



Share Nature. Share Life.

Comvita Limited
Condensed interim financial statements
For the 6 months ended 30 September 2015

Contents

Page

Directors' declaration	2
Condensed interim income statement	3
Condensed interim statement of comprehensive income	4
Condensed interim statement of changes in equity	5
Condensed interim statement of financial position	6
Condensed interim statement of cash flows	7
Notes to the interim financial statements	8-18
Company directory	19

Directors' Declaration

In the opinion of the directors of Comvita Limited, the financial statements and the notes, on pages 3 to 18:

- comply with New Zealand generally accepted accounting practice and give a true and fair view of the financial position of the Group as at 30 September 2015 and the results of their operations and cash flows for the period ended on that date
- have been prepared using appropriate accounting policies, which have been consistently applied and supported by reasonable judgements and estimates

The directors believe that proper accounting records have been kept which enable, with reasonable accuracy, the determination of the financial position of the Group and facilitate compliance of the financial statements with the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

The directors consider that they have taken adequate steps to safeguard the assets of the Group, and to prevent and detect fraud and other irregularities. Internal control procedures are also considered to be sufficient to provide reasonable assurance as to the integrity and reliability of the financial statements.

The directors are pleased to present the financial report, incorporating the financial statements of Comvita Limited for the period ended 30 September 2015.

For and on behalf of the Board of Directors:



Neil Craig

9 November 2015



Luke Bunt

9 November 2015



Condensed interim income statement

For the 6 months ended 30 September 2015

In thousands of New Zealand dollars

	Note	September 2015 Unaudited	September 2014 Unaudited Restated*
Revenue		91,066	59,675
Cost of sales		<u>(49,498)</u>	<u>(33,878)</u>
Gross profit		41,568	25,797
Other income		126	260
Selling and marketing expenses		(20,776)	(15,955)
Distribution expenses		(3,986)	(2,755)
Research and development expenses		(1,414)	(1,247)
Administrative expenses		<u>(9,689)</u>	<u>(7,775)</u>
Results from operating activities		5,829	(1,675)
Finance income		1,070	656
Finance expenses		<u>(1,606)</u>	<u>(2,536)</u>
Net finance cost	6	(536)	(1,880)
Share of loss of equity accounted associates		(178)	-
Profit/(loss) before income tax		<u>5,115</u>	<u>(3,555)</u>
Income tax (expense)/benefit	7	<u>(2,075)</u>	<u>275</u>
Profit/(loss) for the period attributable to equity holders of the Company		<u>3,040</u>	<u>(3,280)</u>
Attributable to:			
Equity holders of the Company		3,183	(3,159)
Non-controlling interest		(143)	(121)
Earnings per share:			
Basic earnings per share (NZ cents)	8	7.69	(10.27)
Diluted earnings per share (NZ cents)	8	7.41	(10.27)

* Refer note 9

The notes on pages 8 to 18 are an integral part of these condensed interim financial statements.



Condensed interim statement of comprehensive income

For the 6 months ended 30 September 2015

In thousands of New Zealand dollars

	September 2015 Unaudited	September 2014 Unaudited Restated*
Items that are or may be reclassified subsequently to the income statement		
Foreign currency translation differences for foreign operations	5,786	3,922
Effective portion of changes in fair value of cash flow hedges	(2,610)	(1,672)
Net change in fair value of available-for-sale financial assets	(4,254)	(3,378)
Foreign investor tax credits received	70	75
Income tax on income and expense recognised directly in other comprehensive income	(710)	(489)
Income and expense recognised directly in other comprehensive income	(1,718)	(1,542)
Profit/(loss) for the period	3,040	(3,280)
Total comprehensive income for the period attributable to equity holders of the company	1,322	(4,822)
Attributable to:		
Equity holders of the Company	1,465	(4,701)
Non-controlling interest	(143)	(121)

* Refer note 9

The notes on pages 8 to 18 are an integral part of these condensed interim financial statements.



Condensed interim statement of changes in equity

For the 6 months ended 30 September 2015
Unaudited

<i>In thousands of New Zealand dollars</i>	Share capital	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total	Non-controlling interest	Total
Balance at 1 April 2014	70,062	(4,529)	551	6,286	19,904	92,274	(192)	92,082
Loss after tax for the period	-	-	-	-	(3,159)	(3,159)	(121)	(3,280)
<i>Other comprehensive income (net of tax)</i>								
Foreign investor tax credits received	-	-	-	-	75	75	-	75
Foreign currency translation differences for foreign operations	-	2,823	-	-	-	2,823	-	2,823
Effective portion of changes in fair value of cash flow hedges	-	-	(1,204)	-	-	(1,204)	-	(1,204)
Net change in fair value of available-for-sale financial assets	-	-	-	(3,236)	-	(3,236)	-	(3,236)
Total other comprehensive income for the period	-	2,823	(1,204)	(3,236)	75	(1,542)	-	(1,542)
Total comprehensive income for the period	-	2,823	(1,204)	(3,236)	(3,084)	(4,701)	(121)	(4,822)
<i>Transactions with owners, recorded directly in equity</i>								
Share based payments	-	-	-	-	108	108	-	108
Issue of ordinary shares								
- issued for business combination	2,000	-	-	-	-	2,000	-	2,000
- executive share scheme	678	-	-	-	-	678	-	678
- staff share scheme	36	-	-	-	-	36	-	36
Dividend paid	-	-	-	-	(2,635)	(2,635)	-	(2,635)
Total transactions with owners	2,714	-	-	-	(2,527)	187	-	187
Balance at 30 September 2014 (restated*)	72,776	(1,706)	(653)	3,050	14,293	87,760	(313)	87,447
Balance at 1 April 2015	94,778	(4,617)	(1,394)	3,515	26,887	119,169	(490)	118,679
Profit after tax for the period	-	-	-	-	3,183	3,183	(143)	3,040
<i>Other comprehensive income (net of tax)</i>								
Foreign investor tax credits received	-	-	-	-	70	70	-	70
Foreign currency translation differences for foreign operations	-	4,166	-	-	-	4,166	-	4,166
Effective portion of changes in fair value of cash flow hedges	-	-	(1,879)	-	-	(1,879)	-	(1,879)
Net change in fair value of available-for-sale financial assets	-	-	-	(4,075)	-	(4,075)	-	(4,075)
Total other comprehensive income for the period	-	4,166	(1,879)	(4,075)	70	(1,718)	-	(1,718)
Total comprehensive income for the period	-	4,166	(1,879)	(4,075)	3,253	1,465	(143)	1,322
<i>Transactions with owners, recorded directly in equity</i>								
Share based payments	-	-	-	-	146	146	-	146
Purchase of treasury stock (note 17)	(936)	-	-	-	-	(936)	-	(936)
Issue of ordinary shares:								
- executive share scheme	355	-	-	-	-	355	-	355
- staff share scheme	63	-	-	-	-	63	-	63
Issue expenses related to treasury stock (note 17)	(35)	-	-	-	-	(35)	-	(35)
Dividend paid (note 18)	-	-	-	-	(3,673)	(3,673)	-	(3,673)
Total transactions with owners	(553)	-	-	-	(3,527)	(4,080)	-	(4,080)
Balance at 30 September 2015	94,225	(451)	(3,273)	(560)	26,613	116,554	(633)	115,922

* Refer note 9

The notes on pages 8 to 18 are an integral part of these condensed interim financial statements.



Condensed interim statement of financial position

As at 30 September 2015

In thousands of New Zealand dollars

	Note	September 2015 Unaudited	September 2014 Unaudited Restated *	March 2015 Audited
Assets				
Property, plant and equipment		45,172	42,228	43,550
Intangible assets and goodwill		44,728	45,236	43,112
Biological assets		4,855	4,074	4,867
Investments	10	8,160	9,287	12,414
Investment in equity accounted investees		867	85	1,934
Deferred tax asset		1,725	961	738
Total non-current assets		105,507	101,871	106,615
Inventory	11	67,214	42,146	44,519
Trade receivables		28,173	19,034	24,997
Sundry receivables		5,998	2,964	3,898
Tax receivable		929	821	234
Derivatives	10	-	778	39
Cash and cash equivalents	12	7,549	7,004	19,420
Total current assets		109,863	72,747	93,107
Total assets		215,370	174,618	199,722
Equity				
Issued capital		94,225	72,776	94,778
Reserves		(4,283)	688	(2,496)
Retained earnings		26,613	14,291	26,887
Non-controlling interest		(633)	(313)	(490)
Total equity		115,922	87,442	118,679
Liabilities				
Employee benefits		436	314	348
Deferred revenue		3,603	4,660	4,131
Loans and borrowings	12	65,283	69,100	43,483
Deferred tax liabilities		-	-	663
Total non-current liabilities		69,322	74,074	48,625
Loans and borrowings	12	2,030	630	2,030
Tax payable		2,226	275	346
Trade and other payables		16,145	7,286	21,556
Derivatives	10	4,531	963	2,137
Deferred revenue		1,057	1,057	1,057
Employee benefits		4,137	2,891	5,292
Total current liabilities		30,126	13,102	32,418
Total liabilities		99,448	87,176	81,043
Total equity and liabilities		215,370	174,618	199,722

* Refer note 9

The notes on pages 8 to 18 are an integral part of these condensed interim financial statements.



Condensed interim statement of cash flows

For the 6 months ended 30 September 2015

In thousands of New Zealand dollars

	Note	September 2015 Unaudited	September 2014 Unaudited
Receipts from customers		87,100	59,472
Payments to suppliers and employees		(110,011)	(62,480)
Interest received		29	14
Interest paid		(1,608)	(1,444)
Taxation paid		(2,888)	(2,890)
Net cash flows from operating activities	13	(27,378)	(7,328)
Payment for acquisition of business		-	(17,090)
Payment for the acquisition of property, plant and equipment		(2,817)	(6,105)
Receipt of profit from associate		889	-
Payment for the acquisition of intangibles		(773)	(3,367)
Payment for the acquisition of biological assets		-	(192)
Net cash flows from investing activities		(2,701)	(26,754)
Proceeds from the issue of shares		420	714
Payment for share capital		(937)	-
Payment for share capital issue expenses		(35)	-
Payment of dividend		(3,673)	(2,635)
Proceeds from loans and borrowings		22,500	40,375
Repayment of loans and borrowings		(700)	-
Net cash flows from financing activities		17,575	38,454
Net (decrease)/increase in cash and cash equivalents		(12,504)	4,372
Cash and cash equivalents at the beginning of the year		19,420	2,865
Effect of exchange rate fluctuations on cash held		633	(233)
Cash and cash equivalents at the end of the period		7,549	7,004
Represented as:			
Cash and cash equivalents	12	7,549	7,004
Bank overdraft		-	-
Total		7,549	7,004

The notes on pages 8 to 18 are an integral part of these condensed interim financial statements.



Notes to the condensed interim financial statements

1. Reporting entity

Comvita Limited (the "Company") is a company domiciled in New Zealand, and registered under the Companies Act 1993 and listed on the New Zealand Stock Exchange ("NZX"). The Company is an issuer in terms of the Financial Reporting Act 2013 and Financial Markets Conduct Act 2013.

The condensed interim financial statements of the Company for the six months ended 30 September 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates. The comparatives are for the six months ended 30 September 2014.

2. Basis of preparation

(a) Statement of compliance

The Company is a FMC reporting entity for the purposes of the Financial Reporting Act 2013 and the Financial Market Conduct Act 2013. Both these Acts have become effective for financial years beginning on or after 1 April 2014, and the Financial Reporting Act 1993 was repealed with effect from this date. These Financial Statements comply with these Acts and have been prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards as appropriate for profit-oriented entities.

The condensed interim financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the group financial statements as at and for the year ended 31 March 2015.

The condensed interim financial statements were approved by the Board of Directors on 9 November 2015.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments, financial instruments classified as available-for-sale and biological assets which are measured at fair value.

The methods used to measure fair values are discussed further in note 4.

(c) Functional and presentation currency

These financial statements are presented in New Zealand dollars (\$), which is the Company's functional currency. Amounts have been rounded to the nearest thousand.

(d) Use of estimates and judgements

The preparation of condensed interim financial statements in accordance with NZ IAS 34 *Interim Financial Reporting* requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Groups accounting policies and the key sources of estimation uncertainty were the same as those applied to the financial statements as at and for the year ended 31 March 2015.

The accounting policies have been applied consistently throughout the Group for the purposes of these condensed interim financial statements.

(e) Comparatives

During the 31 March 2015 year changes to the fair value measurement of bees and the changes in accounting policy for bearer plants has necessitated restatement of the comparative period reported. Other than that there have been only minor presentation or classification changes in the current year.

3. Significant accounting policies

The accounting policies applied in these condensed interim financial statements are the same as those applied in the Group's financial statements as at and for the year ended 31 March 2015.

4. Determination of fair values

Some of the Group's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes on the same basis as those applied by the Group in the financial statements as at and for the year ended 31 March 2015.



Notes to the condensed interim financial statements

5. Segment reporting

Segment information is presented in the condensed interim financial statements in respect of the Group's contribution segments which are the primary basis of decision making. The contribution segment reporting format reflects the Group's management and internal reporting structure.

Performance is measured based on contribution which is a measure of profitability that the segment contributes to the Group. Contribution is used to measure performance as management believes that such information is most relevant in evaluating the results of certain segments. Inter-segment pricing is determined on an arms-length basis.

Each segment sells Comvita's range of products, except for the medical segment, see below. Comvita's range of products primarily include products with apiary and other natural ingredients.

Apiary operations are an integral part of our total business and are represented over all segments.

The Company is organised primarily by geographic location of its subsidiaries, such as New Zealand, Australia, Asia & Europe, except for the Medical segment, though this is primarily earned from Derma Sciences, Inc., which is an American based company.

The Group has five reportable segments as described below:

New Zealand	This segment captures both revenue and related costs for the New Zealand market, excluding exports.
Australia	This segment captures both revenue and related costs for the Australian domestic market and includes non-intercompany revenue and costs from Comvita Australia Pty Limited. This segment excludes all ethical medical based revenue and costs as these are shown in their own segment.
Asia	This segment captures both revenue and related costs of our Asian operations and customers. The Asian segment includes Hong Kong, Taiwan, Japan, China, Korea and Singapore.
Europe	This segment captures both revenue and related costs for the United Kingdom and European markets. This segment excludes all ethical medical based revenue and costs as these are shown in their own segment.
Medical	This segment is based over multiple geographical regions capturing both revenue and related costs for medical Manuka Honey based products. The main contributors to this segment are bulk medical honey sales, deferred revenue and royalty payments received from Derma Sciences, Inc.



Notes to the condensed interim financial statements

5. Segment reporting (continued)

<i>Contribution Segments</i>	New Zealand		Australia		Asia		Europe		Medical		Total reportable segments		Other		Total	
For the 6 months to 30 September	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014 Restated
<i>In thousands of New Zealand dollars</i>																
Sales *	19,698	14,769	28,719	16,196	30,295	19,767	4,278	3,951	4,679	2,275	87,669	56,958	3,397	2,718	91,066	59,675
Contribution	8,920	5,313	11,299	3,754	3,246	1,179	125	423	2,184	1,343	25,774	12,012	(283)	(1,084)	25,491	10,928
Non attributable (other corporate expenses)															(20,198)	(14,483)
Share of (loss)/profit of equity accounted investees															(178)	-
Net profit/(loss) before tax															5,115	(3,555)

Total assets

	September 2015	September 2014	March 2015
<i>In thousands of New Zealand dollars</i>		<i>* Restated</i>	<i>Audited</i>
Total non-current assets for reportable segment	77,895	90,724	83,626
Other assets	8,160	9,287	12,414
Investment in equity accounted investees	867	85	1,934
Other unallocated assets	128,448	74,522	101,748
Consolidated total assets	215,370	174,618	199,722



Notes to the condensed interim financial statements

6. Finance income and expenses

In thousands of New Zealand dollars

	September 2015	September 2014
	Unaudited	Unaudited
Interest income on bank deposits	27	14
Foreign exchange gain	1,043	642
Finance income	<u>1,070</u>	<u>656</u>
Interest expense on financial liabilities measured at amortised cost	(1,606)	(1,456)
Net change in fair value of derivatives designated at fair value through the income statement – Derma warrants	-	(1,080)
Finance expenses	<u>(1,606)</u>	<u>(2,536)</u>
Net finance cost	<u>(536)</u>	<u>(1,880)</u>

7. Income tax expense

The current period is impacted by a number of factors, primarily due to the spread of the loss and profits over various overseas markets which have local tax rates ranging from 15% to 30%. It is expected that the effective tax rate will normalise for the annual result.

In the 31 March 2015 financial statements, note 9, it was noted that there was a current New Zealand Inland Revenue audit for the periods 2010 and 2012. Subsequently the Group has received a NOPA. Inland Revenue are disputing the tax treatment adopted by the Group in relation to receipts. The Group does not agree with the arguments advanced by the Inland Revenue and strongly believe that the treatment adopted is correct.

8. Earnings per share

Basic earnings per share – weighted average number of ordinary shares

In thousands of shares

	September 2015	September 2014
	Unaudited	Unaudited
Issued ordinary shares at beginning of year	39,431	31,715
Effect of shares issued during the period	91	220
Weighted average number of ordinary shares at the end of the period	<u>39,522</u>	<u>31,935</u>
Basic earnings per share (NZ cents)	7.69	(10.27)

Diluted earnings per share – weighted average number of ordinary shares

In thousands of shares

Weighted average number of ordinary shares (basic)	39,522	31,935
Effect of stock entitlements issued	1,497	1,190
Weighted average number of diluted shares at the end of the period	<u>41,019</u>	<u>33,125</u>
Diluted earnings per share (NZ cents)	7.41	(10.27)

The effect of stock entitlements is nil where the exercise price is higher than the average share price for the year, in accordance with NZ IAS 33 *Earnings per share*. When there is a net loss the diluted earnings per share cannot be less than the basic earnings per share.



Notes to the condensed interim financial statements

9. Impact of restatement of six months ended 30 September 2014

The following changes are noted in the 31 March 2015 financial statements. The disclosure below shows the impact on the 6 month period to 30 September 2014.

(a) Change in accounting policy – olive trees

In the financial statements for the year ended 31 March 2015 the Group adopted the amendments to *Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)*, refer to note 13 in those financial statements for detailed explanation. The impact of this change on the Group for the 6 months ended 30 September 2014 (comparatives) is shown in the table in below.

(b) Restatement of bees

In the financial statements for the year ended 31 March 2015 the Group re-measured the value of the bees, refer to note 13 in those financial statements for a detailed explanation. The impact of this change on the Group for the 6 months ended 30 September 2014 (comparatives) is shown in the table in below.

(c) Impact of restatements

The impact of these changes on the group have been shown in the table below:

<i>In thousands of New Zealand dollars</i>	As previously reported	Group – 31 March 2014		Restated
		Remeasurement of bees	Change in accounting policy	
Statement of financial position items:				
Retained earnings	(19,021)	(947)	64	(19,904)
Biological assets – bees	1,706	1,316	-	3,022
Biological assets – olive trees/leaf	5,679	-	(5,146)	533
Property, plant & equipment cost – bearer plants	-	-	5,113	5,113
Accumulated depreciation – bearer plants	-	-	(58)	(58)
Deferred tax assets	768	-	27	795
Deferred tax liabilities	(770)	(368)	-	(1,138)
Group – 30 September 2014				
Statement of financial position items:				
Retained earnings	(13,430)	(947)	86	(14,291)
Biological assets – bees	2,197	1,316	-	3,513
Biological assets – olive trees/leaf	6,168	-	(5,607)	561
Property, plant & equipment cost – bearer plants	-	-	5,573	5,573
Accumulation depreciation – bearer plants	-	-	(88)	(88)
Deferred tax assets	1,293	(368)	36	961
Deferred tax liabilities	-	-	-	-
Income statement items:				
Depreciation – bearer plants	-	-	(27)	(27)
Income tax expense	267	-	8	275
Profit for the year	(3,261)	-	(19)	(3,280)
EPS adjustment				
Basic earnings per share (NZ cents)	(10.21)			(10.27)
Diluted earnings per share (NZ cents)	(10.21)			(10.27)



Notes to the condensed interim financial statements

10. Financial Instruments

Financial instruments carried at fair value

A Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

In thousands of New Zealand dollars

	Level 1	Level 2	Level 3	Total
30 September 2015				
Derivatives – liabilities (hedged)	-	(4,531)	-	(4,531)
Other investments	-	-	8	8
Available-for-sale financial assets – Derma shares (note 10c)	8,152	-	-	8,152
Total	8,152	(4,531)	8	3,629
30 September 2014				
Derivatives designated at fair value through the income statement – Derma warrants	-	778	-	778
Derivatives – liabilities (hedged)	-	(963)	-	(963)
Other investments	-	-	4	4
Available-for-sale financial assets – Derma shares (note 10c)	9,283	-	-	9,283
Total	9,283	(185)	4	9,102

There have been no transfers between levels in either direction during the period.

Available-for-sale financial assets – Derma shares

The Group determines fair value through Derma's share price on the Nasdaq, multiplied by the number of shares, converted into New Zealand dollar.

Derivatives – designated at fair value through the income statement – Derma warrants

The Group determines Level 2 fair value through the application of the Black Scholes Model. Inputs include, the share price (a Level 1 input), risk free rate of the remaining life of the warrant, and the volatility of Derma Sciences, Inc. share price. These were expected in January 2015.

Derivatives – assets and liabilities (hedged), designated at fair value through the income statement

The Group's Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

B Fair values

The fair value of all financial assets and liabilities is the same as the carrying amount.

C Investment held in Derma Sciences, Inc.

	September 2015 Unaudited	September 2014 Unaudited	March 2015 Audited
<i>Available-for-sale financial asset</i>			
Number of shares held	864,880	864,880	864,880
Value of shares held	\$8,152,000	\$9,283,000	\$12,406,000

The value of the shares has decreased primarily due to a decrease in Derma Sciences, Inc. share price in the previous six months.



Notes to the condensed interim financial statements

11. Inventory

	September 2015 Unaudited	September 2014 Unaudited	March 2015 Audited
<i>In thousands of New Zealand dollars</i>			
Raw materials	41,991	21,883	27,722
Work in progress	853	4,868	4,556
Finished goods	24,370	15,395	12,241
Total inventory	<u>67,214</u>	<u>42,146</u>	<u>44,519</u>

12. Loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings issued and repaid during the periods presented.

	September 2015 Unaudited	September 2014 Unaudited
<i>In thousands of New Zealand dollars</i>		
Balance at beginning of period	45,513	29,355
Repayment of term loans and borrowings	(700)	-
Drawdown of related party borrowings	-	75
Drawdown from long term borrowings	22,500	40,300
Balance at end of period	<u>67,313</u>	<u>69,730</u>
Represented as:		
Current loans and borrowings	2,030	630
Non-current loans and borrowings	65,283	69,100
Total loans and borrowings	<u>67,313</u>	<u>69,730</u>
Less: cash and cash equivalents	<u>(7,549)</u>	<u>(7,004)</u>
Total net debt	<u>59,764</u>	<u>62,726</u>

The Group was in compliance with all banking covenants during the period and as at 30 September 2015.



Notes to the condensed interim financial statements

13. Reconciliation of the Profit/(loss) for the period with the net cash from operating activities

In thousands of New Zealand dollars

	September 2015	September 2014
	Unaudited	Unaudited Restated
Profit/(Loss) for the period	3,040	(3,280)
<i>Adjustments for:</i>		
Depreciation	2,355	1,669
Amortisation	1,121	645
Loss on disposal of property, plant and equipment	-	(17)
Share based payments	146	108
Release of deferred revenue	(529)	(526)
Share of profit in equity accounted investees	178	-
	<u>6,311</u>	<u>(1,401)</u>
Change in working capital items from foreign currency translation reserve	(56)	-
Foreign investor tax credits	70	-
Change in inventories	(22,695)	(14,990)
Change in trade receivables	(3,176)	(470)
Change in sundry debtors and prepayments	(2,100)	834
Change in trade and other payables	(6,074)	8,833
Change in employee benefits	(1,067)	(591)
Change in derivatives	(2,355)	3,017
Movement of deferred tax in equity	864	-
Change in tax payable	2,576	(1,257)
Change in deferred tax	324	(1,303)
Net cash from operating activities	<u>(27,378)</u>	<u>(7,328)</u>

The Group's negative operating cash flow in the first six months of this year is a direct result of the planned increase in building supplies of both raw materials and work-in-progress inventories to meet the second half year forecast sales demands.



Notes to the condensed interim financial statements

14. Related parties

Transactions with key management personnel

Key management compensation comprised:

In thousands of New Zealand dollars

	September 2015	September 2014
	Unaudited	Unaudited
Short term employee benefits	1,050	862
Shared based payments	79	59
Total	1,129	921

Other transactions with key management personnel

Directors and other key management personnel of the Company control 20.3% (31 March 2015: 21.4%, 30 September 2014: 24.2%) of the voting shares of the Company.

Other related party transactions

Transactions and balances with related parties comprised:

In thousands of New Zealand dollars

	30 September 2015				30 September 2014			
	DSCI	ENZ	DOD	KHLP	DSCI	ENZ	DOD	KHLP
<i>Sale of goods and services</i>								
Transaction value	3,609	-	-	1,365	1,638	-	-	-
Balance due from	1,777	-	-	-	654	-	-	-
<i>Purchases of goods and services</i>								
Transaction value	388	3	52	465	359	7	-	-
Balance owing to	108	-	288	465	26	-	58	-
<i>Rental expenditure</i>								
Transaction value	-	42	-	-	-	25	-	-
Balance owing to	-	-	-	-	-	-	-	-

Extracts NZ Limited (ENZ)

The Group rents property from ENZ, an equity accounted investee of the Group. The terms and condition of the transactions are determined on an arm's length basis.

Kaimanawa Honey Limited Partnership (KHLP)

KHLP was established in November 2014, it is an equity accounted investee of the Group. The Group provides apiary management services in return for a management fee.

The Department of Discovery Limited (DOD)

DOD owns 50% of Comvita Tourism Partnership Limited (CTP). The Group consolidates CTP and includes DOD's share as non-controlling interest. DOD have been contracted to provide managerial services for the management of the day-to-day operations of CTP.

Derma Sciences, Inc. (DSCI)

Ed Quilty (Director of Comvita Limited) is Chairman and CEO of DSCI. The Group sells goods to DSCI, received Brett Hewlett's director's fees and receives royalty income from DSCI. The Group buys finished goods from DSCI.

Craigs Investment Partners Limited

Craigs Investment Partners Limited is considered to be a related party as Neil Craig is chairman of both entities. During the period, fees paid to Craigs Investment Partners Limited in relation to other expenses, mainly for secretarial services were \$25,000 (six months ended 30 September 2014: \$17,000).



Notes to the condensed interim financial statements

15. Executive employee share scheme

Comvita Limited has an Executive Share Scheme called the Comvita Limited Partly Paid Share Scheme ("The Scheme"). The Scheme is designed to provide key employees with an opportunity to benefit from share price growth. A summary of the key points is disclosed in the most recent annual financial statements.

There has been one issue during the six months ended 30 September 2015. Movements in the number of share entitlements outstanding under the scheme are shown below:

<i>In thousands</i>	September 2015		September 2014	
	Number of Entitlements	Weighted average exercise price	Number of Entitlements	Weighted average exercise price
Entitlements on issue				
Entitlements outstanding at beginning of period	1,739	3.59	1,271	3.30
Entitlements granted	544	5.45	773	3.67
Entitlements converted to ordinary shares	(150)	2.36	(270)	2.63
Entitlements forfeited	(161)	2.75	(35)	3.55
Entitlements outstanding at end of period	<u>1,972</u>	<u>4.19</u>	<u>1,739</u>	<u>3.58</u>
Entitlements available to be exercised				
Entitlement outstanding at beginning of period	39	1.53	39	1.53
Entitlements converted to ordinary shares	(39)	1.53	(39)	1.53
Entitlements now exercisable	316	3.90	-	-
Entitlements outstanding at end of period	<u>316</u>	<u>3.90</u>	<u>-</u>	<u>-</u>

Fair value of share rights granted

The fair value of services received in return for share entitlements granted to employees is measured by reference to the fair value of shares. The estimate of the fair value of the services received is measured based on a Monte Carlo simulation model.

Fair value of share entitlements and assumptions

Issue Date	04-Apr-12	25-Jul-13	05 Sept-14	17-Aug-15
Entitlements issued (number)	488,500	731,250	772,500	544,000
Entitlements on hand (at 30 Sept 2014)	94,500	631,250	702,500	544,000
Fair Value at measurement date	\$0.52	\$0.59	\$0.59	\$0.95
Share price at grant date	\$2.60	\$3.90	\$3.65	\$5.75
Grant Date	04-Apr-12	25-Jul-13	05-Sept-14	17-Aug-15
Exercise price	\$2.65	\$3.90	\$3.67	\$5.45
Expected price volatility	39.4%	26.5%	35.3%	27.0%
Share life	2-4 years	2-4 years	2-4 years	2-4 years
Expected dividend yield	2.50%	2.50%	4.20%	2.78%
Risk-free interest rate	4.00%	4.00%	4.09%	2.69%



Notes to the condensed interim financial statements

16. Net tangible assets per share

	September 2015 Unaudited	September 2014 Unaudited
Net tangible assets per share (NZ cents)	1.71	1.23

17. Treasury stock

During the six months ended 30 September 2015, the Group acquired 213,188 shares as treasury stock, on market at a cost of \$936,000 at an average price of \$4.39 per share. This has been acquired for the Supplier Group Share Scheme as announced to the market on 25 February 2015.

18. Dividends

On 26 June 2015 a final dividend was paid. It was a fully imputed final dividend of \$3,673,398 (9.0 cents per share).

19. Subsequent events

Interim dividend

The Board has announced an interim dividend of 6 cents per share (fully imputed) payable on 27 November 2015.

SeaDragon

On 2 October 2015 Comvita Limited and SeaDragon Limited entered into an agreement to facilitate the completion of SeaDragon's capital raising and give Comvita access to supply of New Zealand produced refined fish oils. As a result of Comvita's partial underwrite, its final allocation was 410,987,830 shares and options representing an aggregate investment of \$3,288,000 being 13.14% of the issued and outstanding ordinary shares, and 18.77% on a fully diluted basis assuming the exercise of all 1,251,142,517 options issued as part of the rights offer.

The put options are subject to approval of certain conditions and SeaDragon shareholder approval. The option can only be exercised in full and it must be exercised before 1 October 2017.



Company Directory

Directors

Neil John Craig (Chairman)
Alan John Bougen
Thomas (David) Cartwright Cullwick
Sarah Christine Ottrey
Edward Joseph Quilty
Lucas (Luke) Nicholas Elias Bunt
Sarah Jane Kennedy (apt 23 July 2015)

Registered Office

COMVITA LIMITED
23 Wilson Road South, Paengaroa
Private Bag 1, Te Puke 3153
Bay of Plenty, New Zealand
Phone +64 7 533 1426
Fax +64 7 533 1118
Freephone 0800 504 959
Email investor-relations@comvita.com
www.comvita.com

Australia

COMVITA AUSTRALIA PTY LIMITED
10 Edmondstone Street
South Brisbane
Queensland 4101
Australia
Phone +61 7 3846 6047
Fax +61 7 3853 5305
Freephone 1800 466 392

Hong Kong

COMVITA HONG KONG LIMITED
Flat/Rm 1109, 11/F Kodak House II
39 Healthy Street East
North Point
Hong Kong
Phone +852 2562 2335
Fax +852 2807 0749

Japan

COMVITA JAPAN COMPANY LIMITED
Sangenjaya Horisho Bld 4F
1-12-39 Taishido
Setagaya
Tokyo 154-0004
Japan
Phone +81 3 6805 4780
Fax +81 50 3730 8097

Bankers

WESTPAC BANKING CORPORATION
Tauranga Branch
2 Devonport Road
PO Box 13 215
Tauranga 3141

Solicitors

SHARP TUDHOPE
Level 4
152 Devonport Road
Private Bag TG12020
Tauranga 3110

Auditors

KPMG Tauranga
Level 2
247 Cameron Road
Tauranga, 3140

Share Registry

LINK MARKET SERVICES LIMITED
PO Box 314
Ashburton 7740

Korea

COMVITA KOREA CO LIMITED
4F, Aju Building
413-13 Shindolim Dong
Guro Gu, Seoul
South Korea
Phone +82 2 2631 0041
Fax +82 2 2631 0047

United Kingdom

COMVITA UK LIMITED
Batchworth House
Batchwood Place, Church Street
Rickmansworth WD3 1JE
United Kingdom
Phone +44 1628 779 460
Fax +44 1628 625 487

China

SHENZHEN COMVITA NATURAL
FOOD CO LIMITED
Unit I, 24th Floor, Shangbu Building
Shangbu Road
Futian District
Shenzhen
China
Phone +86 755 8366 1958
Fax +86 755 8366 0849

North America

COMVITA USA INC
2121 Marine Street, Suite 100
Santa Monica
California 90405
USA
Phone +1 855 449 2201

New Zealand

COMVITA NEW ZEALAND LIMITED
23 Wilson Road South, Paengaroa
Private Bag 1, Te Puke 3153
Bay of Plenty
New Zealand
Phone +64 7 533 1426
Fax +64 7 533 1118
Freephone 0800 504 959