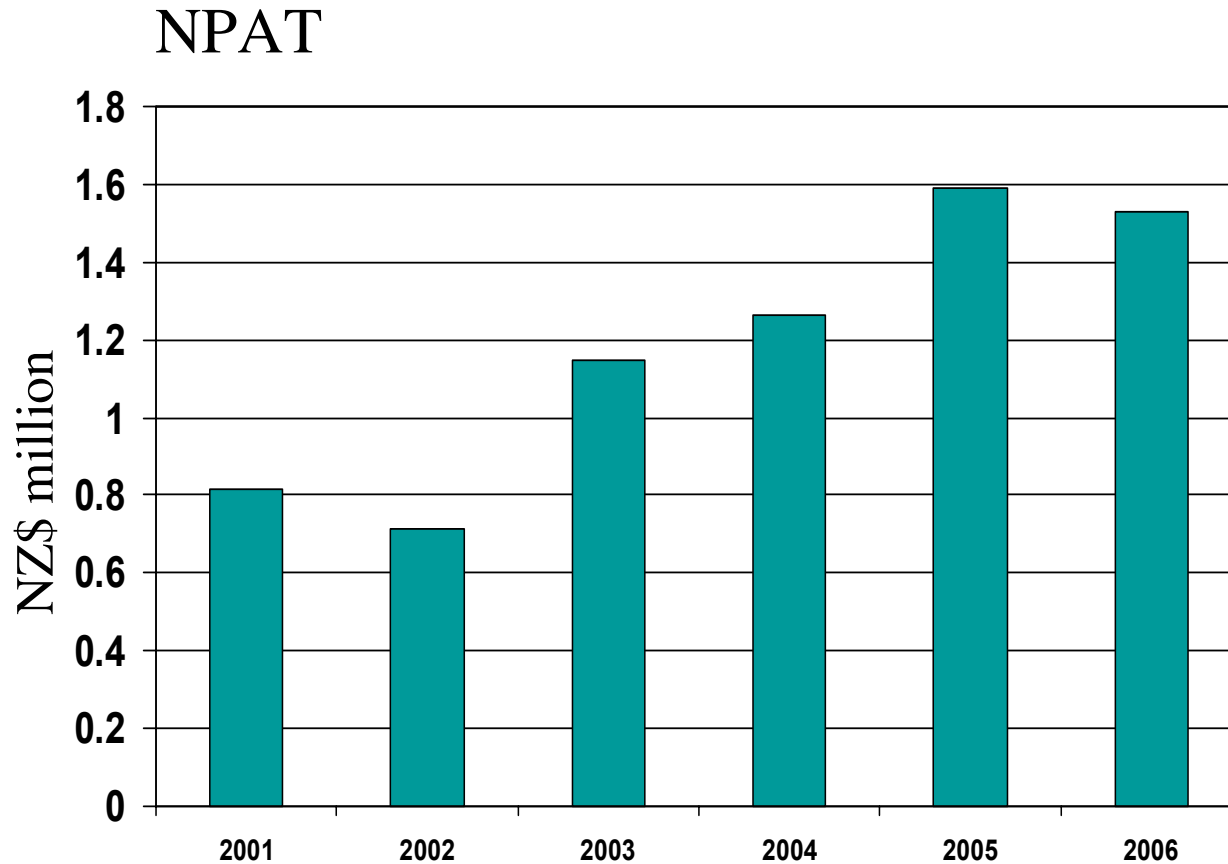
Revenue



2006 was an investment year >



The Nature of New Zealand





Product portfolio > Category Driven

Digestive Health >

A range of naturally sourced products for supporting gut health and aiding normal digestive process.



Wound Care >

An effective, natural alternative for wound treatment – from hospitals to bathroom cabinets – based on Comvita’s proprietary UMF® Manuka honey based Wound Care products.



Immune Health >

A range of natural solutions for supporting the body’s immune system and providing antioxidant protection.



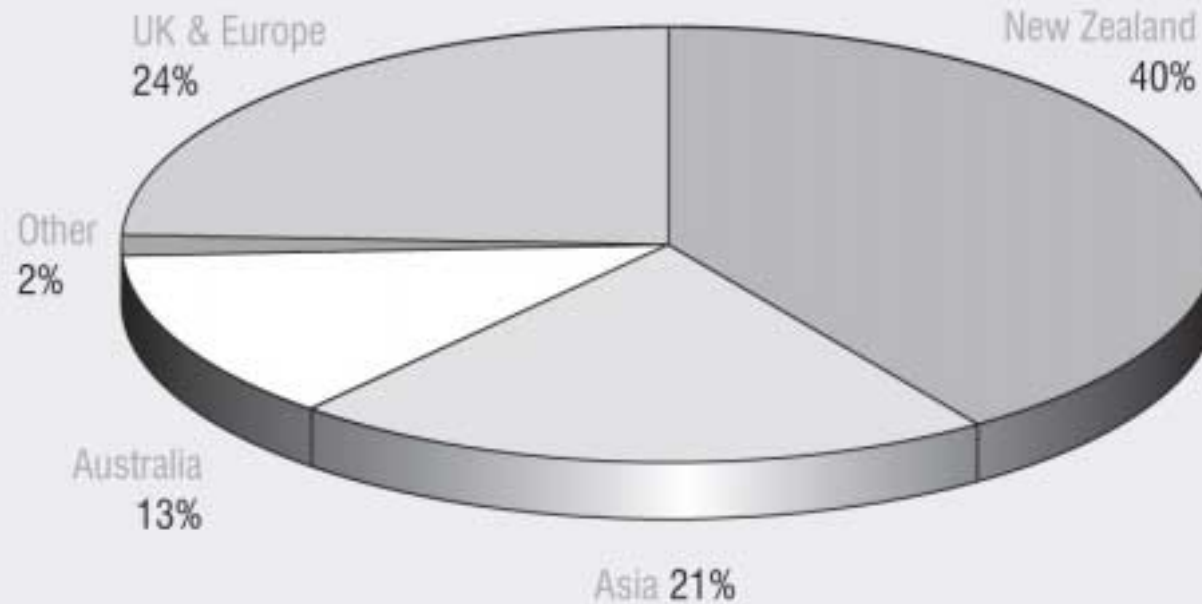
Vitality >

Broadening Comvita’s brand appeal by providing natural health solutions to maintain and optimise people’s everyday wellbeing.



Group sales >

GROUP SALES BY MARKET > %

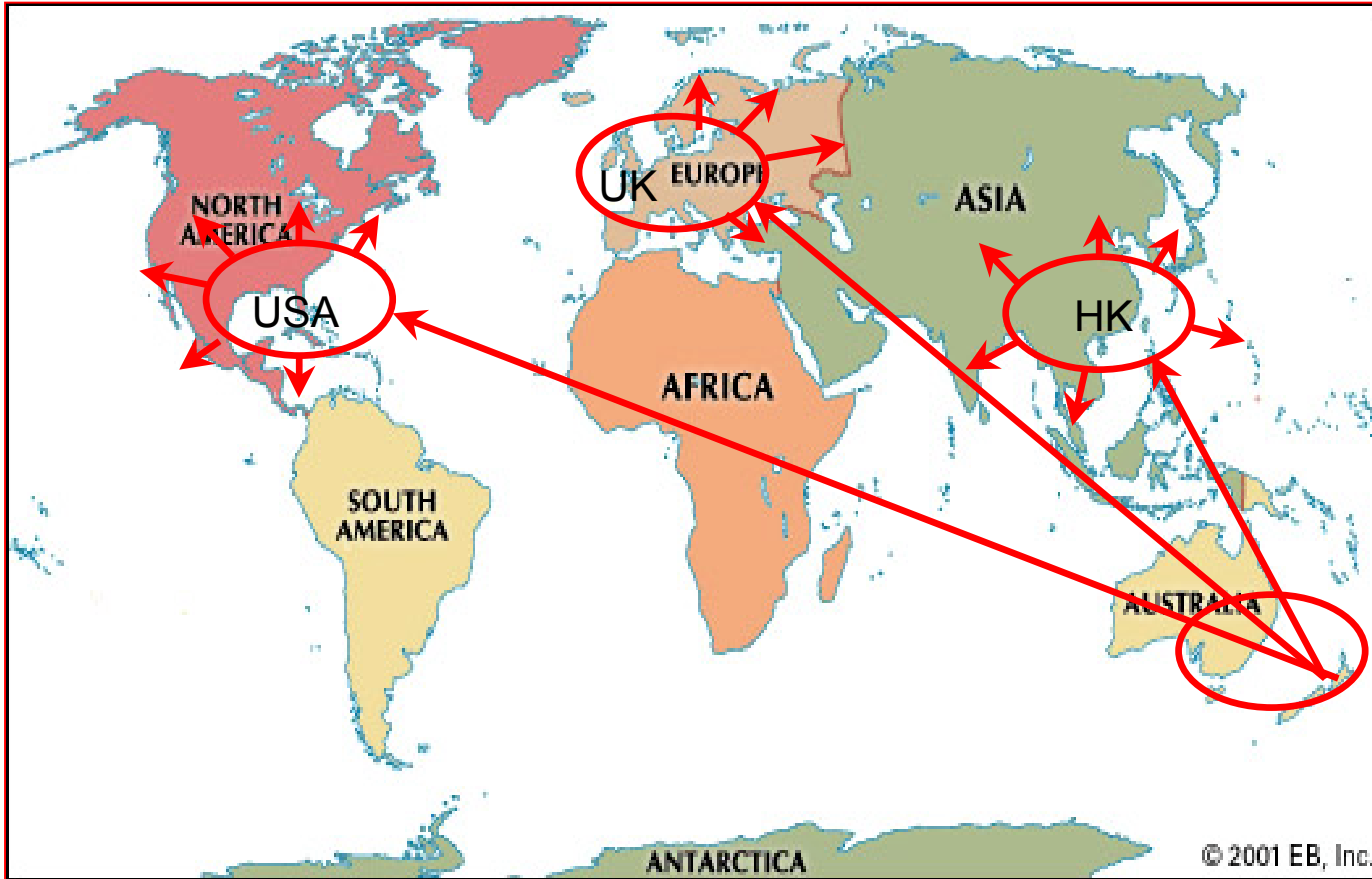


Note: As at 31 December 2005 for Comvita Group.





Market overview > NZ /Australia





Executive team >



CEO > Brett Hewlett

GM - Sales & Marketing >
Scott Coulter



GM - Technical >
Dr Ralf Schlothauer



GM - Commercial & CFO >
Adrian Wortman



GM - Supply Chain >
Dr Nevin Amos



Board of Directors >



Neil Craig > Non Executive Chairman



Bill Bracks > Non Executive Director



Alan Bougen > Non Executive Director
/ Deputy Chairman



Jeff Williams > Non Executive Director



Rob Tait > Non Executive Director



David Cullwick > Non Executive Director

Growth and investment strategy >

1. Technology, research and new product development
2. Route to market
3. Brand
4. Capacity building



Sustainability >



Annual Meeting of Shareholders > 2006

"Comvita is committed to acting in a manner that preserves and helps improve the quality of life and environment for generations to come..."





Special General Meeting

Special General Meeting



- Special General Meetings for Capilano Honey Limited (“CHL”) and Capilano Beekeepers Ltd (“CBL”) will be held on Tuesday, 15 May 2007 at Mt Ommaney Hotel Apartments, cnr Dandenong Road & Centenary Highway, Mt Ommaney, Brisbane.
 - 2.00pm Special General Meeting of CBL
 - 3.30pm Special General Meeting of CHL

Resolutions



The purpose of the meeting is to consider and vote on motions for ;

- an ordinary resolution to vote on a recommendation by the Board to sell Medihoney Pty Ltd to Comvita Limited for consideration of \$6 million, and*
- a special resolution to renew Rules 29 to 36 of the Constitution relating to Proportional Takeovers for a further three years as provided for by the Corporations Law*

Question Time?

