



ABN: 55 009 686 435

30 July 2015

ANNOUNCEMENT

CAPILANO's ACQUISITION OF BEEKEEPING ENTERPRISE

The Directors of Capilano Honey Limited (ASX Code: CZZ) wish to advise they are proceeding with the acquisition of 100% of the share capital in KirksBees Honey Pty Ltd (ACN 120 374 683). This beekeeping enterprise is one of Australia's largest active Manuka honey producers, which is located in Evans Head, New South Wales. Active Manuka honey is produced from the *Leptospermum* species of plants that are native to Australia and New Zealand. This honey is recognised for its scarcity and unique clinically proven antibacterial qualities and consequential premium price.

The acquisition includes the assets required to operate the business including bee hives, apiary sites, vehicles, related property, sheds and honey extraction equipment. The beekeeping enterprise produced over \$2 million worth of bee products last financial year. The business was purchased for \$5,250,000 and property and land was also purchased for \$750,000.

The business is attractive to Capilano as a consequence of:

- the notable manuka floral apiary sites the business has access to;
- the provision of future assurances in our supply chain with regard to high valued Manuka honey supply;
- the potential to grow production over time;
- the ability to train and foster new industry entrants to the beekeeping industry.

Due diligence investigations by Capilano on the relevant assets and business operations have been satisfactorily completed and the transaction is expected to proceed immediately.

Capilano recognises that growing premium honey supply and industry capability by investing in our supply chain will deliver increased product security, whilst delivering a material benefit to our earnings.

For further information, please contact:

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