

MINUTES OF MEETING

Minutes of the Annual General Meeting (AGM) of Capilano Honey Limited (CZZ)
held at the Springlake Function Centre, Brisbane, Queensland on Friday, 20 November 2015.

PRESENT (AGM 553)

Directors: Trevor Morgan (Chairman), Phillip McHugh (Deputy Chairman), Simon Tregoning, Robert Newey and Ben McKee.

Staff by Invitation: Dirk Kemp (Company Secretary), Peter McDonald (Sales Director), Bill Winner (Beekeeper Relations Officer), Annette Zbasnik (Corporate Secretary) and Lynne De-Roule (Beekeeper Customer Service Officer).

Shareholders: 59 members & partners, as per attendance register.

OPENING & WELCOME (AGM 554)

The Chairman opened the meeting at 11.00am and welcomed those present.

He also welcomed professional business advisors to the Capilano Group – John Feddema and Masood Ayoob of William Buck, Auditors.

APOLOGIES (AGM 555)

The Chairman called for apologies from those shareholders unable to attend and these were received from: P Barnes, A & K Davis, N Derriman, G Derrimann, L & P Dewar, V, P & D Elliott, K & E Elson, B Hardy, A Jones, K Klingner, K Kuchel, A Mills, O Miskovic, M & J Nelson, G & T O'Brien, C R Rich, D & R Stevens, M Van Leuven.

DECLARATION OF POLL (AGM 556)

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 Don Keith and seconded by Dave Elson it was resolved that Annette Zbasnik be appointed Teller for the counting of votes.

Voting Slips: On a motion moved by Craig Ray and seconded by Clive Briggs 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 proxy details:

	Manner in which the securityholder directed the proxy vote (as at proxy close):			
	Proxy Votes FOR	Proxy Votes AGAINST	Proxy Votes DISCRETION	Proxy Votes ABSTAIN
Resolution 1: Election of Beekeeper Director – Phillip McHugh	1,951,474	261,247	28,586	300
Resolution 2: Election of Independent Director – Simon Tregoning	2,208,094	4,627	28,586	300
Resolution 3: Remuneration Report	2,164,198	20,856	28,586	-
Resolution 4: Renewal of Partial Takeover Rules	698,526	1,481,299	54,612	7,170

FINANCIAL & STATUTORY REPORTS (AGM 557)

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 2015.

Following is an extract of his Report tabled to the meeting:

"Capilano has just completed another very good year with improved sales and a substantial increase in profit. This has been achieved during a year where the supply of quality Australian honey has remained tight with significant competition for the limited supply available.

The acquisition of the Chandlers Honey business during the year and its relocation into our existing Maryborough facility will help to contribute

to the continued sales growth we have achieved and importantly strengthen our presence in south-east Australia.

Results

The net profit before tax of \$11,128k for this financial year is a very good result, being an impressive 71% improvement over the previous year.

With tax expense of \$3,283k this financial year leaving a net profit after tax of \$7,845k, a 70% improvement over last years \$4,619k.

Based on these results for the year a fully franked dividend of 37.5 cents per share was declared in June and paid to shareholders on 24 July 2015.

Business Focus

The focus for Capilano continues to be the development of the Capilano brand while maintaining our position as market leader by expanding the honey category and honey usage.

The introduction of more premium branded offerings both locally and overseas and new products like Apple Cider Vinegar along with expansion of health and wellness products such as Manuka honey and Beevital have helped to maintain the momentum achieved in recent years.

We are also determined to be the lowest cost operator in the category by continuing to improve our operational cost structure. The installation of a new processing system and a new retail packing line during the year will contribute to improved efficiency and increased versatility in packaging.

Honey Supply

A good supply of Australian honey remains vital to Capilano's business and future.

The last season has seen another year of mixed fortune for beekeepers in Australia which has resulted in a limited supply of honey overall. This has restricted Capilano's ability to take advantage of all the market opportunities available during the year.

The acquisition of Chandlers Honey in Melbourne and subsequent relocation to Capilano's existing, recommissioned facility in Maryborough, should help to re-establish a stronger presence in that area, improving our ability to source more honey from that important production region.

A great deal of effort has gone into offering enhanced beekeeper services to our suppliers during the year. The production of a Pest Management Pack for Varroa, a potentially serious pest of bees if or when it arrives in Australia, and a Manuka Information Pack are two examples of the initiatives undertaken.

To further secure the future of our honey producers and Capilano it is crucial that we are seen as the best, most reliable option for Australian beekeepers to sell their honey. Particularly with the forecast for another El Nino event coming up that has the potential to significantly reduce rainfall in the eastern and southern region of the country where much of the local honey is normally produced.

Our People

While we can spend a lot of time and effort developing improved facilities and systems for the business the most important asset we have are the people who work in it.

Managing Director, Ben McKee and all his team have done an outstanding job steering the business through the hurdles encountered over the last year with an excellent outcome that has been beneficial to all the stakeholders in the company.

This success has been recognised by the market that has seen a significant increase in the price for Capilano shares over the last year.

My thanks also go to my fellow Directors who have continued to work very well together, offering a diverse range of skills to effectively protect the interests of all stakeholders while building an increasingly stable and profitable business.

Looking Forward

The Board and Management of Capilano will strive to maintain and enhance Capilano's position as market leader in Australia while developing further market opportunities overseas for our great product.

We will also be looking to develop improved mechanisms for building even stronger relationships with our suppliers in an effort to obtain the most consistent and reliable supply of honey possible and to have the strength to offer them the best price available.

We also continue to look at potential merger and acquisition opportunities that can offer improvement or synergistic benefits to our core business.'

I now invite shareholders to raise any issues they would like discussed from the CZZ Annual Report.

I will also invite questions to the Auditor, noting that these questions are only to relate to the conduct of the Audit or the Audit Report.

There being no questions or comments from shareholders the Chairman moved to the next item of business.

Resolution 1: ELECTION OF BEEKEEPER DIRECTOR (AGM 558)

The Chairman moved to the Resolution dealing with the Election of a Beekeeper Director.

In accordance with the Company's Constitution, the Foundation Shareholder, CBL, may appoint two Beekeeper Directors to the Board of CZZ from time to time by written notice to the Company. The Foundation Shareholder may then remove or substitute the Beekeeper Directors appointed under this rule by written notice to the Company. However, once appointed, the Beekeeper Directors are then subject to the rotation provisions detailed in ASX Listing Rule 14.4 on or before the third anniversary of their appointment.

In accordance with ASX Listing Rule 14.4, Mr Phillip McHugh must retire by rotation at this meeting and offers himself for re-election with the support of the Board.

Mr McHugh has been a Director of Capilano Honey since 1993 and Deputy Chairman since 2007. He is well known in the NSW apiculture industry and his family have been Capilano shareholders since 1975. He has successfully completed the Company Director's course of the Australian Institute of Company Directors and is a Member of the Australian Institute of Company Directors. Mr McHugh is active in industry affairs having served as Branch President of the NSW Apiarists Association.

The Chairman advised that no other nominations had been received.

The Chairman then opened the motion for discussion.

There being no questions or comments from shareholders the Chairman asked shareholders to vote on Resolution 1 on their voting slip.

Resolution 2: ELECTION OF INDEPENDENT DIRECTOR (AGM 559)

The Chairman then moved to the Resolution dealing with the election of an Independent Director.

In accordance with Rule 111 of the CZZ Constitution, Mr Simon Tregoning must retire by rotation at this meeting and offers himself for re-election with the support of the Board.

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

The Chairman advised that no other nominations had been received.

The Chairman then opened the motion for discussion.

There being no questions or comments from shareholders the Chairman asked shareholders to vote on Resolution 2 on their voting slip.

Resolution 3: REMUNERATION REPORT (AGM560)

The Chairman then moved to the Resolution dealing with the Remuneration Report as set out in the 'Report of the Directors' on pages 16-21 of the Company's Annual Report for the financial year ended 30 June 2015.

A resolution to adopt the Remuneration Report is required under section 250R(3) of the Act. The resolution of Shareholders is advisory only and does not bind either the Directors or the Company, though 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.

Directors and other key management personnel and closely related parties will abstain from voting on this resolution in accordance with sections 250R and 250BD of the Corporations Act 2001. Exceptions may apply to votes cast as a proxy, as detailed in the Notice of Meeting.

The Chairman then opened the motion for discussion.

There being no questions or comments from shareholders the Chairman asked shareholders to vote on Resolution 3 on their voting slip.

Resolution 4: RENEWAL OF PARTIAL TAKEOVER RULES (AGM561)

The Chairman then moved to the Special Resolution dealing with the renewal of the partial takeover rules.

The partial takeover provisions do not change the constitution but rather seeks to maintain existing clauses that are due to expire in November 2015 if not renewed.

For reasons of good corporate governance and to protect the interests of shareholders, the Board seeks to renew Rules 29-36 of the CZZ Constitution for proportional takeover approval provisions for a further 3 year period, and needs to do this by way of a special resolution of members.

The Chairman then opened the motion for discussion.

There being no questions or comments from shareholders the Chairman asked shareholders to vote on Resolution 4 on their voting slip.

Adjournment - Counting of votes

The Chairman formally adjourned the meeting at 11.25am for the counting of votes.

Resumption

The Chairman reconvened the meeting at 11.45.am

RESULTS OF POLL (AGM 562)

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

	FOR	%	AGAINST	ABSTAIN
1. Beekeeper Director – Phillip McHugh	2,338,523	89.95%	261,247	300

The Company Secretary then formally declared that Phillip McHugh was re-elected as a Beekeeper Director.

	FOR	%	AGAINST	ABSTAIN
2. Independent Director – Simon Tregoning	2,599,143	99.82%	4,627	300

The Company Secretary then formally declared that Simon Tregoning was re-elected as an Independent Director.

	FOR	%	AGAINST	ABSTAIN
3. Remuneration Report	2,400,045	98.93%	25,929	4,046

The Company Secretary advised that the motion was passed.

	FOR	%	AGAINST	ABSTAIN
4. Renewal of Partial Takeover Rules	1,104,122	42.64%	1,485,111	9,237

The Company Secretary advised that the motion was not passed and rules 29-36 will no longer apply until such time as the Directors decide to present these clauses for re-adoption at a future AGM.

CLOSURE (AGM 563)

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 11.50am.