



SCOTT COULTER
Chief Executive Officer

“

COMVITA
ACHIEVES
RECORD RESULT,
DELIVERING ON
GUIDANCE

”





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KEY ACHIEVEMENTS

NZ\$231M
SALES (15 MONTHS)

NZ\$18.5M
NPAT (15 MONTHS)
EARNINGS GROWTH
(OPERATING EARNINGS OF \$17.1M
IN LINE WITH GUIDANCE)

- EBITDA has increased to 17.1% (2015: 15.0%)
- ROCE has increased to 14.3% (2015: 12.0%)

- Joint venture with Capilano Honey Pty Ltd to grow Leptospermum honey supply
- Source ownership enhanced through quality partnerships with Putake and Apiflora
- Peer reviewed, published, clinical research studies on Fresh Picked™ Olive Leaf Extract
 - Focus on growing earnings per share

Financial Summary

2012-2016

In thousands of New Zealand dollars	(15 months) 30-Jun-16	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12
Operating revenue	230,743	152,702	115,283	103,529	95,928
Operating revenue growth rate	51%	32%	11%	8%	17%
Export revenue %	76%	68%	78%	80%	79%
Gross profit	117,311	71,552	60,359	57,563	53,287
Gross profit %	51%	47%	52%	56%	56%
EBITDA ⁽ⁱ⁾	39,445	22,950	16,981	14,747	15,482
EBITDA % of operating revenue	17.1%	15.0%	14.7%	14.2%	16.1%
Earnings before interest and tax – EBIT	30,799	17,414	12,839	11,692	12,806
Net profit before tax – NPBT	26,299	14,489	11,101	10,446	11,561
NPBT % of operating revenue	11.4%	9.5%	9.6%	10.1%	12.1%
Net profit after tax – NPAT	18,477	10,244	7,972	7,371	8,224
NPAT % of operating revenue	8.0%	6.7%	6.9%	7.1%	8.6%
Total assets	243,268	199,722	148,746	136,752	115,354
Total assets per share	6.15	5.07	4.69	4.70	4.06
Total shareholder funds	131,839	118,679	92,082	81,858	75,573
Shareholder equity ratio	54.2%	59.4%	61.9%	59.9%	65.5%
Net debt	84,020	26,093	26,489	25,337	13,380
Net debt to EBITDA	2.1 x	1.1 x	1.6 x	1.7 x	0.9 x
Net interest cover	6.8 x	6.0 x	7.4 x	9.4 x	10.3 x
Net debt to equity ratio	63.7%	22.0%	28.8%	31.0%	17.7%
Earnings per share NPAT (NZ cents)	46.91	29.88	26.12	25.71	29.10
Dividend per share (NZ cents) ⁽ⁱⁱ⁾	18.00	13.00	12.00	13.00	14.00
Return on Sales – ROS ⁽ⁱⁱⁱ⁾	13.4%	11.4%	11.1%	11.3%	13.3%
Return on Capital Employed – ROCE ^(iv)	14.3%	12.0%	10.8%	10.9%	14.4%

⁽ⁱ⁾ EBITDA – earnings before interest, tax, depreciation and amortisation

⁽ⁱⁱ⁾ A fully imputed 2 cent dividend will be paid on the 23rd September 2016

⁽ⁱⁱⁱ⁾ ROS = EBIT / Total Operating Revenue

^(iv) ROCE = EBIT / (Total Shareholder Funds + Net Debt)



NEIL CRAIG
Chairman

In 2016 we grew our earnings per share considerably. There were also a number of significant events; we

- transitioned from Brett Hewlett as CEO to Scott Coulter in October 2015
- further enhanced control of our source of supply of key ingredients
- embarked on a significant investment in SeaDragon as part of our diversification programme
- increased our focus on Innovation with the appointment of a Chief Innovation Officer
- changed our balance date from 31 March to 30 June

Brett Hewlett, our former CEO, had led the Company for ten years and developed Comvita into a high quality, New Zealand natural products brand and at the same time grew sales from \$31m to in excess of \$150m over his tenure. Just as important a contribution during this period, was the vision Brett had for Comvita and the values and culture within the business that evolved under his leadership.

Scott Coulter was Brett's deputy throughout his tenure, he held various operational roles and has a complete understanding of the business. This has allowed Scott to 'hit the ground running' as CEO, with the primary objective of leveraging earnings off the strong brand culture and infrastructure developed under Brett's leadership.

Our balance date change to 30 June required a massive team effort, particularly from all the finance staff. This change was made in order to align the completion of the honey harvest season with the balance date and to somewhat mitigate the disparate earnings of the first half year relative to the second, due to seasonal market factors.

The purchase of a minority stake in NZX-listed SeaDragon is our recent foray into a new ingredient platform for Comvita. We see significant opportunity in a product range of Omega-3 from New Zealand sourced, 'clean green', deep sea based, fish oil.

We continued our focus on controlling source of supply for honey via the Putake joint venture for honey supply in the South Island, the purchase of Makino Station near Raetihi, under a joint venture with long standing honey supplier Apiflora, and completion of the first year of our Supply Partnership Group with approximately 50 beekeepers. These suppliers receive shares in Comvita in addition to payment for honey supply and thereby participate in the value-add that Comvita brings to the honey. We also entered into a joint venture with ASX-listed Capilano Honey (Medibee Apiaries), Australia's largest honey producer to target leptospermum honey supply in several locations in Australia.

While honey based products will always be the core of our business, we envisage with such a strong brand, we have the chance to diversify our revenue streams to a number of new, New Zealand-sourced natural ingredient products. We expect more developments here over the short to medium term.

Perhaps our strongest focus over the last year, has been the relentless pursuit of increasing earnings per share and return on capital employed. This will be a priority for Comvita in the short to medium term now that we have all the building blocks in place for delivery of returns to shareholders.

This year sees the retirement of David Cullwick from the Board at our AGM in October. David has made a huge contribution from strategic planning and risk oversight through to Chair of the Remuneration & Human Resources Committee, where he has specialist knowledge of what happens in corporate New Zealand. His contribution to Comvita for over 11 years has been outstanding.

Finally, the Board acknowledges the dedication of Scott Coulter and the rest of the team in delivering the outstanding result and the hard work put in to achieve this.



SCOTT COULTER
Chief Executive Officer

2016 has been a year of change. Brett Hewlett stood aside as Chief Executive Officer on 1 October 2015 and I was handed the reins of our fast growing business. Brett was a fantastic leader for Comvita and he helped make the transition as smooth as possible for both myself and the business. Thank you, Brett.

Prior to taking on the CEO role I spent time thinking about Comvita, what challenges it faced and how the business needed to evolve and grow.

There were two things that stood out for me during this period. Firstly, good businesses can be developed into great businesses by focusing on improving the things that really matter to our customers, and reducing or eliminating the things that don't matter; and secondly, that continued success is not guaranteed, and that we need to develop new products and services for our customers to keep them happy over long periods of time.

With these two things in mind, and in conjunction with our Board, we developed a new strategy for Comvita that has several core platforms:

We needed to clarify our targets so it was clear to our stakeholders where we wished to take the company. We communicated to the market that we wanted to double our sales over the next five years to \$400m, and grow our earnings over this period faster than sales growth. We needed to continue to invest in supply security for all of our products so we can continue to grow our existing business more quickly, and link our customers to the source of their health food supply. Finally, we needed to diversify our product range outside bee products by driving new product innovation.

We also focused on what capability we would need to achieve our five-year strategy and felt strongly that we had to invest in new product innovation as well as building an improvement culture to evolve even faster as a business, with a genuine focus on

our customers. We also knew that to continue to grow we would need to build long-term and mutually beneficial relationships with our supply partners, so we can continue to jointly create and share value along the way.

When commenting on the year gone it has been a breakthrough year financially. We reached \$200m of sales over a 12-month period. Importantly, the business efficiency measures of return on capital employed (ROCE) at 14.3% (prior year 12%) and EBITDA margin of 17.1% (prior year 15%) signalled the improving underlying performance of the business.

We have recently appointed Sharon Hollenstein as Chief Innovation Officer to drive growth in this area of our business. Sharon's appointment signals a new focused drive on producing high quality products that our customers demand.

In Taobao, the Chinese consumer to consumer site, the Comvita brand is now the number one honey brand in China, based on data which also includes local brands. In Tmall, which is the business to consumer site, we are now the number two brand. China is the largest honey producer in the world so this is a very positive position for our brand. What this means for innovation is we can leverage off this good image and develop products that use new ingredients and sell them under the Comvita brand, a truly unique opportunity for a New Zealand company.

We still have more work to do in our retail business, particularly in Hong Kong, but we have managed to recruit an exceptionally talented team of retail experts and we are working hard to improve our performance in that market.

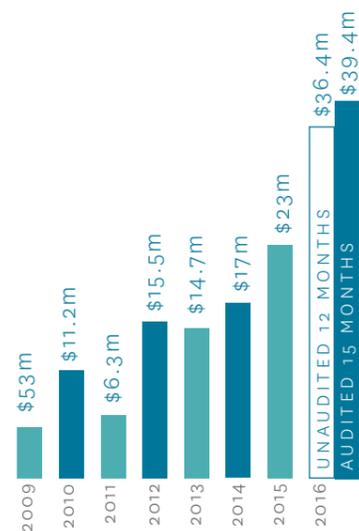
I'd like to finish by thanking all of our staff for their hard work and commitment; their passion and dedication has been an important and essential part of Comvita's growth story.

* PERSONAL CARE
** MEDICAL

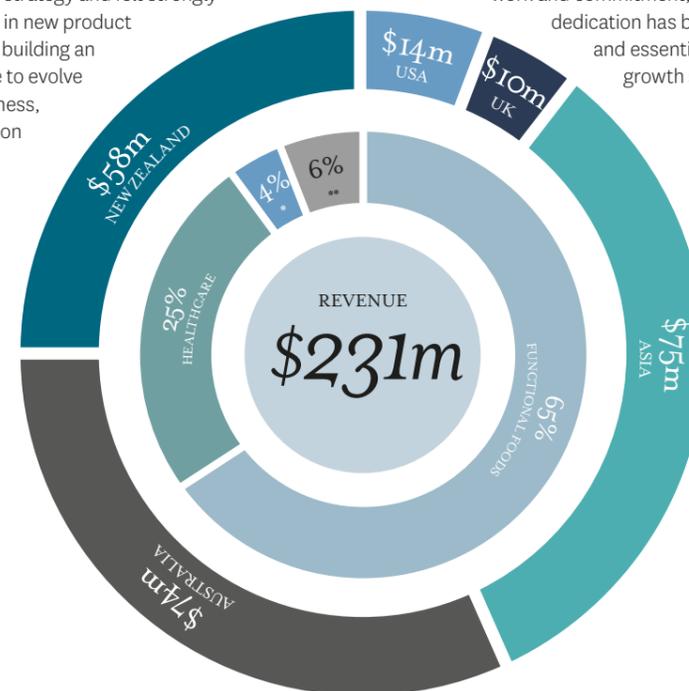
REVENUE



EBITDA*



* EBITDA - Earnings before interest, tax, depreciation and amortisation



NATURAL HEALTH

MORE CONSUMERS
ARE ADOPTING THE
EASTERN PHILOSOPHY
OF 'FOOD THERAPY'
AND AN INCREASING
NUMBER ARE LOOKING
TO NATURAL
PRODUCTS FIRST

FOOD FOR THOUGHT

The Global Health and Wellness industry is expected to be USD\$1 trillion by 2017. (Source: Euromonitor 2012.)

Consumers globally are becoming more proactive in their health management. In the west, more consumers are adopting the Eastern philosophy of 'food therapy' and an increasing number are looking to natural products before pharmaceutical offerings. They are also supplementing their pharmaceutical offerings with natural products. With dramatically ageing populations in both Eastern and Western markets comes an increasing financial burden on government health care systems.

Affluent consumers globally have already realised 'health is the new wealth' and know that the state will not be able to pick up the bill for the increasing cost of ageing populations.

With New Zealand's pure and unspoilt brand image, a trusted authentic brand like Comvita is well positioned to capitalise on an increasing global demand for safe, natural products and expand its product suite.

Cardiovascular disease, diabetes, allergies, eczema, weight management, mental cognition, joint health, digestive health, eye health and energy levels are all increasing consumer health needs that Comvita will continue to develop new natural offerings to help with. We want our consumers to live better lives and we are well positioned to play here already. We are the global leader in Manuka honey and Fresh Picked™ Olive Leaf Extract (OLE) and are rapidly increasing our competence in Omega-3 fish oils, berries and dairy.

FOOD FOR THOUGHT

“

OUR HERITAGE IS
FIRMLY ROOTED
IN AN INTIMATE
UNDERSTANDING
OF THE SOURCE.
KNOWING WHERE
WE'VE COME FROM
IS IMPORTANT IN
DEFINING THE
WAY FORWARD

”

|

COLIN BASKIN - *Chief Supply Chain Officer*

SOURCE



I BEE PRODUCTS

Knowing where we've come from is important in defining the way forward

Our heritage at Comvita is firmly based in bee products and an intimate understanding of the source of those products. Knowing where we've come from is important in defining the way forward.

STRATEGY

Our strategy has been two-fold: build an apiary business that has geographic spread to minimise harvest risk and build secure, long term relationships with third party supply partners.

We've always had a strong link to the source and it is exciting to see this continuing with joint ventures, strategic partnerships and incentives all playing a role this past year. This ensures Comvita can continue to link customers and markets to the source and provide a consistent supply of high quality bee products across the desired categories.

PUTAKE

The 50:50 joint venture with Putake (a Blenheim-based apiary management business) aligns with Comvita's strategy of securing supply to meet the global demand for Manuka honey. In particular it secures supply of the 1,200 Putake owned hives with an additional 2,800 hives under management in the top half of the South Island. While the Manuka crop is significant, Putake also produce a wide variety of other honeys including Kamahi, Clover and the Wildflower which is fantastic for meeting the demand we are seeing for these variants.

CAPILANO

In order to continue to meet market demand across the globe for our heritage bee products, we entered into an agreement with Capilano (Australia's leading honey/bee products marketer). The new joint venture honey business (Medibee Apiaries) plans to operate a number of Leptospermum honey producing apiary businesses in Australia which will deliver premium honey for a range of medical and natural health products. Central to the agreement is opening up access to this significant Leptospermum honey supply.

MAKINO STATION

Comvita formed a 50:50 joint venture with Apiflora, a long term honey supplier to Comvita, and acquired Makino Station in the Ruapehu region, a 1,671ha property known for producing high quality UMF® Manuka honey. We are also planting our own Manuka cultivars on this property.

SUPPLY PARTNERSHIP GROUP

Another important step in securing and understanding our bee products source saw the announcement of the Supplier Partnership Group Share Scheme. This is a positive way of rewarding loyalty and driving long term partnerships which in turn will secure supply to meet consumer demand. The Share Scheme for honey suppliers not only shores up supply but further aligns Comvita with our supply partners.

Comvita's commitment to providing a consistent quality supply of our heritage bee products, has seen our business continue to drive innovative ways to ensure the promise can be delivered to our consumers in market. We're excited about what has been put in place over the last year to ensure we continue to lead in bee products globally.

WE'VE ALWAYS HAD A STRONG LINK TO THE SOURCE AND IT IS EXCITING TO SEE THIS CONTINUING WITH JOINT VENTURES, STRATEGIC PARTNERSHIPS AND INCENTIVES ALL PLAYING A ROLE THIS PAST YEAR.



* Hive numbers can fluctuate. These numbers are approximate.





INNOVATION

FOOD FOR THOUGHT

“
CONSUMERS HAVE
SHOWN STRONG
SUPPORT FOR
COMVITA TO
DEVELOP NEW
PRODUCTS USING
INGREDIENTS
WHICH FOCUS
ON CONSUMER
HEALTH NEEDS

”

SHARON HOLLENSTEIN - *Chief Innovation Officer*

INNOVATION

We produce natural health products with integrity

The Comvita brand is deeply linked with bee products, our New Zealand provenance and our heritage of caring for people and nature. After 42 years of consistent focus on delivering safe, effective natural products, the brand's reputation has now grown to mean more.

Today our consumers perceive the brand to have functional benefits based on its pure, natural, untampered ingredients. They trust the Comvita brand will deliver natural health products with integrity. So, the Comvita brand offer is about natural products that people believe truly work.

With this level of trust our consumers have shown strong support for Comvita to develop new products that use new ingredients and deliver on new consumer health needs. In return, they expect new products from Comvita which will offer a clear and credible functional health benefit, are natural and come from the purest source*.

With the global trends of aging populations, increasing middle income earners and a growing natural health food market, we are seeking to position a range of functional products to meet our consumers' health needs across all life stages.

Key consumer benefit areas that the Comvita brand will focus on include digestion, child development, eye, heart, cognition, immunity, bone, joint, muscle and sleep. To deliver across age groups we will need new formats. Taste will be key, while staying true to controlling source and delivering healthy functional, natural products from New Zealand.

To be successful with innovation on new, functional products we will also need to continue to innovate across all parts of the business to ensure we are supporting our consumers through their life stages and health needs by providing the best possible experience.

We will verify the health benefit opportunity through a two pronged approach of deep consumer insights and in-market consumer validation.

For our core ingredient platforms, we will be investing in extending our range in Manuka honey, driving scientific validation of OLE for heart health and format extensions across OLE, Propolis, Omega-3, berries and dairy.

We have the ideal set up with retail stores across our markets to test prototypes and rapidly iterate to ensure we have successful consumer products. As we launch products, the learnings will drive the innovation pipeline and refine our consumer offerings and experience.

*Source: 2015 qualitative and quantitative consumer study, Australia, New Zealand, Hong Kong, China, United Kingdom.



I woke up feeling terrible about 4 days ago expecting to be a write off for at least a week. I started taking the Propolis Herbal Elixir, natural all-in-one formula, straight away and I started feeling normal again after 24 hours. Seriously this stuff is good, like really, really good.

Thank you Comvita!

#comvitawinterwellness

Photo courtesy of @noahandbowie via Instagram



WE HAVE BEEN ABLE TO GAIN FURTHER INSIGHTS TO IDENTIFY WHAT CHANGES WE CAN MAKE TO MEET THE NEEDS OF OUR CONSUMERS.

MEDIHONEY®

We know Eczema sufferers and their families are looking for natural, effective care

In May 2014 the Medihoney® range was launched into New Zealand as a result of intensive consumer research and uncovering our deepest consumer insight – Eczema sufferers and their families are looking for natural, effective care. The range was launched alongside a 'Care Campaign', which provided sufferers and their families support and tools to help manage their Eczema. This included helpful online videos from our clinical advisor explaining each product and how to use it, alongside tips and other 'Medihoney®Mums' real life Eczema journey's around how to take back control of the sufferer's skin.

Our 'Medihoney®Mums' that you see in our advertising and videos were used as case studies, as we followed the family's Eczema journey and saw first-hand how the Medihoney® range could fit into their lifestyle. From following these families, (globally there have been eight families so far), we've gathered a wealth of information and consumer insights which we have been able to use to further refine and grow the range. When Medihoney® launched in UK, Australia and Hong Kong, marketing communications were adapted to each market's needs, with new Medihoney® families found. One family in Australia was featured on Channel 10 prime time news.

Through ongoing continuous monitoring of the Eczema category across our markets, we have been able to gain further insights to identify what is working well with the Medihoney® range and what changes we can make to further meet the needs of our consumers. In the near future, you will see additional products being added to the Medihoney® portfolio targeted at more areas of the Eczema suffering cycle, including handier formats and sizes to make the products easier to use.

A big part of our Medihoney® growth strategy is to be where the sufferers shop and seek advice. Comvita has been increasing distribution in our pharmacy channel and educating the pharmacist and retailers on the benefits of Medihoney® and how it works. We have provided instore training and seminars

and have been a part of the 'Pharmacist Recommends' programme. This enables the pharmacist to start conversations with the consumer about the Medihoney® range and how it can fit into a sufferer's lifestyle alongside their prescribed medication. We will also be working online, to offer even more support and guidance to sufferers and their families to help get them through this stressful time and to increase the visibility of the Medihoney® message.

WE WILL VERIFY THE HEALTH BENEFIT OPPORTUNITY THROUGH DEEP CONSUMER INSIGHTS, IN-MARKET CONSUMER VALIDATION AND CLINICAL RESEARCH.





OLIVE LEAF

We understand that our consumers are looking for products that they can trust

Comvita Fresh Picked™ Olive Leaf Extract (OLE) is uniquely positioned to offer our consumers a scientifically researched, natural source of health and wellbeing by capitalising on the benefits of our 'source to shelf' business model. Our commitment to delivering natural products that are backed by science, together with best practice supply chain principles, gives our consumers the assurance of top quality supplements that allow them to function their best, every day.

This year has been key for many different areas across the business as we prepare to aggressively grow OLE to achieve our target for FY21. We have seen good growth in sales performance driven by both new product development launches and heavyweight marketing support in our key Australian market.

CLINICAL RESEARCH

Although it is well understood that the olive leaf has been used for centuries in many cultures for medicinal purposes, we continue to invest in an ongoing clinical research programme to fully identify and demonstrate its efficacy in key health areas affecting our consumers.

Our latest clinical research results, published in the European Journal of Nutrition¹ (EJN March 2016), demonstrated that taking Comvita OLE for six weeks lowered blood pressure and improved cholesterol levels in study participants, relative to a placebo. This study has helped to strengthen links between Comvita OLE and its ability to support cardiovascular health.

This, together with our study published in 2013, in the Public Library of Science² (PLOS ONE), which demonstrated that supplementation with OLE improved insulin secretion and efficiency in trial participants, suggest that OLE supplementation may assist in the management of risk factors associated with chronic conditions such as Type 2 Diabetes and Cardiovascular Disease (CVD).

PRODUCTION AND SUPPLY CHAIN

In our ongoing quest for improvement in our supply chain, new manufacturing and production upgrades have been implemented over the past year, with the integration of a new harvester and production process controls. These resulted in increased throughput and improved production efficiency, which has been complemented with the propagation and planting of a further 80,000 trees to meet our future demand.

1. Lockyer, S., Rowland, I., Spencer, J. P. E., Yaqoob, P., & Stonehouse, W. (2016). Impact of phenolic-rich olive leaf extract on blood pressure, plasma lipids and inflammatory markers: a randomised controlled trial. *European Journal of Nutrition*. doi:10.1007/s00394-016-1188-y

2. de Bock, M., Derraik, J. G. B., Brennan, C. M., Biggs, J. B., Morgan, P. E., Hodgkinson, S. C., ... Cutfield, W. S. (2013). Olive (*Olea europaea* L.) leaf polyphenols improve insulin sensitivity in middle-aged overweight men: a randomized, placebo-controlled, crossover trial. *PloS One*, 8(3), e57622. doi:10.1371/journal.pone.0057622

WE CONTINUE TO INVEST IN AN ONGOING CLINICAL RESEARCH PROGRAMME TO FULLY IDENTIFY AND DEMONSTRATE ITS EFFICACY IN KEY HEALTH AREAS AFFECTING OUR CONSUMERS.



OMEGA-3 FISH OIL

A future in New Zealand high quality and efficacious fish oil

WHY FISH OIL?

Omega-3's are the most researched compounds in health and nutrition, with over 3,000 human clinical trials and more than 28,000 published papers. Consumer products containing EPA and DHA Omega-3's have a global market value of USD\$31.4 billion and is now the second largest supplement category globally behind multivitamins, with estimated annual sales of USD\$3 billion in 2015 and growth of 14% CAGR driven by Asia. There is already high penetration of fish oils amongst supplement users and the demand for Omega-3 is projected to continue, with access to fresh fish becoming increasingly difficult worldwide while the benefits of fish and fish oil in diets are becoming more widely known.

WHY NZ FISH OIL?

With the growing fear worldwide (and especially in China and Hong Kong) around food safety, we believe there will be strong consumer appeal for a New Zealand-sourced and manufactured fish oil brand that can genuinely claim to have complete visibility and transparency over every stage in the ship to shelf journey and therefore guarantee product safety.

WHY COMVITA FISH OIL?

Comvita's roots as a business are embedded in the pure goodness and health that nature provides – whether from the land, hive or oceans. As Comvita is a trusted brand with strong distribution channels in Asia, we have the opportunity to replicate the recipe for our success with Manuka honey, and add value to the New Zealand primary industry through our experience in branding and vertical integration of the supply chain.

RESPONSIBLE CARE OF A PRECIOUS RESOURCE

Peruvian Anchovies are caught solely for fish meal and fish oil production. They are under serious threat due to over-fishing. We recognise the value of this precious resource, and will only use products from by-products of quota managed fish species, managed under the New Zealand Quota Management System (QMS), turning the low value waste into a high quality and efficacious fish oil.

We will work with our partners to ensure our fishing and processing practices show care and responsibility towards the precious Southern Oceans ecosystem and natural environment. As a consequence, our consumers can rely on experiencing the benefits of our fish oil, without any need to worry about it containing any harmful contaminants or damaging exploitation of a precious ocean resource.

QUALITY

Our intent is to deliver the freshest, least oxidised fish oil on the market, through careful control and care throughout the source and supply process. Our fresh-tasting oil will be encapsulated in easy-to-take softgels and served in premium containers that securely lock in the ocean freshness and goodness, with recommendations on how to store and consume the product to ensure optimum quality and safety.

OUR INVESTMENT IN SEADRAGON, PROVIDES US WITH LONG-TERM SECURITY OF SUPPLY AND HAS SECURED OUR FUTURE IN HIGH QUALITY, NEW ZEALAND SOURCED, FISH OILS.

WHY SEADRAGON?

The fish oil category is a highly competitive and crowded category, dominated by cheap oils, purchased off the global commodity markets. Some of the oil travels extensively around the world before it ends up on the shelf, sometimes years after the fish has been caught.

SeaDragon is one of the largest refineries in Australasia and is uniquely positioned in the heart of the New Zealand fishing industry, meaning the fish can be caught and the oil processed,

packed and delivered to consumers faster than many other oils on the market. With years of experience and worldclass refining capability, SeaDragon is the logical partner to assist Comvita in cutting through the clutter to deliver a new paradigm in the fish oil category. Our investment in SeaDragon, provides us with long-term security of supply and has secured our future in high quality, New Zealand sourced, fish oils.

SeaDragon has recently constructed a state-of-the-art refined fish oil processing facility in Nelson. It has capacity and capability to produce both large and small batches, allowing

flexibility around sourcing. With over 20 years experience, they are experts in delivering good quality fish oil to the market.

ENVIRONMENTAL RESPONSIBILITY

At the same time, SeaDragon also recognises the need for sustainable fishing and processing practices to minimise the impact on the environment and species, ensuring raw materials are sourced from suppliers that strive to leave harvest areas in as good a condition as they found them.

TRACEABILITY

New Zealand's fisheries are world class and keeping them this way requires a delicate balancing act of meeting today's needs without compromising those of tomorrow. All of the New Zealand sourced unrefined Hoki fish oils come from sustainable fisheries, managed under the New Zealand Quota Management System (QMS). The QMS helps ensure sustainable utilisation of fisheries resources through the direct control of harvest levels for each species in a nominated geographical area.



Securing our future in high quality fish oils

SEADRAGON

FOOD FOR THOUGHT

“
THE COMVITA
BRAND CONTINUES
TO STRENGTHEN
GLOBALLY, DRIVEN
BY THE DEEP
LEVEL OF TRUST
CONSUMERS HAVE
FOR OUR NATURAL,
EFFECTIVE PRODUCTS

”

|

BEN SHAW - Chief Marketing Officer



MARKETS

I MARKETS

The ability to get close to our consumers

A LONG STANDING PILLAR OF COMVITA'S SUCCESS HAS BEEN THE ABILITY TO GET CLOSE TO OUR CONSUMERS AND REALLY UNDERSTAND THEIR NEEDS AND WANTS. OUR CHANNEL STRATEGY FOCUSES ON MAXIMISING THE OPPORTUNITY FROM CHINESE CONSUMERS WHO ARE SUCH PASSIONATE SUPPORTERS OF OUR BRAND.

Chinese consumers are increasingly on the move, taking more vacation time and travelling further afield. In 2012 there were 83 million Chinese tourists and by 2020 this number is set to increase to 200 million*. Currently Korea is their most popular destination, attracting 16% of visitors, Australia is in second place with 14% and New Zealand with 10% of visitors. 66% of these travellers are looking to buy local goods and services when they land. A key driver in growth in Australia and New Zealand has been our ability to target those travellers when they land. In Australia this has been delivered through an increasing presence in the most significant Asian Health and Duty Free outlets. While in New Zealand, we have been able to open a flagship retail space in the Auckland CBD and a premium space at Auckland International Airport. These continue to deliver double digit sales growth and an exceptional brand experience.

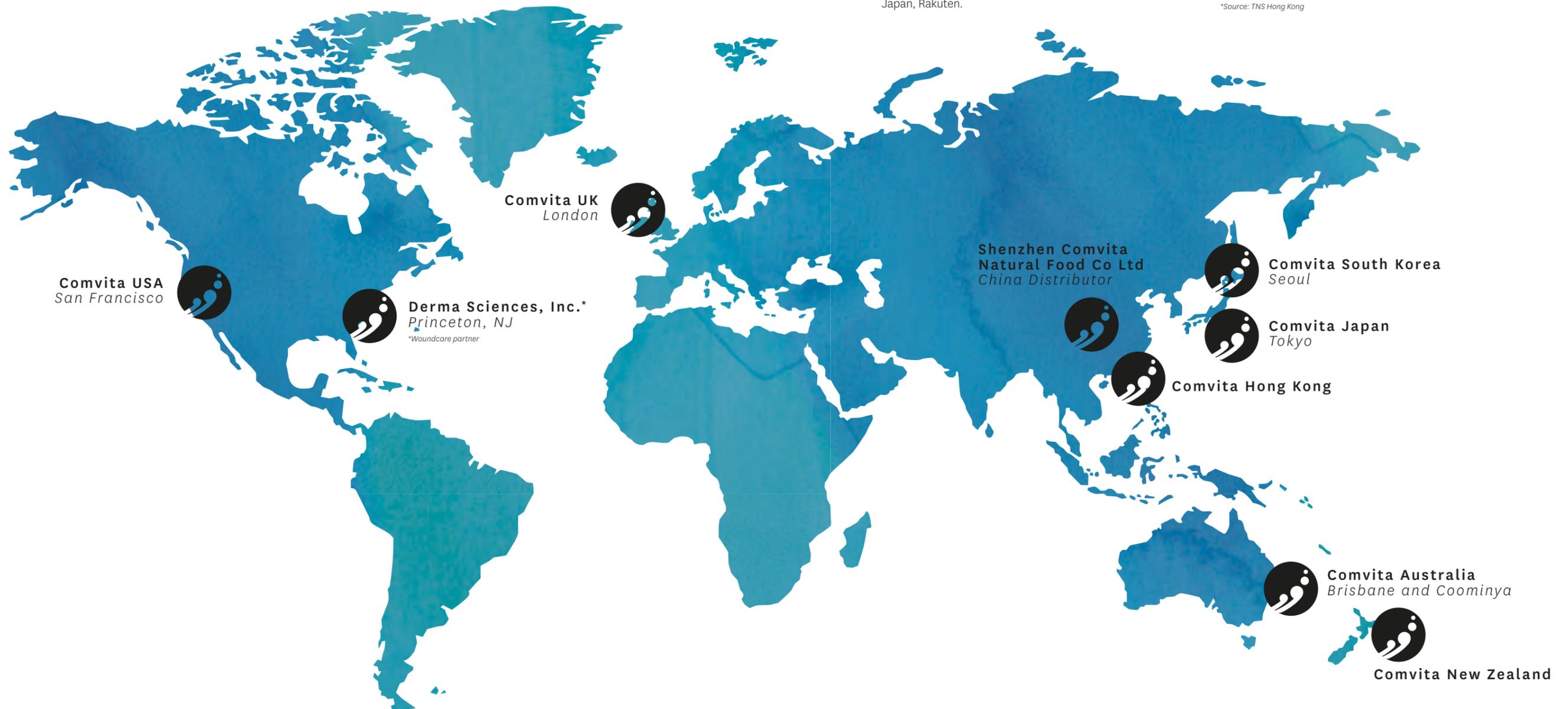
An online presence is vital in targeting these tourists as they plan their trip, and cross border e-commerce with China has grown at considerable levels for some time. Comvita owns and operates seven websites and continues to make strides to grow our expertise in this area. Our own digital sales have hit over \$2.5 million and we continue to support significant growth with all the major e-commerce platforms. In China, these include Taobao, Amazon, Tmall and JD.com and in Japan, Rakuten.

The original destination for Chinese tourists was Hong Kong and Comvita continues to develop our retail stores in that market. A programme of reinvigorating the look and feel of these stores is underway. Premium Comvita counters are also present in the key department stores in Korea and Japan as well as the 400+ branded retail outlets run by our Chinese distribution partner.

The consumers appetite for TV home shopping has grown dramatically in Japan and Korea. Comvita has been successful in tapping into this opportunity with an increasing range of our products being regularly available in both markets.

In our Western markets, traditional pharmacy and health food retailing remains the cornerstone of our success. Our ranges of OLE and Medihoney® have seen growth of 27% and 37% respectively in the key Australian pharmacy channels. Our products listed within Chemist Warehouse go from strength to strength, accounting for 41% of all over-the-counter pharmacy sales in Australia. In New Zealand, Comvita has partnered with leading pharmacy distributor and wholesaler Endeavour, to increase ranging and distribution. Despite difficult trading conditions in Western Europe, the Comvita range continues to perform strongly in Holland & Barret in the UK.

*Source: TNS Hong Kong





SUSTAINABILITY

FOOD FOR THOUGHT

“

WE AIM TO
CREATE A MODEL
OF ENTERPRISE
BY BUILDING
A HEALTHY
AND THRIVING
ECOSYSTEM,
PROVIDING THE
PATHWAY TO
BETTER BUSINESS
PERFORMANCE

”

|

ALAN BOUGEN - *Co-founder and Director*

SUSTAINABILITY

Health is the new wealth

Building on Comvita's long-standing commitment to sustainability, a cross-functional staff team, including members of the Leadership Team, has been created to design and manage a refreshed sustainability framework to take us well into the future.

The Comvita 'Future Fit, For Good' team has been collaborating with industry experts to determine key areas where we can make a greater difference. We have been focusing on key areas such as; waste, energy, emissions, transport, community engagement and environmental restoration. We are developing Future Fit action plans, to determine how we will measure and manage our goals, and we intend reporting regularly on our progress.

During the past year we have made good progress on several fronts including our community engagement initiatives, which has seen us engage with and educate over 1,800 school students along with their teachers and parents. We have initiated new recycling and commercial composting programmes at our Paengaroa site to reduce our waste to landfill. We have planted another 2,100 native trees in the Kopurererua Valley as part of Tauranga City Councils restoration project, taking our total number of plantings to more than 20,000. Our Manuka Plantation Partnership has seen more than 1,000ha of land planted using our unique Manuka cultivars.

Our Future Fit goals connect strongly with our values, ensuring we care for people and the planet, while also making sure we create real long term and lasting value for our shareholders.

Comvita is committed to being 'Future Fit, For Good' and we are working to reinvigorate sustainability thinking and action in all areas of our business for the benefit of all. We believe with future focused thinking and actions we can meet the challenges and opportunities of the future, ensuring we are profitable, resilient, innovative and caring. In short, we believe we can be good, by doing good.

OUR FUTURE FIT GOALS CONNECT STRONGLY WITH OUR VALUES, ENSURING WE CARE FOR PEOPLE AND THE PLANET, WHILE ALSO MAKING SURE WE CREATE REAL LONG TERM AND LASTING VALUE FOR OUR SHAREHOLDERS.

BE GOOD BY DOING GOOD



1,000ha
of profitable and environmentally sustainable Manuka planted.



10,000L
of waste water treated onsite at Paengaroa daily and used to irrigate 40,000 native plants.



2,100
native trees planted in partnership with Tauranga City Council Kopurererua Valley restoration project.



1,800
school children, (teachers and parents) engaged through our education programmes.



\$110,000
donated to industry and community organisations.

FUTURE fit, for GOOD

THINK. FEEL. DO

• The Comvita Values •



CARING

Nature restoration
Community engagement
Education



COURAGEOUS

Waste reduction
Carbon emissions reduction



CURIOUS

Healthy, empowered people
Relationships of trust

LEADERSHIP TEAM

SCOTT COULTER
Chief Executive Officer

The last 15 months at Comvita have been fast-paced. Highlights for me include transitioning into the role of CEO, setting and executing the strategy to get to \$400 million, the focus on continuous improvement and innovation, as well as the joint venture relationships established. I am confident in the overall strategic direction of the Company.

MARK SADD
Chief Financial Officer

It's been a year to remember; Comvita delivering on another fantastic financial result, the shift in the underlying valuation of the business and inclusion into the NZX50. The company is delivering on historical strategic investments whilst forging ahead with further initiatives to ensure ongoing shareholder value. I am very proud to be part of the continuing development of Comvita.

PATRICK BRUS
Chief Corporate Services Officer

Another great year for Comvita continuing to build our platform for growth. Our cloud-based ICT and focus on continuous improvement, combined with our investments in our people will give us the capabilities we need. It's an absolute pleasure being part of the Comvita journey and I know that our great people and culture will continue to deliver positive outcomes.

BEN SHAW
Chief Marketing Officer

In 2016 Comvita continued its strategy to invest in new product platforms. To support these, we continue to invest in consumer insights and are steadily increasing our marketing capability. The investment in Nelson-based SeaDragon and the OLE clinical trials through the University of Reading are two examples of Comvita making significant progress in building compelling and sustainable non-bee product platforms.

SHARON HOLLENSTEIN
Chief Innovation Officer

Comvita is on an exciting journey as we gear ourselves up to deliver new consumer offerings based on our non-bee ingredient platforms (OLE, Omega-3, berries and dairy). A highlight from my time in this role has been the establishment of the innovation team and working with the Board and Leadership Team to formalise the innovation direction.

COLIN BASKIN
Chief Supply Chain Officer

Another exciting year at Comvita, featuring ongoing developments across our entire supply chain. Combining multiple continuous improvement initiatives through procurement, planning and processing, with capital investment in our beekeeping and OLE operations has contributed to significant productivity and capacity benefits to the Group. Our focus remains on product quality, delivery performance and service levels to our customers and consumers across the globe.

SIMON POTHECARY
Chief Sales Officer

Comvita has had a fantastic year in 2016 and it's exciting that more consumers than ever before have experienced the health benefits of Comvita's quality products. We've seen growth across all our major markets across the East and West. The teams across the world continue to challenge themselves to deliver profitable growth across our existing channels and markets while also seeking out the next set of opportunities.



BOARD of DIRECTORS

THE BOARD'S HIGHLIGHTS FOR THE 2016 YEAR INCLUDE THE FRESH PICKED™ OLIVE LEAF EXTRACT CLINICAL TRIALS, JOINING THE NZX50 AND SUPPLY CHAIN INTEGRITY AND QUALITY. THEY ALSO REFLECT ON A SEAMLESS CEO TRANSITION ALONG WITH CONCENTRATION ON INNOVATION, STRONG RESULTS AND A FOCUS ON GROWING EARNINGS PER SHARE.

<p>NEIL CRAIG <i>B.AG Com (Economics)</i></p>	<p>Non-Executive Chairman</p>	
<p>It is a pleasure to be Chair of a company that has transitioned to a new CEO in the last year in such a seamless manner. At the same time, we have increased our focus on growing earnings per share from the solid base that has been established over the last ten years.</p>		

	<p>ALAN BOUGEN</p>	<p>Non Executive Director & Deputy Chairman</p>
	<p>Highlights include a focused innovation team, solid growth of our OLE range and a successful clinical trial result, significant gains through our continuous improvement programme and the establishment of a 'Future Fit, For Good' sustainability team. Our Kiwi Bee apiary business has seen steady progress with joint ventures, Manuka plantation progress and finalising a cadetship scheme, to provide opportunities for aspiring apiarists.</p>	

<p>DAVID CULLWICK <i>M.Tech, PHD, (Mgmt/Mktg)</i></p>	<p>Independent Director</p>	
<p>Three reflections of great progress in 2015/16: a very successful transition from Brett Hewlett's tenure as CEO to Scott Coulter in that role leading very strongly with his new Leadership Team; sharemarket confidence and major value recognition in consistently strong results and commercial disciplines; and ongoing innovation in the supply chain and in-market promotion activities.</p>		

	<p>SARAH OTTREY <i>B.Com (Marketing)</i></p>	<p>Independent Director</p>
	<p>I continue to be impressed by the strength of the Comvita brand and its ability to achieve price and consumption growth. Comvita's source ownership and providence transparency advantage have been further enhanced through quality partnerships with Capilano, Putake and SeaDragon. This can only be achieved with excellent people and Scott Coulter and his team have done an outstanding job.</p>	

<p>LUKE BUNT <i>CA, MInstD</i></p>	<p>Independent Director</p>	
<p>By focusing on the market place and continuing to diversify our product range through innovation, establishing long term partnerships and investing in capability, Comvita has gone from strength to strength. This, coupled with prudent capital management aimed at building financial capacity, sets the platform for long-term growth.</p>		

	<p>SARAH KENNEDY</p>	<p>Independent Director</p>
	<p>One of my highlights in the first 15 months as a Comvita Director was visiting the Olive Leaf farm in Queensland. The integrity and quality of the supply chain from 'source to shelf' is outstanding, and now coupled with a successful Clinical trial, makes OLE an increasingly important part of the Comvita portfolio.</p>	

<p>MURRAY DENYER <i>B.Com, LLB</i></p>	<p>Independent Director</p>	
<p>My first impressions as a new Director on the Board are the very high calibre of the Comvita team and the determined pace at which the business is moving. I see a great culture, and a strong company with an exciting future ahead of it.</p>		

BOARD of DIRECTORS



MARK SADD
Chief Financial Officer

Comvita's net profit after tax for the 15-month period to 30 June 2016 was \$18.5m compared to the prior 12-month period of \$10.2m, while EBITDA was \$39.4m compared to the prior year of \$23.0m. This represents EBITDA growth of 72% for the 15-month period and 59% for the comparable 12 months to 31 March 2016.

Full year dividend payment	18 cents per share
Final dividend payment	2 cents per share
Dividend record date	16 Sept 2016
Dividend payment date	23 Sept 2016

REVENUE

We have had strong revenue growth of 32% on the 12-month comparable period (March 2015 to March 2016, unaudited). Revenue surpassed the milestone of \$200m for the 12 months to 31 March 2016, compared to \$153m for the year to 31 March 2015. Revenue for the 15-month period to 30 June 2016 was \$231m. We continue to see growth year-on-year for our honey range. Our long term strategy to grow our non-honey range has seen volume growth being achieved, in particular, with OLE. The company is on track to deliver its long term revenue forecast.

GROSS MARGIN

Gross margin has increased to 51% from 47% in the prior year. Improvement was made to return our margin to more historical levels. This has been made possible through a focus on trading terms of all markets and channels.

OPERATING EXPENSES

Operating expenses grew mainly as a result of direct selling expenses in line with revenue growth. The majority of our capital spend has now been incurred which will result in our future fixed operating costs being held constant. Forecasted growth in revenue and a continued focus on gross margin will see true operating leverage and earnings growth being realised. Operating expenses were 39% of revenue, remaining consistent with prior year.

OTHER INCOME

Other income of \$0.8m, is considerably less than prior year of \$6.1m. This is due to prior year balance date of March requiring the recognition of a fair value increase

of our biological assets and agricultural produce. With the balance date change to June, the honey harvest and testing is complete and moved to cost of sales by the new reporting date.

FINANCIAL INCOME AND EXPENSES

Financial income of \$5.4m (2015: \$0.3m) included \$4.6m (2015: nil) increase in fair value of SeaDragon options (refer financial position for more details). Financial expenses of \$7.3m (2015: \$4.0m) included interest of \$4.5m and \$2.7m write down on fair value of investment in Derma Sciences.

NET DEBT AND CASH FLOW

Net debt has increased by \$58m. \$32m of this net outflow was from operating activities, primarily related to inventory growth (\$51m) and \$18m net outflow from investing activities.

Cashflow from operating activities resulted in net outflow of \$32m. The Group has taken a very strategic view on honey procurement to ensure that forecasted demand and financial targets can be achieved. The change in balance date also sees the business at a peak seasonal period from an inventory holding perspective. The increase in inventory is directly correlated with the increase in net debt. Strong financial funding covenants continue to be maintained by the Group.

Net outflow from investing activities was \$18m including strategic investments in equity accounted investees, being SeaDragon Limited and Makino Station Limited. There was also investment in property, plant and equipment to support the Group's growth strategy and to further strengthen our supply chain and operational capability.

FINANCIAL POSITION

A \$51m increase in inventory as explained above ensures that sufficient supplies of raw honey are available to ensure our short term financial objectives are met. This also puts the Group in a strong position to look to open new markets and channels that historically have not been serviced due to supply constraints.

A 10% increase in property plant and equipment is due to ongoing investment in plant and machinery and

the completion of apiary extraction facilities to meet growing supply and demand.

A strategic investment in SeaDragon Limited (NZX:SEA) by way of direct investment and convertible loan note has seen the Group invest \$6.8m. Further options have been granted to Comvita which may be exercised by September 2018, valued at \$4.6m. The investment in Derma Sciences, Inc. (Nasdaq:DSCI) reduced by \$6.3m due to a decrease in their share price at 30 June 2016.

Trade receivables and trade and other payables have both decreased by \$6.2m and \$10.0m respectively. These movements have resulted from the change in balance date and in particular the seasonal timings of revenue and the honey season.

Employee benefits also decreased over the prior year due to the change in balance date, as a number of benefits were paid on the 12-month result.

EQUITY

Equity has increased by \$13.2m primarily as a result of net profit after tax of \$18.5m and \$2.4m increase in share capital, offset by dividend payments of \$10.2m.

DIVIDEND

The full year dividend is 18 cents per share which represents approximately 42% of underlying operating profit for the 15-month period.

CONCLUSION

Comvita has positioned itself through inventory and balance sheet strength to deliver on its financial objectives. We remain poised to take advantage of further growth opportunities and to continue delivering earnings growth to our shareholders.

Financial Performance For the period ended

In thousands of New Zealand dollars

	30 June 2016 15 months	31 March 2015 12 months
Revenue	230,743	152,702
Cost of sales	(113,432)	(81,150)
Gross profit	117,311	71,552
Selling and marketing expenses	(51,282)	(34,388)
Distribution expenses	(9,127)	(6,148)
Research and development expenses	(4,027)	(2,826)
Administrative expenses	(26,189)	(16,972)
Subtotal operating expenses	(90,625)	(60,334)
Other income	766	6,050
Operating profit before financing costs	27,452	17,268
Finance income	5,408	326
Finance expenses	(7,294)	(3,994)
Net finance costs	(1,886)	(3,668)
Share of profit of equity accounted associates	733	889
Profit before income tax	26,299	14,489
Income tax expense	(7,822)	(4,245)
Profit for the period	18,477	10,244

Financial Position As At 30 June 2016

In thousands of New Zealand dollars

	30 June 2016	31 March 2015
Assets		
Property, plant and equipment	47,895	43,550
Biological assets	3,844	4,867
Intangible assets and goodwill	41,629	43,112
Other investments	12,629	14,348
Deferred tax asset	1,361	738
Total non-current assets	107,358	106,615
Inventory	95,299	44,519
Trade receivables	18,792	24,997
Sundry receivables	12,015	3,898
Cash and cash equivalents	2,780	19,420
Derivatives	6,948	39
Tax receivable	76	234
Total current assets	135,910	93,107
Total assets	243,268	199,722
Equity		
Issued capital	97,181	94,778
Retained earnings	39,659	26,887
Reserves	(5,001)	(2,496)
Non-controlling interest	-	(490)
Total equity	131,839	118,679
Liabilities		
Loans and borrowings	86,800	43,483
Deferred revenue	2,810	4,131
Deferred tax liabilities	-	663
Employee benefits	354	348
Total non-current liabilities	89,964	48,625
Trade and other payables	11,525	21,556
Employee benefits	2,749	5,292
Deferred revenue	1,057	1,057
Tax payable	2,096	346
Loans and borrowings	-	2,030
Derivatives	4,038	2,137
Total current liabilities	21,465	32,418
Total liabilities	111,429	81,043
Total equity and liabilities	243,268	199,722

Cash Flows

For the period ended

In thousands of New Zealand dollars

	30 June 2016 15 months	31 March 2015 12 months
Cash inflows from operating activities	235,663	148,611
Cash outflows from operating activities	(267,280)	(136,641)
Net cash flows from operating activities	(31,617)	11,970
Net cash flows from investing activities	(17,919)	(32,454)
Net cash flows from financing activities	32,626	36,904
Net increase/(decrease) in cash and cash equivalents	(16,910)	16,420
Cash and cash equivalents at the beginning of the year	19,420	2,865
Effect of exchange rate fluctuations on cash held	270	135
Cash and cash equivalents at the end of the year	2,780	19,420

The summary financial information has been derived from, and should be read in conjunction with, the Comvita Limited Group annual financial statements (the 'full financial statements'). The full financial statements, approved by the Board of Directors on 22 August 2016 are available at www.comvita.co.nz. The accounting policies used in these financial statements are included in the notes to the full financial statements. The full financial statements have been prepared in accordance with and comply with IFRS, as appropriate for profit-orientated entities. The full financial statements have been audited by KPMG and an unqualified opinion given.

The summary financial information cannot be expected to provide as complete an understanding as provided by the full financial statements.

GOVERNANCE

THE PRIMARY OBJECTIVE OF THE BOARD IS TO BUILD LONG-TERM SHAREHOLDER VALUE WITH DUE REGARD TO OTHER STAKEHOLDER INTERESTS. IT DOES THIS BY GUIDING STRATEGIC DIRECTION AND CONTEXT AND FOCUSING ON ISSUES CRITICAL FOR ITS SUCCESSFUL EXECUTION.

The Board's Charter sets out the governance principles, authority, responsibilities and membership and operation of the Board of Directors. This governance statement outlines the main corporate governance practices as at 18 August 2016. A full statement is available to view at www.comvita.co.nz.

Compliance

The best practice principles which the Company considers in its governance approach are the New Zealand Exchange (NZX) Listing Rules relating to corporate governance, the NZX Corporate Governance Best Practice Code, and the New Zealand Securities Commission Corporate Governance Principles and Guidelines (collectively the "Principles").

The Board's view is that the Company's corporate governance principles, policies, and practices do not materially differ from best practice 'Principles'. The Company's constitution, the Board and committee charters and roles, codes and policies referred to in this section are available to view at www.comvita.co.nz.

Governance Principles And Guidelines

PRINCIPLE 1 – ETHICAL STANDARDS

Directors observe and foster high ethical standards.

The Company expects its Directors, Officers, and Employees to act legally, to maintain high ethical standards, and to act with integrity consistent with Comvita's policies, guiding principles and values. A Code of Ethics sets out these standards for Directors.

The Company has adopted policies to ensure it maintains high standards of performance and behaviour when dealing with the Company's customers, suppliers, shareholders and staff. Specific policies are in place relating to the environment, Privacy Act requirements, confidentiality of Company information, conflicts of interest, complaints from stakeholders, and trading in Company securities.

Trading in Comvita Securities

On a continuing basis, the Board considers whether any matters under consideration are likely to materially influence the present or future market expectations of the Company, including the share value. It then determines whether or not there continues to be an 'open window' for share trading by Directors or Officers of the Company. The policy is for a specific declaration in respect of this matter to be made as appropriate. All proposed transactions by Directors or Officers require specific prior approval by the Board Chair and the Chair requires approval from the Chair of the Audit & Risk Committee.

PRINCIPLE 2 – BOARD COMPOSITION AND PERFORMANCE

There is a balance of independence, skills, knowledge, experience and perspective among Directors that allows the Board to work effectively.

Board Size and Composition

The Board is comprised of Directors with a mix of qualifications, skills and experience appropriate to the Company's business. The Constitution provides for the Directors annually to elect one of their number as Chairperson of the Board.

Gender Composition of Directors and Officers

The Company is committed to diversity in its employment of individuals at all levels in the organisation. As at 30 June 2016, the Board had two female Directors in a total of seven Directors and one female Officer (2015: one female Director and no female Officers). There are six women in Senior Executive roles in the Company.

Independence of Directors

For a Director to be considered to be independent, the fundamental consideration in the opinion of the Board is that the Director be independent of the Executive and not have any relationship that could, or

GOVERNANCE

could be perceived, to interfere materially with the Director's exercise of his/her unfettered and independent judgement.

Having considered these matters and the composition of the Board, the Company considers the Directors hold an appropriate mix of skills, expertise and independence.

The Comvita Board has reviewed which of its Directors are deemed to be independent in terms of NZX Listing Rules and has determined as follows:

- Independent Directors: Neil Craig, Luke Bunt, David Cullwick, Sarah Ottrey, Sarah Kennedy, Murray Denyer
- Not Independent Because of disqualifying relationships is Alan Bougen – a shareholder in Comvita with 5.0% of the shares.

The Board therefore determines that the majority of Directors in Comvita are Independent Directors, including the Chairs of the Audit & Risk, and Remuneration & Human Resources Committees.

Responsibilities of the Board and Executive

The business and affairs of the Company are managed under the direction of the Board of Directors on behalf of shareholders. The Board's responsibilities are outlined on the Company's website www.comvita.co.nz. Responsibility for the day-to-day operations and administration is delegated by the Board to the Chief Executive, and the Leadership team.

Appointment and Retirement of Directors

At each annual meeting two of the Directors retire by rotation and are eligible to apply for re-election at the annual shareholders' meeting, along with

any appointments made since the previous annual meeting. The Company does not pay retirement benefits to any Director on retirement.

Board Processes

The Board has a regular on-site meeting schedule complemented by teleconference meetings. There were ten Board meetings and ten teleconference special meetings for the 15-month period ending 30 June 2016.

Board Composition and Performance Review

The Board regularly reviews its composition and as a result has introduced two new Directors in the last two and a half years. During the period, the Board initiated a performance review by external consultants. This was completed in July 2016.

PRINCIPLE 3 – BOARD COMMITTEES

The Board uses Committees where this enhances the effectiveness in key areas while retaining Board responsibility. The Board operates two Committees to assist in the execution of the Board's duties – the Remuneration & Human Resources Committee and the Audit & Risk Committee. Each Committee has a specific Charter which can be viewed at the Company's website www.comvita.co.nz. Committee members are appointed from members of the Board and membership is reviewed on an annual basis. All matters determined by Committees are submitted to the full Board as recommendations for Board decision.

Remuneration & Human Resources Committee

The Remuneration & HR Committee comprises of David Cullwick (Chair), Alan Bougen, Sarah Ottrey and Neil Craig and met four times during the period.

The Committee recommends the remuneration policies and packages, including performance incentives for the Chief Executive Officer and the Leadership team. Additionally it reviews: the performance of the Chief Executive Officer; succession planning for the Senior Executive team and the Board; risk and compliance monitoring in relation to the Company's human resources; the Company's performance in respect of responsible governance, and remuneration policies and guidelines for Directors.

Audit & Risk Committee

The Audit & Risk Committee comprises Luke Bunt (Chair), David Cullwick (Deputy Chair), Alan Bougen, Sarah Kennedy and Neil Craig (in an ex-officio capacity) and met three times during the period. The Committee reviews the annual audit process, the financial and operational information provided to the stakeholders and others, the management of business risk to the organisation, and the framework of internal control and governance which the Leadership team and the Board have established. The Chief Executive Officer, Chief Financial Officer and General Manager Finance regularly attend meetings. The Company's external auditors attend Committee meetings as deemed necessary by the Committee.

PRINCIPLE 4 – REPORTING AND DISCLOSURE

The Board demands integrity both in financial reporting and in the timeliness and balance of disclosure on entity affairs.

The Company is committed to ensuring integrity and timeliness in its financial reporting and in providing information to the market and shareholders which reflects a considered view on the present and future prospects of the Company.

Financial Reporting

The Audit & Risk Committee oversees the quality and integrity of external financial reporting including the accuracy, completeness and timeliness of financial statements. It reviews half-year and annual financial statements and makes recommendations to the Board concerning accounting policies, areas of judgement, compliance with accounting standards, stock exchange and legal requirements, and the results of the external audit.

Management accountability for the integrity of the Company's financial reporting is reinforced by the certification from the Chief Executive Officer and Chief Financial Officer in writing that the Company's financial report presents a true and fair view in all material aspects.

Timely and Balanced Disclosure

Continuous disclosure obligations of NZX require all listed companies to advise the market about any material events and developments as soon as the

Company becomes aware of them. The Company has policies and monitoring in place to ensure that it complies with these obligations.

PRINCIPLE 5 – REMUNERATION

The remuneration of Directors and Senior Executives is transparent, fair and reasonable. Making sure team members and Directors get the rewards they deserve is the responsibility of the Remuneration & Human Resources Committee, a committee of the Board.

Non-Executive Directors Remuneration

The fees payable to the Non-Executive Directors are determined by the Board within the aggregate amount approved by shareholders. The Board considers external information of peer companies in terms of scale and complexity when setting remuneration levels. The current Directors' fee pool limit is \$550,000 approved at the 2015 annual meeting of shareholders.

Senior Executive Remuneration

Senior Executives remuneration is made up of: base or fixed remuneration; an 'at-risk' component based around individual 'balanced scorecard' performance in the year; and a share of a bonus pool if shareholder value targets are achieved, subject to Board approval. In addition, 37 executives qualify to participate in a long term executive share scheme plan.

Staff Remuneration

All staff participate in a bonus pool based on the Company attaining the agreed budget. In addition all staff have the opportunity to participate in a share purchase scheme. The Company provides a non-interest bearing loan of up to \$2,340 to assist staff to purchase Comvita shares.

PRINCIPLE 6 – RISK MANAGEMENT

The Board regularly verifies that the entity has appropriate processes that identify and manage potential and relevant risks.

Business Risks

The Chief Executive Officer and Leadership team are required to regularly identify the major risks affecting the business into a risk management register and to develop strategies to mitigate these risks. Significant risks are discussed at each Board meeting, or as required. The Company maintains insurance policies that it considers adequate to meet the insurable risks of the Group. Exposure to any foreign exchange risk is managed in accordance with policies laid down by the Directors.

Health and Safety

The Company employs a Global Health and Safety Manager and operates a Health and Safety Committee to identify workplace hazards, and monitor and review compliance with the Company's documented

Board Member	Board		Conference Calls & Special Meetings		Audit & Risk		Remuneration & HR	
	Eligible	Attended	Eligible	Attended	Eligible	Attended	Eligible	Attended
Neil Craig	10	10	4	4	3	2	4	4
Alan Bougen	10	10	4	4	3	3	4	3
David Cullwick	10	8	4	4	3	3	4	4
Sarah Ottrey	10	10	4	4			4	4
Luke Bunt	10	7	4	2	3	3		
Sarah Kennedy	7	6	3	3	2	-		
Murray Denyer	4	2	2	2			1	1
Ed Quilty	7	5	3	1				

occupational Health and Safety policies and procedures. Health and Safety review reports are a priority agenda item at all Board meetings and specific reviews are sought as required.

Chief Executive Officer and Chief Financial Officer Assurance

The Chief Executive Officer and Chief Financial Officer have provided the Board with written confirmation that the Company's 2016 financial statements are founded on a sound system of risk management and internal compliance and control; and that all such systems are operating efficiently and effectively in all material respects.

Risk Monitoring

The Audit & Risk Committee reviews the Company's risk management policies and processes and the Leadership team provides an updated risk assessment profile to each meeting of the Board. The Remuneration & Human Resources Committee reviews human resource management risks.

PRINCIPLE 7 – AUDITORS

The Board ensures the quality and independence of the external audit process.

Independence

To ensure the independence of the Company's external auditor is maintained, the Board has agreed the external auditor should not provide any services not permitted under International Federation of Accountants regulations. This is monitored by the Audit & Risk Committee.

External Auditor

Comvita's external auditor is KPMG. KPMG was re-appointed by shareholders at the 2015 Annual Meeting in accordance with the provisions of the Companies Act 1993. KPMG were first appointed as auditors in 1998. KPMG has been invited to attend this year's annual meeting and will be available to

answer questions about the audit process, Comvita's accounting policies and the independence of the auditor.

PRINCIPLE 8 – SHAREHOLDER RELATIONS

The Board fosters constructive relationships with shareholders that encourage them to engage with the Company.

The Board aims to ensure that all shareholders are provided with all information necessary to assess the Company's strategic direction and performance.

They do this through a communication strategy which includes:

- Periodic and continuous disclosure to NZX;
- Information provided to media and briefings to major shareholders;
- Half-year and annual reports;
- Chief Executive's Report to shareholders approximately every six months;
- The Company's website with an investor relations section;
- Future direction presentation at the annual shareholders' meeting which is conducted in a very open manner, and in which a range of questions are considered.

PRINCIPLE 9 – STAKEHOLDER INTERESTS

The Board respects the interests of stakeholders within the context of the Company's ownership type and its fundamental purpose.

Comvita aims to manage its business in a way that will produce positive outcomes for all stakeholders including the public, customers, employees, shareholders and suppliers. The Company is strongly committed to acting in a socially responsible manner with all stakeholders, including the wider community.

DIRECTORS

COMVITA BOARD OF DIRECTORS

Neil Craig
Alan Bougen
Thomas (David) Cullwick
Sarah Ottrey
Luke Bunt
Sarah Kennedy
Murray Denyer

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Tauranga 3141

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KPMG

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Tauranga 3140

SOLICITORS

SHARP TUDHOPE

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Tauranga 3110

SHARE REGISTRY

LINK MARKET SERVICES LIMITED

P O Box 314
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— DIRECTORY

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