



21 November 2012

COMVITA ANNOUNCES SOLID EARNINGS FOR HALF YEAR

Comvita's net profit after tax (NPAT) for the first six months to 30 September 2012 was \$2.386 million on sales of \$45.4 million. This compares to \$2.578* million NPAT on sales of \$41.8 million for the same period last year.

A fully-imputed interim dividend of 4 cents per share in respect of the first half year will be paid on 21 December 2012 for those registered on 14 December 2012. The dividend reinvestment plan will not apply.

Chairman Neil Craig said, "Comvita historically has a year of two halves with the second half year sales and profits significantly stronger than the first half. We expect this to be the case again this financial year as Asian sales continue to grow strongly. We remain confident that the company will deliver an increase in earnings for the full year. NPAT for the full year ending March 2012 was \$8.224 million on sales of \$95.9 million."

"This is a solid result when considering that the first six months is our quieter period and sales and earnings growth were constrained by raw honey supply. The growth of our business year to date in our key Asian markets is especially pleasing and this will be fully reflected over the coming months as we enter the peak season in these Northern Hemisphere countries."

Woundcare innovation continues to provide returns

The US\$1 million Medihoney™ milestone payment from Derma Sciences (NASDAQ: DSCI), our specialist wound care partner, announced last week, is a capital payment and not included immediately in our operating profit. However, it is an indicator of how well medical sales are tracking, for which Comvita continues to receive royalty payments.

Continued sales growth in Asia

Trading activity has been especially strong in China, South Korea and Hong Kong. Comvita CEO, Brett Hewlett said, "In Asia, where Comvita operates a predominantly direct-to-consumer retail business, we are much better equipped to take advantage

of the continued growth in consumer demand for our unique, premium product offering.

In some of the non-Asian markets, such as Australia and the UK, where Comvita sells through third party retail chains, the trading environment has been relatively tough. The general downturn in the economy and consumer confidence in these markets in particular, is resulting in an increasingly competitive environment for our retailer customers."

Raw material supply sustainability

"The other factor that has been a constraint on sales growth and margins during this first half year is the short supply of our key ingredient, Manuka honey. The honey crop from last summer was well below average, due to generally inclement weather during the summer of 2011/2012, resulting in a sharp increase in the purchase price for new season honey."

"Dealing with this constrained supply of Manuka honey resulted in priority allocation of available product across markets. The benefit of this targeted allocation of sales for our Manuka honey will have significant benefit during the second half year as we enter the Northern Hemisphere winter and the Christmas and Chinese New Year festive seasons."

We have continued to grow our volumes of Manuka honey under direct ownership with the objective of securing a greater proportion of our long term supply requirements, and at the same time mitigating for sharp changes in price from year to year. An increase in security of supply of this raw material is a key strategic initiative for Comvita.

In October, we acquired a Whanganui-based bee-keeping operation. The Group now operates four apiary businesses across the North Island of New Zealand, which contribute approximately one-third of Comvita's total Manuka honey requirements. The balance of supply comes from contracted supply with beekeepers. Four years ago, 100% of supply came from third party sources.

Comvita fresh Olive Leaf Extract assists in slowing the onset of type II diabetes

In September, Comvita announced results of a clinical trial conducted by The Liggins Institute at The University of Auckland, on its fresh Olive Leaf Extract which indicated the potential to slow the onset of type II diabetes.



Mr. Hewlett said, "The results of this trial are significant and have already led to a new health claim and the launch of a new product range in Australia, New Zealand and Hong Kong. Consumers traditionally use our fresh Olive Leaf Extract to relieve symptoms of colds and flu and support their immune system. The clinical evidence that supports the use of Comvita's fresh Olive Leaf Extract to manage blood sugar levels provides a reason for a much larger group of consumers to use the product all year round."

"Comvita has demonstrated that even in a year with short supply of Manuka honey, we can still drive value for the business. We are well placed to take advantage of the Company's strong premium brand in key Asian markets."

"In June of this year we passed the milestone of \$100 million in annualised sales and we remain confident that both top line and bottom line growth can be achieved for this fiscal year and beyond."

* Restated from 2.212 million, refer to the Interim Financial Statements, note 18 for further details.

Ends

For further information:

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**Background information
About Comvita (www.comvita.co.nz)**

Comvita is an international natural health and beauty products company with a strong New Zealand heritage. We are committed to the development of innovative natural health and wellbeing products, backed by credible scientific research. We develop and manufacture products in the categories of Health Care, Personal Care, Wound Care and Health Foods. Manuka (*leptospermum*) honey is at the core of the Comvita product range and we are the largest manufacturer and marketer of this uniquely New Zealand resource. We sell into more than 18 countries through a network of wholesale and third-party outlets, more than 470 branded retail outlets throughout Asia – including 400 stores in 40 cities in mainland China and online. We have offices in New Zealand, Australia, Hong Kong, Japan, Taiwan, South Korea and the United Kingdom.



Comvita Limited

Results for Announcement to the Market

Reporting Period 6 months to 30 September 2012

Previous Reporting Period 6 months to 30 September 2011

This report, including the results for the previous reported half year, is consistent with the unaudited interim financial statements of Comvita Limited for the six months ended 30 September 2012.

Consolidated Results

1. Results \$NZ 000

Revenue from ordinary activities

Current half year \$45,434

Up 8.7%

Previous reported half year \$41,798

Profit from ordinary activities after tax attributable to security holder

Current half year \$2,386

Down 7.4%

Previous reported half year \$2,578 *

Net profit attributable to security holders

Current half year \$2,386

Down 7.4%

Previous reported half year \$2,578 *

* Restated from \$2.212 million, refer to the Interim Financial Statements, note 18 for further details

2. Net Tangible Assets per Security

As at 30 September 2012 \$1.21

As at 30 September 2011 \$0.99