

Chairman's Script – 2017 AGM

WELCOME

Good morning ladies & gentlemen, it is my pleasure to welcome you to this year's Annual General Meeting.

DIRECTORS / COMPANY SECRETARY

All Directors are present today,

- Mr Trevor Morgan, Independent Non-Executive Director, Chairman and Chairman of the Nomination Committee.
- Mr Phillip McHugh, Independent Non-Executive Director, Deputy Chairman and Chairman of the Honey Supply & Industry Committee;
- Mr Simon Tregoning, Independent Non-Executive Director and Chairman of the Human Resource & Remuneration Committee;
- Mr Robert Newey, Independent Non-Executive Director and Chairman of the Audit & Compliance Committee;
- Mrs Julie Pascoe, Independent Non-Executive Director;
- Mr Brian O'Donnell, Non-Executive Director;
- Dr Ben McKee, Managing Director; and
- Mrs Annette Zbasnik, Company Secretary.

AUDITORS

Mr Junaide Latif of William Buck, the company's Auditor is also present.

VOTING

In accordance with Rule 87 of the company's Constitution, all resolutions will be the subject of a poll.

NOTICE OF MEETING

The Notice of Meeting was dispatched to all shareholders and will be taken as read.

PROCEDURE FOR THE MEETING

At this point I remind shareholders that this meeting is the Annual General Meeting of the company and only matters which are AGM matters may be discussed.

FINANCIAL REPORTS

The first item of ordinary business is the tabling of the financial reports and the directors' and auditors' reports.

Under the Corporations Act 2001, the company is obliged to lay before this meeting the last audited financial statements and reports, which were circulated, and which are dated 30 June 2017.

Capilano has just completed a year of consolidation, with solid results highlighted by the introduction of exciting new products and the operation of two primary production Joint Ventures for their first full year.

Results

The net profit after tax of \$10,335k for this financial year is a good result giving a 9% improvement over the previous year.

Based on these results for the year a fully franked dividend of 40 cents per share was declared in June and paid to shareholders on 31 July 2017.

New Product

*An exciting new product, clinically tested prebiotic honey, we have called **Beeotic®** was introduced in September, creating an opportunity to further enhance the reputation of honey as a healthy and beneficial product to consumers.*

This clinically tested product with Therapeutic Goods Administration (TGA) listing and associated production upgrades is produced in our own facilities which can only further enhance the reputation of Capilano as a reliable and dependable producer of quality products.

This creates an opportunity to improve the returns to both the producers and Capilano for some of our amazing Australian honey.

Primary Production Joint Ventures

Our two primary production joint ventures have now completed a full year of operation and while the focus has been on expanding the hive numbers to allow them to fully utilize the resources they have access to, they have also produced a reasonable crop of honey. Most pleasingly, they have been able to match and in some cases exceed the production of other similar businesses that operate in the same geographic regions in a below average season.

Board of Directors

During the year the board was expanded to include two new directors.

Julie Pascoe was appointed in October 2016 and subsequently elected at the AGM last November and Brian O'Donnell was appointed in December 2016.

Both these new directors bring extensive skills and experience to the board, further enhancing the already wide-ranging skills of other directors already on the board.

It has been a pleasure to work with all the members of the board who represent a very formidable, effective and productive team.

I would also like to thank all the staff and the management team for their efforts during the year to achieve the best result possible for all shareholders and stakeholders involved in the company.

Looking Forward

We will all be focused on implementing strategies to maximise the returns from the current business with a focus on marketing into areas that provide the best margin to allow Capilano to grow and honey producers to prosper.

Honey production has improved this season and with reasonable prospects for next season in most regions we hope to be able to take advantage of this additional honey to further expand sales into profitable overseas opportunities.

We have also resolved to provide Management with some additional resources to enable more detailed and extensive development of business opportunities.

1. RESOLUTION 1 – RE-ELECTION OF INDEPENDENT DIRECTOR

It is my pleasure in moving that Mr Simon Tregoining, who retires by rotation under Rule 111 of the company's constitution, and being eligible, be re-elected as a director of the company.

Mr Tregoining has been a director since 2006. Mr Tregoining is also a Director of GrainCorp Limited and was formerly a director of Australian Co-operative Foods (Dairy Farmers) and Vice-President of Kimberly-Clark Corporation. Mr Tregoining has broad FMCG experience in Australia and overseas.

The directors (other than Mr Tregoining) recommend you vote in favour of this resolution.

2. RESOLUTION 2 – ELECTION OF NON-EXECUTIVE DIRECTOR

It is my pleasure in moving that Mr Brian O'Donnell, who is required to stand for election under Rule 112 of the Company's Constitution and ASX Listing Rule 14.4, be elected as a director of the company.

Mr O'Donnell was appointed as a Non-executive Director of the Company on 9 December 2016. Mr O'Donnell is director, Finance and Investments for the Australian Capital Equity Pty Limited Group (**ACE**), which includes the Company's largest shareholder, Wroxby Pty Ltd. Mr O'Donnell is also a director of various ACE group companies, including companies active in the agricultural, advertising and investment sectors, in Australia and China. Mr O'Donnell is also Chairman of BC Iron Limited.

Mr O'Donnell is a Fellow of the Institute of Chartered Accountants, and has 32 years' experience in the finance and investment industry.

The Directors (other than Mr O'Donnell) recommend that shareholders vote in favour of Resolution 2.

3. RESOLUTION 3 - REMUNERATION REPORT

This year's Report of Directors again contains a separate Remuneration Report on pages 15 to 20. The Corporations Act 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 accord with Company performance and / or key personal performance indicators.

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.

I now move that Resolution 3 as follows, and as set out in the Notice of meeting, be passed as an ordinary resolution - That the Remuneration Report included in the Report of the Directors on pages 15-20 of the Company's Annual Report for the financial year ended 30 June 2017 be adopted.

As this Resolution relates to matters including the Remuneration of the Directors, the Board, as a matter of good corporate governance and in accordance with the spirit of section 250R(4) of the Corporations Act, make no recommendation regarding this Resolution.

4. RESOLUTION 4 – APPROVAL OF ISSUE OF 30,000 OPTIONS TO THE MANAGING DIRECTOR

The Notice of Meeting and Explanatory Memorandum set out in detail relevant information regarding the Issue of 30,000 Options to the Managing Director.

The purpose of this resolution is to seek shareholder approval of the issue of these options. I do not proposed to go into any further detail as the arrangement is fully detailed in the Notice of Meeting. Rather I will move the resolution and allow comments and questions.

I now move that Resolution 4, as follows, and as set out in the Notice of Meeting be passed as an ordinary resolution – That for the purposes of ASX Listing Rule 10.14, section 200E of the Corporations Act and for all other purposes, shareholders approve the grant to Dr Ben McKee, (the Company's Managing Director, of 30,000 options together with the issue of 30,000 fully paid ordinary shares upon exercise of any such options for the financial year ending 30 June 2018, under the Company's Long Term Incentive Plan and on the terms set out in the Explanatory Memorandum.

The directors (other than Dr McKee) recommend you vote in favour of this resolution.

CLOSURE

Ladies and Gentlemen, this brings the 2017 Annual General Meeting to a close. I thank you for your attendance here today, and for your participation in the proceedings and now declare the meeting closed.