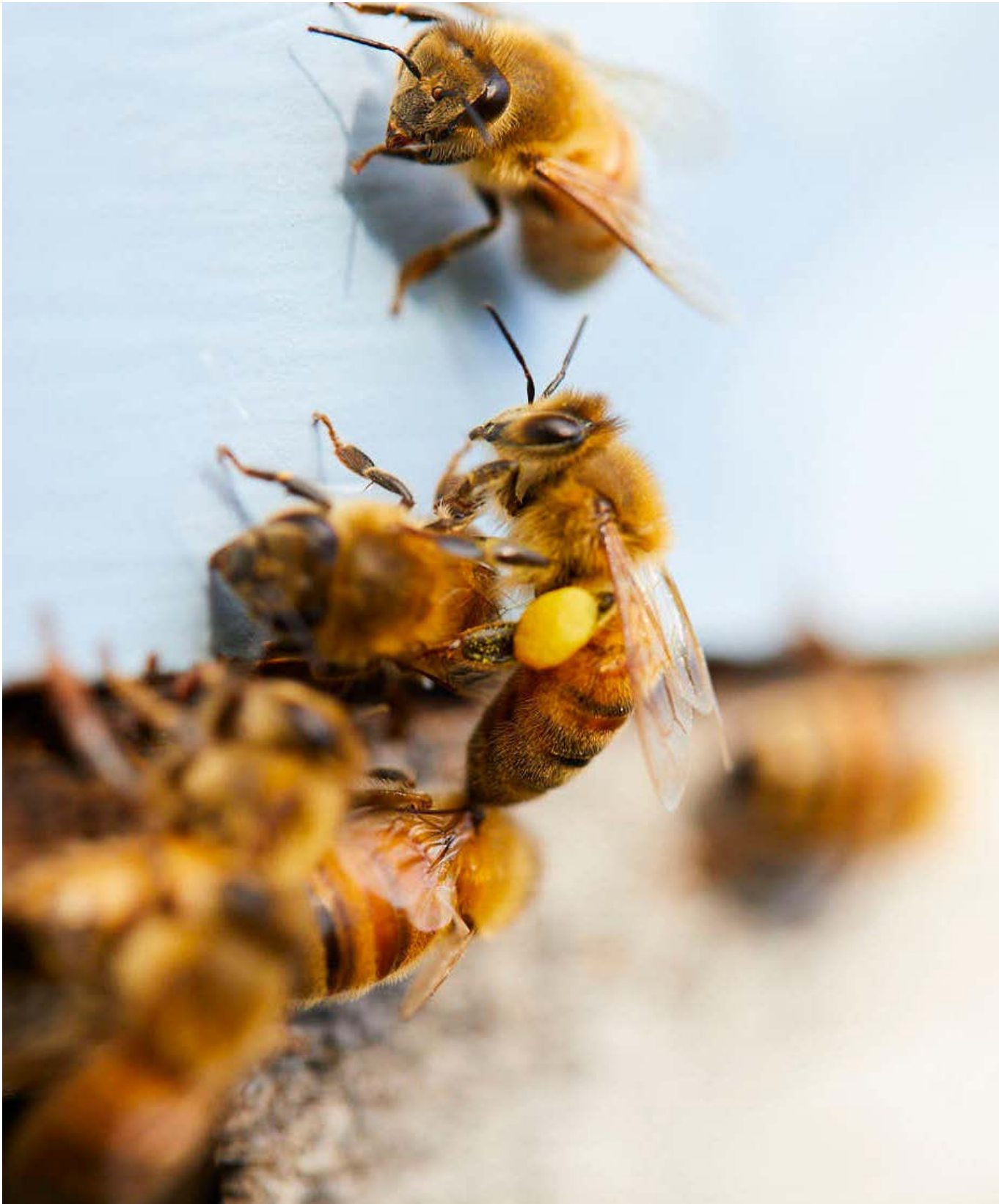




FINANCIAL STATEMENTS 2020



FOR THE YEAR ENDED 30 JUNE 2020
COMVITA LIMITED



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DIRECTORS' DECLARATION

In the opinion of the directors of Comvita Limited, the financial statements and the notes, on pages 3 to 42:

- comply with New Zealand generally accepted accounting practice and fairly reflect the financial position of the Group as at 30 June 2020 and the results of their operations and cash flows for the year ended on that date
- have been prepared using appropriate accounting policies, which unless otherwise stated 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 year ended 30 June 2020.

For and on behalf of the Board of Directors:



Brett Hewlett
24 August 2020



Luke Bunt
24 August 2020

CONSOLIDATED INCOME STATEMENT

For the year ended

In thousands of New Zealand dollars

		30 June 2020	30 June 2019
	Note		
Revenue	6	195,912	171,104
Cost of sales		(99,969)	(107,343)
Gross profit		95,943	63,761
Other income	7	2,209	6,583
Selling and marketing expenses		(60,403)	(43,726)
Administrative expenses	10	(24,395)	(19,739)
Distribution expenses		(10,301)	(8,394)
Research and development expenses		(1,299)	(1,689)
Operating profit/(loss) before financing costs		1,754	(3,204)
Finance income	8	307	524
Finance expenses	8	(6,217)	(6,667)
Net finance costs		(5,910)	(6,143)
Share of (loss)/profit of equity accounted investees	17b	(174)	448
Impairment of equity accounted investees	17c	(5,928)	(2,401)
Impairment of goodwill	14	-	(19,825)
Loss before income tax		(10,258)	(31,125)
Income tax benefit	11	557	3,408
Loss for the year		(9,701)	(27,717)
Earnings per share			
Basic earnings per share (NZ cents)	25	(19.10)	(61.05)
Diluted earnings per share (NZ cents)	25	(19.10)	(61.05)

The notes on pages 8 to 42 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended		30 June 2020	30 June 2019
<i>In thousands of New Zealand dollars</i>			
	Note		
Loss for the year		(9,701)	(27,717)
<i>Items that are or may be reclassified subsequently to the income statement</i>			
Foreign currency translation differences for foreign operations		1,431	(2,504)
Foreign currency translation differences for equity accounted investees		(467)	(853)
Effective portion of changes in fair value of cash flow hedges		1,658	868
Fair value movement – financial asset		(2,640)	-
Foreign investor tax credits received		-	10
Income tax on these items	11	(768)	306
Income and expense recognised directly in other comprehensive income		(786)	(2,173)
Total comprehensive income for the year		(10,487)	(29,890)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

In thousands of New Zealand dollars

	Share capital	Foreign currency translation reserve	Hedging reserve	Fair value reserve	Retained earnings	Total
Balance at 30 June 2018	137,744	(1,659)	(2,348)	-	55,955	189,692
<i>Total comprehensive income for the year</i>						
(Loss) for the year	-	-	-	-	(27,717)	(27,717)
<i>Other comprehensive income (net of tax):</i>						
Foreign investor tax credits received	-	-	-	-	10	10
Foreign currency translation differences for equity accounted investees	-	(853)	-	-	-	(853)
Foreign currency translation differences for foreign operations	-	(1,955)	-	-	-	(1,955)
Effective portion of changes in fair value of cash flow hedges	-	-	625	-	-	625
Total other comprehensive income	-	(2,808)	625	-	10	(2,173)
Total comprehensive income for the year	-	(2,808)	625	-	(27,707)	(29,890)
<i>Transactions with owners, recorded directly in equity</i>						
Share based payment (Note 9)	-	-	-	-	678	678
Issue of ordinary shares						
- investment in Comvita China	12,312	-	-	-	-	12,312
- executive share scheme	530	-	-	-	-	530
- employee share purchase scheme	77	-	-	-	-	77
Issue of treasury stock – investment in Apiter	580	-	-	-	305	885
Issue of treasury stock – supplier share scheme	2	-	-	-	(13)	(11)
Dividend paid	-	-	-	-	(918)	(918)
Total transactions with owners	13,501	-	-	-	52	13,553
Balance at 30 June 2019	151,245	(4,467)	(1,723)	-	28,300	173,355
<i>Total comprehensive income for the year</i>						
(Loss) for the year	-	-	-	-	(9,701)	(9,701)
<i>Other comprehensive income (net of tax):</i>						
Foreign currency translation differences for equity accounted investees (Note 17b)	-	(467)	-	-	-	(467)
Foreign currency translation differences for foreign operations	-	1,125	-	-	-	1,125
Financial asset – fair value movement	-	-	-	(2,640)	-	(2,640)
Effective portion of changes in fair value of cash flow hedges	-	-	1,196	-	-	1,196
Total other comprehensive income	-	658	1,196	(2,640)	-	(786)
Total comprehensive income for the year	-	658	1,196	(2,640)	(9,701)	(10,487)
<i>Transactions with owners, recorded directly in equity</i>						
Capital Raising – rights offer	50,000	-	-	-	-	50,000
Issue expenses related to capital raising	(1,950)	-	-	-	-	(1,950)
Share based payment (Note 9)	-	-	-	-	329	329
Issue of treasury stock						
- Supplier share scheme	502	-	-	-	(43)	459
- Issued to CEO (Note 30)	915	-	-	-	(265)	650
Acquisition of treasury stock	(572)	-	-	-	-	(572)
Redemption of ordinary shares related to share schemes	(36)	-	-	-	-	(36)
Total transactions with owners	48,859	-	-	-	21	48,880
Balance at 30 June 2020	200,104	(3,809)	(527)	(2,640)	18,620	211,748

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June*In thousands of New Zealand dollars*

	Note	2020	2019
Assets			
Property, plant and equipment	13	56,829	56,921
Intangible assets and goodwill	14	39,467	41,082
Right of use assets	15	11,447	-
Biological assets	16	3,795	4,048
Investment in equity accounted investees	17	6,261	9,755
Other investments	17	8	2,648
Deferred tax asset	12	8,043	6,757
Total non-current assets		125,850	121,211
Inventory	19	112,679	132,192
Trade receivables	20	17,726	30,878
Sundry receivables	21	12,349	16,289
Cash and cash equivalents		16,680	10,314
Derivatives	18	-	192
Tax receivable		366	553
Assets held for sale	13	773	1,414
Total current assets		160,573	191,832
Total assets		286,423	313,043
Equity			
Issued capital		200,104	151,245
Retained earnings		18,620	28,300
Reserves		(6,976)	(6,190)
Total equity	24	211,748	173,355
Liabilities			
Loans and borrowings	26	32,200	99,250
Employee benefits	22	414	446
Lease liability		7,891	-
Deferred tax liability	12	2,194	3,321
Total non-current liabilities		42,699	103,017
Trade and other payables	23	22,707	29,471
Lease liability		3,744	-
Employee benefits	22	3,653	4,041
Tax payable		1,158	739
Derivatives	18	714	2,420
Total current liabilities		31,976	36,671
Total liabilities		74,675	139,688
Total equity and liabilities		286,423	313,043

The notes on pages 8 to 42 are an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June
In thousands of New Zealand dollars

		2020	2019
	Note		
Receipts from customers		207,143	191,331
Payments to suppliers and employees		(161,394)	(163,963)
Interest received		34	4
Interest paid		(4,421)	(4,782)
Taxation paid		(2,065)	(1,504)
Net cash flows from operating activities	27	39,297	21,086
Investment in equity accounted investees		-	(6,512)
(Consideration paid)/cash acquired from business combination		(4,505)	5,456
Prepayments and loans to equity accounted investees		(1,621)	(1,307)
Interest from equity accounted investees		-	268
Receipt of dividend from equity accounted investee		-	519
Interest from related parties		36	36
Payment for the purchase of property, plant and equipment		(5,206)	(16,125)
Receipt for the disposal of property, plant and equipment		2,336	336
Payment for the purchase of biological assets		-	148
Receipt from sale of intangibles		26	22
Payment for the purchase of intangibles		(496)	(545)
Payment for derivative settlement		(263)	-
Net cash flows from investing activities		(9,693)	(17,704)
Proceeds from the issue of share capital		47,641	607
Repayment of lease liabilities		(3,862)	-
(Repayment)/proceeds from loans and borrowings		(67,050)	2,550
Payment of dividends		-	(918)
Net cash flows from financing activities		(23,271)	2,239
Net increase in cash and cash equivalents		6,333	5,621
Cash and cash equivalents at the beginning of the year		10,314	4,947
Effect of exchange rate fluctuations on cash held		33	(254)
Cash and cash equivalents at the end of the year		16,680	10,314
Represented as:			
Cash and cash equivalents	26	16,680	10,314
Total		16,680	10,314

NOTES TO THE 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 financial statements of the Group for the year ended 30 June 2020 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in equity accounted investees.

The principal activity of the Group is that of manufacturing and marketing quality natural health products, apiary ownership and management.

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 under part 7 of the Financial Markets Conduct Act 2013. These Financial Statements comply with these Acts and have been prepared in accordance with the New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards as appropriate for profit-oriented entities.

The financial statements were approved by the Board of Directors on 24 August 2020.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for derivative financial instruments, financial instruments designated as fair value through other comprehensive income, biological assets and leases which are measured at fair value.

The methods used to measure fair values are discussed further in the respective notes.

(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) Accounting estimates and judgements

The preparation of the financial statements 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.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are set out below:

(i) Measurement of recoverability of cash generating units

Impairment reviews are performed by management annually to assess the carrying value of cash generating units containing goodwill. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. Refer to Note 14.

(ii) Intangible assets

The estimation of useful lives of intangible assets such as distribution networks have been based on historical experience. The useful lives are reviewed at least once per year and adjustments to useful lives are made when considered necessary.

(iii) Valuation of equity accounted investees

An assessment of the carrying value of investments in equity accounted investees is performed at least annually and considers objective evidence for impairment on each investment, taking into account observable data on the investment, the status or context of markets, its own view of fair value, and its long term investment intentions. The assessment also requires judgements about the expected future performance and cash flows of the investment.

(v) Deferred consideration on business combinations

The valuation of the deferred consideration on the Group's business combinations are based on the post-acquisition performance of the business and the amounts payable shall be remeasured at their fair value resulting from events or factors that emerge after the acquisition date, with any resulting gain or loss recognized in the income statement. Refer note 17.

(vi) Leases

Comvita assesses at lease commencement whether it is reasonably certain to exercise extension options where included in the contract, and where it is reasonably certain, the extension period has been included in the lease liability calculation.

The Group calculates its incremental borrowing rate with reference to the external borrowing facilities available to the Group. The incremental borrowing rate is used to measure lease liabilities.

(vii) Recoverability of Deferred Tax Assets

The utilisation of tax loss carry-forwards is dependent on expected future taxable profits in excess of the profits from the reversal of existing taxable temporary differences. This recognition is based on current budgets and financial forecasts completed by management.

(viii) Valuation of biological assets

The fair value of biological assets is assessed on an annual basis which involves reviewing the number of operational hives in use as well as ensuring the value per hive is in line with guidance provided by the Ministry of Primary Industries, refer note 16.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation

(i) Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

(iii) Investments in equity accounted investees

Associates and Joint Ventures are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Associates and Joint Ventures are accounted for using the equity method (equity accounted investees). The consolidated financial statements include the Group's share of the income and expenses of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

(ii) Foreign operations

The assets and liabilities of foreign operations with currencies different to the Company including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of such foreign operations are translated to New Zealand dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised in the foreign currency translation reserve (FCTR).

(c) Financial assets and financial liabilities

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortised cost.

(ii) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as a separate line item in the income statement.
- **Fair Value through Profit or Loss (FVPL):** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains/(losses) in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Accounting for finance income and expense is discussed in Note 3(m).

(d) Financial instruments

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at FVPL, any directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and demand deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in Note 3(m).

Instruments at fair value through the income statement

An instrument is classified as at FVPL if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at FVPL if the Group manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in the income statement when incurred. Subsequent to initial recognition, financial instruments are measured at fair value, and changes therein are recognised in the income statement.

(ii) Derivative financial instruments

The Group uses derivative financial instruments to hedge its exposure to foreign exchange and interest rate risks arising from operational, financing and investment activities. In accordance with its treasury policy, the Group does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as financial instruments designated at FVPL.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the hedging relationship.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised in other comprehensive income and presented in equity in the hedging reserve to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. The amount recognised in equity is transferred to the income statement in the same period that the hedged item affects the income statement.

(e) Share capital

(i) Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share entitlements are recognised as a deduction from equity.

(ii) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(f) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

(ii) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in the income statement as incurred.

(iii) Depreciation

Depreciation is recognised in the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

• Buildings	up to 50 years
• Plant and machinery	2 - 20 years
• Vehicles	4 -10 years
• Office equipment, furniture and fittings	2 -10 years
• Bearer plants	100 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

(g) Biological assets

Biological assets are measured at fair value less point-of-sale costs, with any change therein recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets. Agricultural produce from biological assets is transferred to inventory at fair value, by reference to market prices for honey, less estimated point-of-sale costs at the date of harvest.

(h) Intangible assets and goodwill

(i) Goodwill

Goodwill that arises on the acquisition of subsidiaries and other business combinations is presented within intangible assets. Goodwill is measured at cost less accumulated impairment losses.

(ii) Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the income statement when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the income statement when incurred. Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the income statement when incurred.

(iv) Amortisation

Amortisation is recognised in the income statement on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

• Intellectual property and other intangible assets	3 – 20 years
• Capitalised development costs	2 – 5 years
• Software	3 – 10 years

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average principle, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of items transferred from biological assets is their fair value less point-of-sale costs at the date of transfer.

(j) Impairment

The Group's assets are reviewed at each reporting date to determine whether there is any objective evidence of impairment.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amounts of assets and are recognised in the income statement.

(i) Impairment of receivables

The group assesses on a forward-looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

The recoverable amount of the Group's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows. Impairment losses on an individual basis are determined by an evaluation of the exposures on an instrument by instrument basis. All individual instruments that are considered significant are subject to this approach.

(ii) Non-financial assets

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis. When an event occurring after the impairment was recognised causes the amount of the impairment to decrease, the decrease in impairment loss is reversed through the income statement.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

(k) Employee benefits

Share-based payment transactions

The grant date fair value of entitlements granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period in which the employees become unconditionally entitled to the entitlements. The amount recognised as an expense is adjusted to reflect the actual number of share entitlements that vest.

(l) Revenue

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Revenue is recognised at the point of time performance obligations are satisfied by transferring control of goods to the customer. For wholesale sales, control passes to the customer in accordance with the individual terms of the contract of sale – for domestic sales this is ordinarily on delivery to the customer's premises and acceptance by the customer and for export sales, this is ordinarily on delivery to the port of origin. For in-store sales, control passes to the customer at point of sale. For online sales, the order along with delivery to the customer are considered to comprise a single performance obligation, therefore control is considered to pass to the customer on delivery of the goods.

(m) Finance income and expenses

Finance income comprises interest income on funds invested, foreign exchange gains, dividend income and gains on the disposal of FVOCI financial assets that are recognised in the income statement. Interest income is recognised as it accrues, using the effective interest method. Dividend income is recognised on the date that the Group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expenses comprise interest expense on borrowings, foreign exchange losses, unwinding of the discount on provisions, impairment losses recognised on financial assets (except for trade receivables) and losses on the disposal of FVOCI financial assets that are recognised in the income statement. All borrowing costs are recognised in the income statement using the effective interest method.

(n) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the

initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(o) Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise share entitlements granted to employees.

(p) Segments

Segment results that are reported to the CEO include costs directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly head office expenses.

(q) New and amended standards adopted by the group

Except as described below, the accounting policies applied in these consolidated financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2019.

NZ IFRS 16 Leases

Effective for Group reporting period beginning on: 1 July 2019

NZ IFRS 16 replaces NZ IAS 17 Leases and removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. This has resulted in the Group recognising right of use assets and related lease liabilities in the statement of financial position. Lease payments previously recorded as operating lease expenses in the income statement are now split between interest expense and repayment of financial lease liabilities. Amortisation of right of use assets is recognised on a straight line basis over the lease term in the income statement.

The Group transitioned to NZ IFRS 16 with a date of initial application of 1 July using the modified retrospective approach and has not restated comparative amounts for the period prior to first adoption. The Group has utilised practical expedients permitted by NZ IFRS 16 in respect of short-term and low value leases where appropriate.

NOTES TO THE FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES

The Group has also elected not to reassess whether an existing contract contains a lease at the date of initial application. The lease liability was measured at the present value of the minimum lease payments, discounted at the incremental borrowing rate applicable to that lease (or portfolio of leases) at 1 July 2019. In line with the modified retrospective approach, the associated right of use assets were measured at the amount equal to the lease liability relating to that lease at 1 July 2019, with no overall change in net assets.

Consolidated statement of financial position effect

The impact of adoption of NZ IFRS 16 in the Statement of Financial Position is summarised in the table below:

<i>In thousands of New Zealand dollars</i>	2020	2019
Right of use assets	11,447	12,300
Lease liabilities	11,635	12,300
Change in net assets	(188)	-

When compared to the accounting policies applied in the prior comparative period, the adoption of NZ IFRS 16 on the Group's Consolidated Statement of Comprehensive Income for the year ended 30 June 2020 is summarised below.

Consolidated statement of comprehensive income effect

In thousands of New Zealand dollars

	2020
Other operating expenses	(4,096)
Depreciation	3,675
Interest expense	421

(r) Covid-19 considerations

Comvita is classified as an 'Essential' business by the New Zealand Government, therefore having no impact on the manufacturing process of the Group. For the year ended 30 June 2020 the Group has not been significantly impacted by COVID-19. There has been a strong demand in sales, in particular in online channels across all markets. An assessment over the carrying value of assets and liabilities has been performed and the Group has recognised provisions where necessary relating to the impact of COVID-19. The Group continues to operate as a going concern and Senior Management continue to closely monitor the situation.

4. SEGMENT REPORTING

A review of operating segments has been completed in the current year and this has resulted in a change to reported segments. Previously reported segment information has been restated in line with the operating segments described below.

Segment information is presented in the 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. Comvita's range of products primarily include products with apiary and other natural ingredients.

The Company is organised primarily by geographic location of its subsidiaries.

The Group has five reportable segments as described below:

Greater China	This segment reports both revenue and related costs of the China and Hong Kong markets. This includes sales to our China Joint Venture and our share of the China Joint Venture's profits up to 31 May 2019. From that date, Comvita China was consolidated, refer note 5.
ANZ	Australia and New Zealand (ANZ) segment captures both revenue and related costs for the ANZ market.
Rest of Asia	This segment captures both revenue and related costs of all of our Asian operations and customers excluding Greater China.
North America	This segment captures both revenue and related costs for sales to customers in North America.
EMEA	The Europe, Middle East and Africa (EMEA) segment captures both revenue and related costs for the EMEA markets.

NOTES TO THE FINANCIAL STATEMENTS

4. SEGMENT REPORTING (CONTINUED)

For the year ended 30 June

In thousands of New Zealand dollars

	Greater China		ANZ		Rest of Asia		North America		EMEA		Total reportable segments		Other segments		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<i>Contribution segments</i>																
Revenue	79,022	51,442	52,802	69,562	20,533	16,722	22,137	13,361	6,916	6,211	181,410	157,298	14,502	13,806	195,912	171,104
Contribution	11,154	5,083	16,265	23,151	4,199	2,234	4,392	1,484	(511)	(463)	35,499	31,489	2,280	1,508	37,779	32,997
Non attributable (other corporate expenses)															(38,234)	(42,784)
Other income (Note 7)	-	587													2,209	6,583
Financial income and expenses (Note 8)															(5,910)	(6,143)
Share of (loss)/profit of equity accounted investees (Note 17)	-	2,087											(174)	(1,639)	(174)	448
Impairment of goodwill (Note 14)				(15,607)						(2,027)			-	(2,191)	-	(19,825)
Impairment of equity accounted investees (Note 17)													(5,928)	(2,401)	(5,928)	(2,401)
Net (loss) before tax															(10,258)	(31,125)

Geographical segments

	30 June 2020		30 June 2019	
	Revenue	Non-current assets	Revenue	Non-current assets
<i>In thousands of New Zealand dollars</i>				
Greater China	84,336	41,066	26,904	8,552
ANZ	44,274	83,483	67,931	10,207
Rest of Asia	25,510	643	46,230	25,425
North America	30,840	544	23,345	8
EMEA	6,781	86	6,177	16
Other Countries	4,171	28	517	-
Total	195,912	125,850	171,104	100,719

Total reportable segment assets As at 30 June

	2020	2019
<i>In thousands of New Zealand dollars</i>		
Total assets for reportable segments	128,266	128,162
Other investments	8	2,648
Investment in equity accounted investees	6,261	9,755
Other unallocated assets	151,888	172,478
Consolidated total assets	286,423	313,043

NOTES TO THE FINANCIAL STATEMENTS

5. BUSINESS COMBINATIONS – COMVITA CHINA

Effective 31 May 2019 the Company owned 100% of Comvita Food (China) Limited and Comvita China Limited, collectively referred to as Comvita China. In the 30 June 2019 financial statements, it was noted that the identification of the fair value of assets and liabilities acquired was incomplete. A Distribution Network intangible asset has now been recognised effective 31 May 2019 for NZD \$9,870,000 reducing goodwill on acquisition at 31 May 2019 to \$17,794,000, comparatives have been updated to reflect this change. The Comvita China Goodwill has been allocated to the Greater China CGU – refer to note 4 for details. The distribution network created a deferred tax liability. 2019 deferred tax and intangible assets balances have been restated.

6. REVENUE

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Sales	195,280	159,975
Equity accounted investee sales elimination movement	-	9,328
Other	632	1,801
Total revenue	195,912	171,104

7. OTHER INCOME

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Change in fair value of contingent consideration *	1,039	497
Government grants	535	1,023
Gain on disposal of PP&E	243	-
Gain on deemed sale of 51% of Comvita China	-	4,055
Comvita China JV – 49% of earnings before consolidation	-	587
Gain on discontinuing equity accounting - SeaDragon	-	113
Other	392	308
Total other income	2,209	6,583

* On acquisition of the Apiter S.A. investment the Company recognised a potential liability of USD\$1,115,000 (NZD \$1,651,000) if certain earnout conditions are met. At 30 June 2020 two earnouts have been reversed through the income statement as they have not met the earnout conditions. It is still probable that the last earnout will be met, a liability of USD \$115,000 (NZD: \$179,000) continues to be recognised at 30 June 2020, refer note 23.

NOTES TO THE FINANCIAL STATEMENTS

8. FINANCIAL INCOME AND EXPENSES

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Interest income	298	522
Dividend income	9	2
Finance income	307	524
Interest expense on financial liabilities measured at amortised cost	(4,421)	(4,782)
Net foreign exchange loss	(1,340)	(894)
Net loss in fair value of derivatives designated at fair value through the income statement:		
- Interest rate swaps	(264)	-
- SeaDragon options and convertible loan notes	(192)	(991)
Finance expense	(6,217)	(6,667)
Net finance costs	(5,910)	(6,143)

9. PERSONNEL EXPENSES

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Wages and salaries	43,135	39,004
KiwiSaver – employer contribution	558	561
Movement in long-service leave provision	(33)	58
Equity settled share based payment transactions	329	678
Total personnel expenses	43,989	40,301

NOTES TO THE FINANCIAL STATEMENTS

10. EXPENSES

Administrative expenses

The following items of expenditure are included in administrative expenses:

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Auditors' remuneration:		
To KPMG for audit services (ii)	360	341
To KPMG for audit related service	7	-
To KPMG for tax services (iii)	112	59
To Mercer & Hole (UK auditors)	33	12
Personnel expenses (i)	6,347	7,244
Depreciation (i)	578	775
Depreciation-leased assets (i)	627	-
Amortisation (i)	1,831	1,185
Insurance (i)	284	280
Doubtful debts expense	984	219
Bad debts written off (iv)	1,852	23
Restructure costs	1,768	884
Change in fair value of biological assets	389	652
Directors' fees (v)	550	514
Directors – other costs	17	36
Other legal & professional expenses	309	557
Loss on disposal of property, plant & equipment	-	93
Loss on disposal of intangible assets	9	9
Donations	6	35

(i) Only the portion of this expense which is included in administrative expenses

(ii) Audit services include fee for annual audit of the financial statements of the group and its foreign subsidiaries based in China, Hong Kong and Australia, and the review of the interim financial statements

(iii) Tax services is for tax compliance and advisory work

(iv) \$1,673,000 of this balance relates to the wind-up of the Kaimanawa Joint Venture, see note 17c

(v) Refer to Statutory Information

NOTES TO THE FINANCIAL STATEMENTS

11. INCOME TAX EXPENSE IN THE INCOME STATEMENT

In thousands of New Zealand dollars

	Note	2020 30 June	2019 30 June
Current tax expense			
Current period		2,382	435
Adjustment for prior periods		(60)	325
Total current income tax expense		2,322	760
Deferred tax expense			
Origination and reversal of temporary differences	12	(2,879)	(4,168)
Total deferred income tax (benefit)		(2,879)	(4,168)
Total income tax (benefit)		(557)	(3,408)

Reconciliation of effective tax expense

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Loss for the period	(9,701)	(27,717)
Total income tax (benefit)	(557)	(3,408)
(Loss) excluding income tax	(10,258)	(31,125)
Income tax using the Company's domestic tax rate of 28% (2019: 28%)	(2,872)	(8,715)
Effect of different tax rates in foreign jurisdictions	(354)	(115)
Non-deductible expenses	3,118	7,795
Non-assessable income	(714)	(1,698)
Income tax relating to equity accounted associates	-	(682)
Research and development tax credits	-	(59)
Under provided in prior periods	265	66
Total income tax (benefit)	(557)	(3,408)

NOTES TO THE FINANCIAL STATEMENTS

11. INCOME TAX EXPENSE IN THE INCOME STATEMENT (CONTINUED)

Income tax recognised directly in other comprehensive income

In thousands of New Zealand dollars

	Note	2020 30 June	2019 30 June
Derivatives	12	465	243
Other items		303	(549)
Total income tax recognised directly in other comprehensive income		768	(306)

Imputation credit account

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Imputation credits available for use in subsequent reporting periods	8,767	8,900

12. DEFERRED TAX ASSETS AND LIABILITIES

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of New Zealand dollars

	Assets		Liabilities		Net	
	2020	2019	2020	2019	2020	2019
Property, plant & equipment	-	-	(831)	(1,042)	(831)	(1,042)
Intangible assets	-	-	(2,194)	(2,405)	(2,194)	(2,405)
Biological assets	-	-	(50)	(397)	(50)	(397)
Inventories	2,973	3,519	-	(916)	2,973	2,603
Derivatives	199	664	-	-	199	664
Investments	105	94	-	-	105	94
Other items	1,283	802	-	-	1,283	802
Tax loss carry-forwards	4,364	2,868	-	-	4,364	2,868
Non-refundable tax credits carried forward	-	249	-	-	-	249
Tax assets/(liabilities)	8,924	8,196	(3,075)	(4,760)	5,849	3,436
Set-off of tax	(881)	(1,439)	881	1,439	-	-
Net tax assets/(liabilities)	8,043	6,757	(2,194)	(3,321)	5,849	3,436

NOTES TO THE FINANCIAL STATEMENTS

12. DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)

Movement in temporary differences during the year

2020

In thousands of New Zealand dollars

	Balance 1 July 2019	Recognised in the income statement	Recognised in other comprehensive income	Balance 30 June 2020
Property, plant & equipment	(1,042)	211	-	(831)
Intangible assets	(2,405)	211	-	(2,194)
Biological assets	(397)	347	-	(50)
Inventories	2,603	370	-	2,973
Derivatives	664	-	(466)	198
Investments	94	11	-	105
Other items	802	482	-	1,284
Tax loss carry-forwards	2,868	1,496	-	4,364
Tax credit carry-forwards	249	(249)	-	-
Total	3,436	2,879	(466)	5,849

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

In thousands of New Zealand dollars

	2020	2019
Tax loss carry-forwards	1,453	1,445
Intangible assets	914	893
Total	2,367	2,338

The tax loss carry-forwards do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

13. PROPERTY, PLANT & EQUIPMENT

In thousands of New Zealand dollars

	Land	Buildings	Owned plant & machinery	Vehicles	Bearer plants	Office equipment, furniture & fittings	Capital WIP	Total
Cost								
Balance at 30 June 2018	10,320	17,133	26,512	2,232	5,626	5,869	3,172	70,864
Additions/Transfers	2,225	10,401	2,299	259	414	677	(550)	15,725
Disposals	-	(121)	(371)	(121)	-	(636)	-	(1,249)
Business combinations	-	27	251	-	-	42	-	320
Reclassification to assets held for sale	(731)	(791)	(32)	-	-	(3)	-	(1,557)
Effect of movements in exchange rates	(87)	(48)	(106)	(6)	(221)	13	(16)	(471)
Balance at 30 June 2019	11,727	26,601	28,553	2,364	5,819	5,962	2,606	83,632
Additions/Transfers	220	804	1,034	159	-	1,276	2,132	5,625
Disposals	(120)	(447)	(778)	(173)	-	(843)	-	(2,361)
Reclassification to assets held for sale*	(420)	(328)	(388)	-	-	-	-	(1,136)
Effect of movements in exchange rates	48	28	60	3	131	136	1	407
Balance at 30 June 2020	11,455	26,658	28,481	2,353	5,950	6,531	4,739	86,167
Depreciation								
Balance at 30 June 2018	-	(5,687)	(11,946)	(1,548)	(318)	(3,857)	-	(23,356)
Depreciation	-	(1,044)	(2,214)	(204)	(66)	(1,028)	-	(4,556)
Disposals	-	17	220	104	-	634	-	975
Reclassification to assets held for sale	-	110	31	-	-	2	-	143
Effect of movements in exchange rates	-	18	51	6	13	(5)	-	83
Balance at 30 June 2019	-	(6,586)	(13,858)	(1,642)	(371)	(4,254)	-	(26,711)
Depreciation	-	(1,098)	(2,123)	(203)	(67)	(1,025)	-	(4,516)
Disposals	-	254	682	162	-	584	-	1,682
Reclassification to assets held for sale*	-	57	306	-	-	-	-	363
Effect of movements in exchange rates	-	(11)	(34)	(3)	(9)	(99)	-	(156)
Balance at 30 June 2020	-	(7,384)	(15,027)	(1,686)	(447)	(4,794)	-	(29,338)
Carrying amount								
At 30 June 2018	10,320	11,446	14,566	684	5,308	2,012	3,172	47,508
At 30 June 2019	11,727	20,015	14,695	722	5,448	1,708	2,606	56,921
At 30 June 2020	11,455	19,274	13,454	667	5,503	1,737	4,739	56,829

Depreciation charge in the income statement

Depreciation is allocated to cost of sales, selling and marketing expenses, distribution expenses, research and development expenses and administrative expenses.

* Assets held for sale

As at 30 June 2020, management committed to a plan to sell a site in Nelson, New Zealand. The site had a net book value of \$773,000 immediately before the initial classification to being held for sale. There were no impairment losses incurred as part of this initial classification. The site and plant and equipment are being actively marketed for sale.

NOTES TO THE FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS AND GOODWILL

In thousands of New Zealand dollars

	Note	Goodwill	Brands, patents, trademarks and other	Software	Total
Cost					
Balance at 30 June 2018		28,476	6,158	9,928	44,562
Additions		-	201	341	542
Additions - Business combinations	5	19,748	9,619	37	29,404
Impairment		(19,825)	-	-	(19,825)
Disposals		-	(50)	(272)	(322)
Effect of movements in exchange rates		(559)	(22)	(7)	(588)
Balance at 30 June 2019		27,840	15,906	10,027	53,773
Additions		-	205	285	490
Disposals		-	-	(538)	(538)
Effect of movements in exchange rates		(104)	145	19	60
Balance at 30 June 2020		27,736	16,256	9,793	53,785
Amortisation					
Balance at 30 June 2018		-	(4,044)	(7,121)	(11,165)
Amortisation		-	(189)	(1,676)	(1,865)
Disposals		-	40	269	309
Effect of movements in exchange rates		-	23	7	30
Balance at 30 June 2019		-	(4,170)	(8,521)	(12,691)
Amortisation		-	(1,286)	(836)	(2,122)
Disposals		-	-	502	502
Effect of movements in exchange rates		-	4	(11)	(7)
Balance at 30 June 2020		-	(5,452)	(8,866)	(14,318)
Carrying Amount					
At 30 June 2018		28,476	2,114	2,807	33,397
At 30 June 2019		27,840	11,736	1,506	41,082
At 30 June 2020		27,736	10,804	927	39,467

Amortisation charge in the income statement

Amortisation is allocated to cost of sales, selling and marketing expenses, distribution expenses, research and development expenses and administrative expenses.

NOTES TO THE FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Impairment testing for cash-generating units containing goodwill (CGU)

For the purpose of impairment testing, goodwill is allocated to the Group's CGUs which represent the lowest level within the Group at which the goodwill is monitored for internal management purposes.

The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

In thousands of New Zealand dollars

	Segment (Note 4)	2020 30 June	2019 30 June
Greater China	Greater China	25,902	26,006
Apiaries		1,766	1,766
Other		68	68
Total goodwill		27,736	27,840

During the year the operating segments of the business were reviewed and Hong Kong and China have been combined into a new segment called 'Greater China'. Refer to Note 4 for details.

Greater China CGU:

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and were based on the following key assumptions:

	2020 30 June
Anticipated annual revenue growth included in the cash flow projections for the combined CGU's (normalised) for the years 2021 to 2025	1.5% to 8%
Post tax discount rate	12.5%
Discount rate based on the average weighted cost of capital which was based on debt leveraging of:	20%
-at a cost of debt rate of:	12.3%
Terminal growth rate applied beyond June 2025	2.0%

Cash flows were projected on actual operating results, the 30 June 2021 budget and business plan.

Sensitivity to changes in assumptions

In thousands of New Zealand dollars

	2020 30 June
The recoverable amount of the CGU exceeds its carrying amount by	53,100
If projected Earnings before Interest and Tax (EBIT) is reduced by 10% year on year, it changes the amount the recoverable amount exceeds its carrying amount to	41,900
The post tax discount rate for the recoverable amount to equal carrying amount is calculated at	22.1%

NOTES TO THE FINANCIAL STATEMENTS

14. INTANGIBLE ASSETS AND GOODWILL (CONTINUED)

Apiaries:

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and were based on the following key assumptions:

	2020 30 June
Anticipated annual revenue growth included in the cash flow projections for the combined CGU's (normalised) for the years 2021 to 2030	(16.6)% to 24.7%
Post tax discount rate	10.0%
Discount rate based on the average weighted cost of capital which was based on debt leveraging of::	20%
-at a cost of debt rate of:	4.4%
Terminal growth rate applied beyond June 2030	1.5%

Cash flows were projected on actual operating results, the 30 June 2021 budget and business plan.

Sensitivity to changes in assumptions:

In thousands of New Zealand dollars

	2020 30 June
The recoverable amount of the CGU exceeds its carrying amount by	13,300
If projected Earnings before Interest and Tax (EBIT) is reduced by 10% year on year, it changes the amount the recoverable amount exceeds its carrying amount to	9,000
The post tax discount rate for the recoverable amount to equal carrying amount is calculated at	13%
The percentage movement in yields for each Manuka Honey grade range (with the resulting difference being added to non-manuka) for the recoverable amount to equal the carrying amount	9%
The increase in forecast hive costs required for the recoverable amount to equal the carrying amount	1.6%

NOTES TO THE FINANCIAL STATEMENTS

15. LEASES

The Group leases warehouses, retail stores, administration premises, vehicles and land used for hive placements.

Right of use assets

2020	Buildings	Vehicles	Plantations	Total
<i>In thousands of New Zealand dollars</i>				
Adoption of NZ IFRS 16	7,136	1,681	3,483	12,300
Additions	3,301	82	-	3,383
Disposals	(149)	-	-	(149)
Depreciation	(2,971)	(670)	(178)	(3,819)
Remeasurements	(413)	-	-	(413)
Effect of movement in exchange rates	140	5	-	145
Balance at the end of the year	7,044	1,098	3,305	11,447

Amounts recognised in the statement of comprehensive income

	Total
Interest on lease liabilities	421
Variable lease payments not included in the measurement of lease liabilities	4,101
Expenses relating to short-term leases	33
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	38

Lease liabilities

The weighted average incremental borrowing cost applied to lease liabilities at 1 July 2019 was 5.3%. Total cash outflow for leases for the year ended 30 June 2020 was \$4.1 million.

Maturity analysis - contractual undiscounted cash flow

Non-cancellable lease rentals are payable as follows:

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Less than 1 year	4,820	5,515
Between one and five years	4,605	5,055
Greater than five years	1,817	19
Total	11,242	10,589

Capital commitments

The total capital commitment is \$3.1 million (2019: \$4.5 million over 3 years) and will be paid over the next 2 years. The capital commitment relates to plantation costs.

NOTES TO THE FINANCIAL STATEMENTS

16. BIOLOGICAL ASSETS

Total

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Bees	3,370	3,542
Olive Leaf	425	506
Total biological assets	3,795	4,048

Bees

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Balance at beginning of the year	3,542	3,641
Acquisition	665	532
Sales	-	(142)
Fair value increase	161	-
Net movement in operational hives	(998)	(489)
Balance at the end of the year	3,370	3,542

Number of operational hives

Balance at beginning of the year	22,628	27,379
Acquisition	5,000	(1,070)
Net movement in operational hives	(7,503)	(3,681)
Balance at the end of the year	20,125	22,628

The Group is exposed to a number of risks related to owning bees, primarily the risk of damage from climatic changes and diseases. The Group has processes in place aimed at monitoring and mitigating those risks, through hiring of experienced bee keepers, the intensive maintenance of bee hives and disease prevention programmes.

Fair value hierarchy

The Group's bees are level 3 on the fair value hierarchy, being calculations for which inputs are not based on observable market data (unobservable inputs).

As the bee hives are continually regenerating the fair value assigned to a hive is on a \$ per kg basis, plus queen and brood. The value attributed to these quantities has been sourced from the Ministry of Primary Industries. The value per hive is \$141 (2019: \$133).

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENTS

In thousands of New Zealand dollars

	Note	2020 30 June	2019 30 June
Equity accounted investees	17a	6,261	9,755
Investment in listed shares		-	822
Convertible loan note		-	1,818
Investment in unlisted shares		8	8
Total investments		6,269	12,403

Equity Accounted Investees (EAI)

(a) Investments in Equity Accounted Investees comprises:

	Country of Incorporation	Ownership Interest Held	Balance Date	Principal Activity
Makino Station Limited	New Zealand	50%	30 June	Apiary and land ownership
Gan Supply JV Limited *	New Zealand	33%	30 June	Apiary
Putake Group Holdings Limited	New Zealand	50%	30 June	Apiary
Manuka Research Partnership Limited	New Zealand	31.77%	30 June	Research and development
Medibee Pty Limited **	Australia	50%	30 June	Apiary
Apiter S.A	Uruguay	20%	31 July	Manufacturing, selling and distribution
Kaimanawa Honey Limited Partnership	New Zealand	50%	30 June	Ceased operating 10 November 2019

* On 30 September 2019 Nga Pi Honey Limited changed its name to Gan Supply JV Limited and Gan Enterprises Limited changed its name to Nga Pi Honey Limited.

** Medibee Apiaries has a funding arrangement with HSBC and Comvita has signed a several guarantee for its share of the facility, which is AUD \$5,500,000.

(b) Carrying value of Investments in Equity Accounted Investees

In thousands of New Zealand dollars

	Note	2020	2019
Balance at 1 July		9,755	30,621
Acquisitions – Apiter S.A.		-	9,048
Dividend		-	(519)
Impairment	17c	(2,543)	(2,401)
Share of (loss)/profit		(174)	448
Profit elimination		-	1,623
Transfer share of (profit)/loss to receivable		(310)	62
Foreign exchange movements recognised in other income		(467)	(1,707)
Derecognition of EAI - China		-	(26,711)
Derecognition of EAI - SeaDragon		-	(709)
Balance at 30 June		6,261	9,755

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENTS (CONTINUED)

(c) Impairment of Investments in Equity Accounted investees

An impairment Expense of \$5,928,000 has been recognised as an expense in profit and loss as at 30 June 2020 (2019: \$2,401,000). The impairment expense is made of the following amounts:

Apiter S.A.

The impairment expense of \$1,300,000 (2019: nil) has been recognised against the the Apiter S.A investment due to a delay in projected sales growth.

Putake Group

An impairment expense of \$1,243,000 (2019: \$2,300,000) has been recognised against the Putake Group investment and \$1,075,000 against the shareholder loan, refer to note 17d.

This investment has been impaired as it is in the process of winding up.

A provision of \$675,000 has also been recognised at 30 June 2020 against the related loan to Casa Base Trustees, refer to note 17e.

Medibee

The loan to Medibee has been impaired, refer note 17d, with an impairment expense of \$2,310,000 recognised in the income statement due to the impact of the Australian bush fires on the honey crop.

Kaimanawa

The Kaimanawa shareholder loan of \$1,673,000 was written off when the Joint Venture ceased. Refer note 17d.

(d) Loans to Equity Accounted Investees

<i>In thousands of New Zealand dollars</i>	Note	2020 30 June	2019 30 June	2020 12 months	2020 30 June
		Loan receivable	Loan receivable	Interest income	Interest Receivable
Makino		4,007	3,815	192	192
Medibee	17c	-	2,469	-	-
Kaimanawa	17c	-	1,133	-	-
Putake	17c	-	875	-	-
Apiter S.A		600	575	21	23
Gan Supply JV		212	252	-	-
Total		4,819	9,119	213	215

All loans to equity accounted investees are repayable on demand.

Makino

Interest is accrued on the balance of loan at the a rate of 6.36% p.a. (2019: 6.36%).

Apiter S.A.

The loan is denominated in USD. Interest is accrued on the balance of the loan at a rate of 3.5% p.a. (2019: 3.5%).

Gan Supply JV

The loan is non-interest bearing.

NOTES TO THE FINANCIAL STATEMENTS

17. INVESTMENTS (CONTINUED)

(e) Loans to Related Parties

<i>In thousands of New Zealand dollars</i>	Note	2020 30 June	2019 30 June	2020 12 months	2020 30 June
		Loan receivable	Loan receivable	Interest income	Interest receivable
Nga Pi Honey Ltd (Gan Supply JV)		567	567	36	-
Casa Base Trustees (Putake)	17c	-	639	36	-
Total		567	1,206	72	-

Nga Pi Honey Ltd

Interest is accrued on the balance of the loan at a rate of 6.36% p.a. (2019: 6.36%), the loan is repayable on demand.

(f) Transactions with Equity Accounted Investees

<i>In thousands of New Zealand dollars</i>	Sale of goods and services		Purchases of goods and services (including prepayments)	
	Transaction value	Balance due from	Transaction value	Balance owing to
2020				
Kaimanawa	616	-	19	-
Makino	92	-	174	-
Gan Supply JV	80	3	1,870	-
Putake	60	-	18	-
Medibee	-	-	-	-
Apiter S.A	19	23	2,598	418
2019				
Comvita China*	12,560	-	-	-
Kaimanawa	2,013	443	2,551	-
Makino	210	-	674	338
Gan Supply JV	28	16	572	-
Putake	27	-	351	34
Medibee	-	-	553	-
SeaDragon	39	-	-	-
Apiter S.A	13	-	3,464	-

* Transactions included for the period while the investment was still recognised as an EAI.

NOTES TO THE FINANCIAL STATEMENTS

18. DERIVATIVES

The table below analyses financial instruments carried at fair value, by valuation method. They are all level 2 on the fair value hierarchy, as they include 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). There have been no transfers between levels in either direction during the period.

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Derivatives – SeaDragon	-	192
Total assets	-	192
Derivatives – liabilities (hedging instrument)	(714)	(2,420)
Total liabilities	(714)	(2,420)

Derivatives – assets and liabilities (hedged) and 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.

19. INVENTORY

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Raw materials	79,925	83,996
Work in progress	842	1,854
Finished goods	36,699	48,202
Provision	(3,787)	(1,860)
Total inventory	112,679	132,192

Inventory disposed of during the year ended 30 June 2020 has been recognised within cost of goods sold - \$827,000 (2019: \$1,716,000).

20. TRADE RECEIVABLES

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Trade receivables	17,726	30,878
Total trade receivables	17,726	30,878

The status of trade receivables at the reporting date is as follows:

In thousands of New Zealand dollars

	Gross receivable 2020	Impairment 2020	Gross receivable 2019	Impairment 2019
Not past due	11,388	(162)	23,521	-
Past due 0-30 days	2,296	(69)	5,279	-
Past due 31-60 days	3,269	(254)	807	(4)
Past due 61-365 days	1,319	(87)	1,460	(237)
Past due > 365 days	59	(33)	105	(53)
Total	18,331	(605)	31,172	(294)

The Company has not renegotiated the terms of any financial assets which would result in the carrying amount no longer being past due or avoid a possible past due status.

NOTES TO THE FINANCIAL STATEMENTS

20. TRADE RECEIVABLES (CONTINUED)

Credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

<i>In thousands of New Zealand dollars</i>		2020 30 June	2019 30 June
Australia		2,085	5,073
China		7,288	6,002
New Zealand		5,322	10,361
United States		392	6,269
United Kingdom		529	1,262
Hong Kong		733	991
Other regions		1,377	920
Total		17,726	30,878

21. SUNDRY RECEIVABLES

<i>In thousands of New Zealand dollars</i>	Note	2020 30 June	2019 30 June
Loans to equity accounted investees	17d	4,819	9,119
Loan receivable – related parties		1,017	1,206
Prepayments		5,307	3,393
Other receivables		1,206	2,571
Total sundry receivables		12,349	16,289

22. EMPLOYEE BENEFITS

<i>In thousands of New Zealand dollars</i>		2020 30 June	2019 30 June
Annual leave		1,598	1,693
Performance accrual		1,796	1,976
Accrued wages and salaries		259	372
Total current employee benefits		3,653	4,041
Long service leave (non-current)		414	446
Total employee benefits		4,067	4,487

23. TRADE AND OTHER PAYABLES

<i>In thousands of New Zealand dollars</i>	Note	2020 30 June	2019 30 June
Trade creditors		10,449	14,113
Accruals		12,020	9,597
Business combination consideration payable		-	4,506
Contingent consideration – equity accounted investees	7	179	1,167
Due to directors		59	88
Total trade and other payables		22,707	29,471

NOTES TO THE FINANCIAL STATEMENTS

24. CAPITAL AND RESERVES

Ordinary and partly paid redeemable share capital

In thousands of shares

	Note	2020 30 June	2019 30 June
On issue at beginning of the year		49,555	45,163
Capital raise – Placement and Rights offer		20,000	-
Share issue – CEO		308	-
Supplier Partnership Group Share Scheme		134	26
Acquisition of treasury stock		(217)	-
Share issue – Comvita China acquisition		-	4,050
Share issue – Apter acquisition		-	155
Issued to members of executive share scheme		-	144
Issued to employee share purchase scheme		-	17
Ordinary shares on issue at end of the year		69,780	49,555
Closing partly paid shares	28	1,228	2,028
Total shares including part paid at end of the year		71,008	51,583

Treasury Stock

In thousands of shares

	2020 30 June	2019 30 June
Treasury stock at beginning of the year	227	408
Acquired on market	217	-
Issued – CEO	(308)	(155)
Supplier Partnership Group Share Scheme	(134)	(26)
Total treasury stock at end of the year	2	227

Ordinary shares

All ordinary shares issued are fully paid and have no par value. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging reserve

The hedging reserve comprises the cumulative change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Fair value reserve

The fair value reserve comprises the cumulative change in the fair value of Financial Assets designated as Fair Value through Other Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

24. CAPITAL AND RESERVES (CONTINUED)

Capital management

The Group's capital includes share capital, reserves and retained earnings. The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the geographic spread of shareholders, as well as the return on capital.

Public share offerings and private offerings are made, where applicable. This and acquisitions are key to ensuring the future development of the business.

The Board has an employee share purchase scheme and an executive employee share scheme to ensure the employees hold an investment in the Group. The Board has also implemented a Supplier Group Share Scheme to assist in security of raw material honey supply.

Other than the banking requirements, neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

25 . EARNINGS PER SHARE

Basic earnings per share - weighted average number of ordinary shares	2020 30 June	2019 30 June
<i>In thousands of shares</i>		
Issued ordinary shares at beginning of year	49,555	45,164
Effect of shares issued during the year	1,231	1,138
Weighted average number of ordinary shares at the end of the year	50,786	46,302
Basic earnings per share (NZ cents)	(19.10)	(61.05)
Diluted earnings per share - weighted average number of ordinary shares (diluted)		
<i>In thousands of shares</i>		
Weighted average number of ordinary shares (basic)	50,786	46,302
Effect of share entitlements issued	-	30
Weighted average number of diluted shares at end of the year	50,786	46,332
Diluted earnings per share (NZ cents)	(19.10)	(61.05)

26. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings.

Terms and debt repayment schedule

<i>In thousands of New Zealand dollars</i>	Facility Local Currency	Currency	Nominal Interest rate	Maturity	Carrying Amount	Carrying Amount
					2020	2019
Secured bank loan – Westpac NZ	20,000	NZD	3.25%	July 2022	20,000	44,000
Multi option credit line – Westpac NZ	60,000	NZD	2.05% & 2.25%	July 2022	12,200	55,250
Total borrowings	80,000				32,200	99,250
Less current portion of borrowings					-	-
Borrowings – Non current					32,200	99,250

NOTES TO THE FINANCIAL STATEMENTS

26. LOANS AND BORROWINGS (CONTINUED)

Covenants and security

The Group was in compliance with all banking covenants during the year and as at 30 June 2020. All debt with Westpac New Zealand Limited is secured by way of registered first and exclusive Composite Debentures and a General Security Agreement, cross collateralised, over all the assets, undertakings and uncalled capital of all Charging Group companies and an interlocking supported guarantee between all Charging Group companies.

"Charging Group" - Comvita Limited, Comvita New Zealand Limited, Comvita Holdings Pty Limited, Comvita Australia Pty Limited, Comvita Holdings UK Limited and Comvita UK Limited.

Net debt

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Cash	16,680	10,314
Less Debt – Non-Current	(32,200)	(99,250)
Net Debt	(15,520)	(88,936)

Interest rate risk

At reporting date the interest rate profile of the Group's interest-bearing financial instruments is the balances of the loans above. The Group has a policy of ensuring that its exposure to interest rates for borrowings is managed. Interest rate swaps have been entered into to achieve an appropriate mix of fixed and floating rate exposure with the Group's policy.

Sensitivity analysis

In managing interest rate risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit. At 30 June 2020 it is estimated that a general increase of one percentage point in interest rates would decrease the Group's profit before income tax by approximately \$598,000 (30 June 2019: \$718,000).

Other Facilities

Overdraft schedule

In thousands of New Zealand dollars

	Facility Local Currency	Currency	Interest rate 2020	Interest rate 2019
Overdraft facility NZD – Westpac NZ	750	NZD	7.25%	8.35%
Overdraft facility GBP – Westpac NZ	1,650	GBP	7.25%	8.35%
Overdraft facility YEN – Westpac NZ	500	JPY	7.25%	8.35%

The balance drawn on each of these at 30 June 2020 is nil (2019: nil).

NOTES TO THE FINANCIAL STATEMENTS

27. RECONCILIATION OF THE PROFIT FOR THE PERIOD WITH THE NET CASH FROM OPERATING ACTIVITIES

In thousands of New Zealand dollars

	Note	2020 30 June	2019 30 June
(Loss)/Profit for the period		(9,701)	(27,717)
Adjustments for:			
Depreciation	13/15	8,748	4,556
Amortisation	14	2,122	1,865
(Gain) on disposal of property, plant & equipment		(233)	(62)
Share based payments	9	329	678
Supplier share scheme – inventory purchase		459	-
Fair value loss in biological assets	10	389	652
Net loss on fair value of derivatives	8	456	991
Wind-up of equity accounted investee		1,070	-
Interest income from investing activities		(264)	(518)
Gain on deemed sale of 51% of Comvita China	7	-	(4,055)
Equity accounted investees – profit elimination movement	17b	-	(1,623)
Share of loss/(profit) equity accounted investees	17b	174	(448)
Impairment – goodwill	14	-	19,825
Impairment – equity accounted associates	17c	5,928	2,401
Change in fair value of contingent consideration		-	(484)
Other		-	(123)
Profit adjusted for non-cash items		9,477	(4,062)
Change in trade payables relating to investing activities		(209)	(5,243)
Changes in sundry receivables related to shares		-	(11)
Movement in working capital items:			
Change in inventories		19,513	(15,700)
Change in trade receivables		13,152	24,935
Change in sundry debtors and prepayments		128	3,926
Change in trade and other payables		(2,258)	6,533
Change in employee benefits		(420)	33
Change in tax payable		606	(806)
Change in deferred tax		(2,413)	(2,850)
Change in working capital items from foreign currency translation reserve		1,084	(1,156)
Other movements:			
Change related to business combination		-	15,086
Movement of deferred tax in equity		(768)	306
Prepayment to equity accounted investee		1,435	-
Foreign investor tax credits		-	10
Foreign currency reserve		(30)	85
Net cash from operating activities		39,297	21,086

NOTES TO THE FINANCIAL STATEMENTS

28. EMPLOYEE SHARE SCHEMES

(a) Executive share scheme

Comvita Limited has an Executive Employee 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 of the Scheme are as follows:

- Comvita will periodically offer the rights to acquire a certain number of ordinary shares to key employees. The issue price of the shares will be at fair value.
- When the offer is accepted Comvita will issue the shares to the Scheme Trustee (Comvita Share Scheme Trustee Limited, which is a subsidiary Company) who will hold the shares on the employees behalf.
- The employee will pay 1 cent for each share at issue date. The partly paid shares will carry entitlements to voting rights, dividend rights and rights to share in surplus assets of Comvita to the extent that they are paid up.
- The release of shares are subject to a share price hurdle threshold being met as described in the Scheme and certain vesting conditions, primarily ongoing service to the Group, and insider trading legislation and other applicable laws.
- On transfer the employee has to pay up the balance of the released shares. If the share price hurdle applicable to any shares is not met on or before each of their respective anniversary dates, the employee will not be able to pay up the balance of the released shares and they will receive back the initial payment for those shares not released and the associated shares are forfeited.

Entitlements on issue at

In thousands

	30 June 2020		30 June 2019	
	Number of entitlements	Weighted average exercise price	Number of entitlements	Weighted average exercise price
Entitlements outstanding at beginning of year	2,028	7.59	2,057	7.67
Entitlements granted during the year	-	-	578	6.33
Entitlements forfeited during the year	(800)	8.52	(463)	7.44
Entitlements converted to ordinary shares (Note 24)	-	-	(144)	3.67
Entitlements outstanding at end of year	1,228	7.05	2,028	7.59

There are 40 (2019: 53) employees in the scheme. The number of entitlements at 30 June 2020 is 1.7% (30 June 2019: 3.9%) of total shares.

Fair Value of Share rights granted

The Group's share based payments are level 2 on the fair value hierarchy, involving a combination of quoted (the Company's share price) and unquoted prices. 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.

Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

NOTES TO THE FINANCIAL STATEMENTS

28. EMPLOYEE SHARE SCHEMES (CONTINUED)

(a) Executive share scheme (continued)

Fair value of share entitlements and assumptions

Issue Date	30-Sep-16	30-Jun-17	8-Oct-18
Entitlements issued (number)	801,250	582,500	577,500
Entitlements on hand (at 30 June 2020)	255,625	447,500	525,000
Fair value at measurement date	\$1.26	\$1.59	\$1.08
Share price at grant date	\$11.30	\$5.80	\$6.00
Grant date	30-Sep-16	30-Jun-17	8-Oct-18
Exercise price	\$11.08	\$5.60	\$6.33
Expected price volatility	23.7%	52.6%	34.2%
Share life (weighted average life of each tranche)	2-4 years	2-4 years	2-4 years
Expected dividend yield	2.73%	3.26%	1.02%
Risk-free interest rate	1.87%	1.81%	1.88%
Forecast share hurdles at 30 June 2020*	\$14.74 - \$16.16	\$7.34 - \$7.98	\$7.60 - \$8.71

The expected volatility is based on analysing the historic volatility (calculated based on the weighted average remaining life of the share entitlements), adjusted for any expected changes to future volatility due to publicly available information. Share entitlements are granted under a service condition. Such conditions are not taken into account in the grant date fair value measurement of the services received. The grants in relation to key management personnel also contain a market condition relating to a share price hurdle. This condition has been taken into account in the grant date fair value measurement of the services received.

* The forecast share price hurdle calculation can change based on the WACC percentage used and future dividends paid.

There are no entitlements exercisable at the end of the year.

(b) Staff share scheme

Employees who have served continuously with the Company for a period of at least 12 months, are given the opportunity to subscribe for ordinary shares in the Company from time to time. An interest free loan is advanced by the Company not exceeding \$2,340, repayable over three years.

	2020	2019
Employees in the scheme	44	75
Number of shares held	25,184	30,911
% of share capital	0.03%	0.06%

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS

Overview

Exposure to credit, liquidity and market risks arises in the normal course of the Company's business.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Audit and Risk Committee is designated to develop and monitor the Group's risk management policies. The committee reports regularly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group through its training and management standards and processes aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. As the counterparty of financial instruments is Westpac New Zealand Limited, it is considered there is minimal credit risk.

The majority of revenue is generated from retailers and consumers and there is no geographical concentration of credit risk. In order to determine which customers are classified as having payment difficulties, the Group applies a mix of duration and frequency of default. Trade receivables aging are monitored on a monthly basis and the Company does not require collateral in respect of trade and other receivables, however Personal Guarantees are obtained where the Company considers it is appropriate.

The Board has approved a credit policy under which new customers are analysed individually for credit worthiness before the Group's standard payment terms and conditions are offered. The Group's review includes reviewing references. Customers that fail to meet the Group's benchmark creditworthiness may transact with the Group only on a prepayment basis.

Where possible, our interest in goods sold are subject to retention of title clauses and a security interest is registered on the Personal Property Securities Register (PPSR), so that in the event of non-payment the Group may have a secured claim.

The Group's policy is to provide financial guarantees only to subsidiaries and equity accounted investees.

Liquidity risk

Liquidity risk represents the Group's ability to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure that it will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Due to the seasonal nature of raw materials supply the Group has credit lines in place to cover timing differences to offset the mismatch of receipts and payments. The borrowings are by way of overdraft and committed credit facilities.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising return on risk. The Group buys and sells derivatives, and also incurs financial liabilities in order to manage market risks. All transactions are carried out within the Treasury Policy guidelines set by the Board of Directors. Generally the Group seeks to apply hedge accounting in order to manage volatility in the income statement..

Currency risk

The Group is exposed to currency risk on sales that are denominated in a currency other than its functional currency, the New Zealand Dollar. The currencies in which transactions are primarily denominated are United States Dollars, Japanese Yen, Australian Dollars, Hong Kong Dollars, British Pounds and Chinese Yuan.

The Group hedges are based on net foreign currency receipts. At any point in time the Group hedges between 40% to 100% of its estimated foreign currency exposure in respect of net cash receipts expected to be received over the following 12 months. The Group uses a mixture of forward exchange contracts, collars and options to hedge its currency risk, most with a maturity of less than one year from the reporting date. When necessary, forward exchange contracts are rolled over at maturity.

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONTINUED)

Liquidity risk

The following table sets out the contractual maturities of financial liabilities including interest payments and derivatives:

In thousands of New Zealand dollars

	Stmnt of financial position	Contractual cash flows	6 months or less	6-12 months	1-2 years	2-5 years	5-10 years
2020							
Non-derivative financial liabilities							
Secured bank loans	(32,200)	(33,206)	(14,502)	(8,379)	(10,325)	-	-
Trade and other payables	(22,707)	(22,707)	(22,707)	-	-	-	-
Total non-derivative liabilities	(54,907)	(55,913)	(37,209)	(8,379)	(10,325)	-	-
Derivatives							
Inflow	-	32,757	19,194	13,486	43	34	-
Outflow	(714)	(33,465)	(18,949)	(13,375)	(616)	(525)	-
Total	(714)	(708)	245	111	(573)	(491)	-
2019							
Secured bank loans	(99,250)	(105,227)	(1,695)	(1,695)	(101,837)	-	-
Trade and other payables	(29,471)	(29,471)	(29,471)	-	-	-	-
Total non-derivative liabilities	(128,721)	(134,698)	(31,166)	(1,695)	(101,837)	-	-
Derivatives							
Inflow	-	27,029	17,681	8,547	367	433	-
Outflow	(2,420)	(29,329)	(18,336)	(8,914)	(939)	(1,141)	-
Total	(2,420)	(2,300)	(655)	(367)	(572)	(708)	-

NOTES TO THE FINANCIAL STATEMENTS

29. FINANCIAL INSTRUMENTS (CONTINUED)

Currency risk

In thousands of New Zealand dollars

Group						
2020						
	RMB	AUD	GBP	HKD	USD	Other
Trade receivables	7,288	1,860	383	733	1,586	1,589
Trade and other payables	(1,293)	(2,602)	(438)	(1,024)	(1,993)	(1,006)
Gross statement of financial position exposure	5,995	(742)	(55)	(291)	(407)	583
Forward exchange contracts (local currency)	40,000	6,750	750	12,000	6,500	126,000

2019

	RMB	AUD	GBP	HKD	USD	Other
Trade receivables	6,002	5,073	1,262	991	6,269	920
Trade and other payables	(2,050)	(1,530)	(570)	(815)	(1,630)	(513)
Gross statement of financial position exposure	3,952	3,543	692	176	4,639	407
Forward exchange contracts (local currency)	-	2,820	1,317	29,250	7,359	-

Sensitivity analysis

A 20 percent strengthening and 20% weakening of the NZD against the following currencies at 30 June would have changed the asset or liability values in the statement of financial position at 30 June through a change in equity and the income statement by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis for 2020 assumes a 20 percent (30 June 2019: 20 percent) strengthening and weakening of the NZD.

	2020		2020		2019		2019	
	Equity		Income statement		Equity		Income statement	
	+20%	-20%	+20%	-20%	+20%	-20%	+20%	-20%
AUD	1,204	(1,807)	-	-	491	(737)	-	-
GBP	241	(361)	-	-	461	(692)	-	-
USD	1,679	(2,519)	-	-	1,806	(2,706)	-	-
HKD	399	(598)	-	-	921	(1,380)	-	-
CNH	1,436	(2,146)	-	-	-	-	-	-
JPY	303	(456)	-	-	581	(874)	-	-

Classification and Fair Values

The carrying amount of all assets and liabilities reflects the fair value. They are classified as follows:

Classification	Asset or liability
Amortised cost	Trade and other receivables, cash and cash equivalents, trade and other payables, loans and borrowings
Fair value through profit and or loss	Derivatives
Fair value through OCI	Other investments

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTIES

Transactions with key management personnel

The key management personnel consists of the Leadership team of Comvita.

Key management and director compensation comprised:

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Director fees	550	514
Short term employee benefits	2,227	2,663
KiwiSaver employer contribution	69	48
Share based payments	84	349
Total	2,930	3,574

On the 13 March 2020, the Company issued 307,488 ordinary shares from treasury stock to CEO David Banfield. The subscription price for the shares was satisfied partly through the provision of a \$450,000 interest free loan, with the remainder settled by David Banfield in cash. The acquisition of shares by David Banfield was at market value, calculated as the volume weighted average of prices at which CVT shares traded over the prior 10 trading days.

At 30 June 2020 Directors and other key management personnel of the Company control 3.72% (2019: 4.84%) of the voting shares of the Company.

Other transactions with key management personnel

Other related party transactions

In thousands of New Zealand dollars

	2020 30 June	2019 30 June
Consulting fees		
- Brett Hewlett	82	12
- Luke Bunt	31	-
- Neil Craig	5	-
Craigs Investments		
- Custodial and secretarial fees	22	48
- Capital raise underwriting fee	800	-
Total	940	60

No amounts are payable as at 30 June 2020 for the transactions listed in the table above (2019: nil).

Consulting fees were paid to Directors acting in an Executive Director capacity in respect of the Strategic Review and in relation to Due Diligence Committee duties for the Capital Raise

Craigs Investment Partners Limited are considered to be a related party as Neil Craig was Chairman of both entities for a portion of the financial year. Craigs Investment Partners Limited manage the Comvita share purchase program (START Scheme), provided secretarial services and underwriting services related to Comvita's capital raise.

NOTES TO THE FINANCIAL STATEMENTS

30. RELATED PARTIES (CONTINUED)

Subsidiaries	Country of Incorporation	Ownership Interest Held	Balance Date	Principal Activity
Comvita New Zealand Limited	New Zealand	100%	30 June	Manufacturing and marketing
Medibee Limited	New Zealand	100%	30 June	Not trading
Comvita Taiwan Limited	New Zealand	100%	30 June	Not trading
Bee & Herbal New Zealand Limited	New Zealand	100%	30 June	IP ownership
Apimed Medical Honey Limited	New Zealand	100%	30 June	IP ownership
Comvita Landowner Share Scheme Trustee Limited	New Zealand	100%	30 June	Apicultural land owner share scheme
Kiwi Bee Medical Limited *	New Zealand	100%	30 June	Apiary and medical honey extraction
Jonno Developments Limited *	New Zealand	100%	30 June	Research and development
Kyoto Forests of New Zealand Limited	New Zealand	100%	30 June	Not trading
Comvita Share Scheme Trustee Limited	New Zealand	Management control	30 June	Executive employee share scheme
Comvita USA, Inc	USA	100%	30 June	Selling and distribution
Comvita Japan Company Limited	Japan	100%	30 June	Selling and distribution
Comvita Korea Co Limited	Korea	100%	30 June	Selling and distribution
Comvita Food (China) Limited	China	100%	31 December	Selling and distribution
Comvita China Limited	Hong Kong	100%	30 June	Selling and distribution
Comvita Holdings HK Limited	Hong Kong	100%	30 June	Holding Company
Greenlife (New Zealand) Product Limited	Hong Kong	100%	30 June	Not trading
Comvita HK Limited	Hong Kong	100%	30 June	Selling and distribution
Comvita Holdings Pty Limited	Australia	100%	30 June	Holding Company
Comvita Australia Pty Limited	Australia	100%	30 June	Manufacturing, selling & distribution
Olive Leaf Australia Pty Limited	Australia	100%	30 June	Not trading
Olive Products Australia Pty Limited	Australia	100%	30 June	Property ownership
Comvita IP Pty Limited	Australia	100%	30 June	IP ownership
Comvita Health Pty Limited	Australia	100%	30 June	Not trading
Medihoney Pty Limited	Australia	100%	30 June	Not trading
Medihoney (Europe) Limited	United Kingdom	100%	30 June	Not trading
Comvita Holdings UK Limited	United Kingdom	100%	30 June	Holding Company
Comvita UK Limited	United Kingdom	100%	30 June	Selling and distribution
New Zealand Natural Foods Limited	United Kingdom	100%	30 June	Not trading

* Kiwibee Medical Limited and Jonno Developments Limited amalgamated into Comvita New Zealand Limited effective 1 July 2020.



Independent Auditor's Report

To the Shareholders of Comvita Limited

Report on the audit of the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Comvita Limited (the 'Company') and its subsidiaries (the 'Group') on pages 3 to 42:

- i. Present fairly in all material respects the Group's financial position as at 30 June 2020 and its financial performance and cash flows for the year ended on that date; and
- ii. Comply with New Zealand Equivalents to International Financial Reporting Standards and International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

- The consolidated statement of financial position as at 30 June 2020;
- The consolidated income statement, statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ('IESBA Code'), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the Group in relation to taxation services. Subject to certain restrictions, partners and employees of our firm may also deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. These matters have not impaired our independence as auditor of the Group. The firm has no other relationship with, or interest in, the Group.



Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the Shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements.



The key audit matter

How the matter was addressed in our audit

Impairment of Non-Current Assets

Refer to the impairment expense recognised in the Income Statement on Page 3, the Statement of Financial Position on Page 5 and Note 3(j).

The Group has \$125m of non-current assets. In light of performance in the current year and the Group's net assets exceeding market capitalisation at 30 June 2020, the consideration of impairment of non-current assets is considered to be a key audit matter. This is due to the significance of the assets and the range of judgemental assumptions about future performance.

In the current year the Group has identified the following cash generating units (CGU's):

- Greater China;
- Apiaries; and
- Other.

The Group utilises value in use models to determine the recoverable amount of the Group's CGU's, which is then compared to the CGU's net assets. In relation to these models, particular attention was required of:

- The strategic direction of the Group;
- The future cash flows, including the impacts of Covid-19 (if any);
- UMF Honey quality and annual yield (KGs) per Hives;
- Terminal growth rates; and
- The discount rate applied to those cash flows.

Our audit procedures included the following, amongst others:

- We assessed the Group's determination of CGU's based on our understanding of the nature of the Group, their operations and the internal reporting of the business;
- We assessed the value in use models (VIU) for each CGU considering the methodology adopted in the discounted cash flow valuation models against the requirements of the applicable financial reporting standards;
- We considered the consistency of assumptions in individual VIU models with the overall Group 5 year strategic plan to ensure appropriate and consistent cash flows reported. We analysed the future cash flow forecasts used and determined whether they are reasonable based on the implementation of the strategic plan and historical achievements;
- We utilised valuation specialists to challenge key judgements, which included the weighted average cost of capital applied and terminal growth rates, through comparison to market data and industry research;
- We performed sensitivity analysis on key cash flow forecast assumptions, UMF quality, annual honey yields, WACC and terminal growth, to understand the impact of reasonable possible changes in key assumptions in various scenarios;
- We performed testing to compare the calculated recoverable values to the associated carrying amounts, and assessed whether any impairment expense is to be recognised;
- We examined conceptually and in detail why net assets exceeded market capitalisation as at 30 June 2020; and
- We considered and reviewed appropriateness, sufficiency and clarity of required disclosures included in the Group financial statements.

The procedures performed did not identify any material adjustments to the impairment expense recognised or the related disclosure.



The key audit matter

How the matter was addressed in our audit

Business Combination – Comvita China

Refer to Note 5 to the Financial Statements.

During the prior year the Group acquired Comvita Food (China) Limited and Comvita China Limited (collectively referred to as “Comvita China”). The finalisation of the purchase price allocation component of the business combination was completed during the current financial year.

Accounting for business combinations requires management to make judgements in order to:

- Identify all assets acquired and liabilities assumed; and
- Estimate the fair value of the identified assets and liabilities.

Determining the fair value of identifiable assets and liabilities assumed may require management to estimate cash flow forecasts, discount rates and other unobservable assumptions.

Our audit procedures included the following, amongst others:

- We reviewed the sale and purchase agreements underpinning the acquisition;
- We reviewed and challenged management’s assessment of the identifiable assets acquired and liabilities assumed, including exploring the possibility that further unidentified assets or liabilities could exist;
- We obtained an understanding of the approach to the valuation of each identifiable asset and liability, employed by management’s external expert;
- We utilised KPMG specialists to review management’s valuation of identifiable assets and liabilities; and
- We assessed disclosures of the transactions in the financial statements against applicable accounting standards.

There were no material findings in respect of the purchase price allocation or the related disclosure.

Other information

The Directors, on behalf of the Group, are responsible for the other information included in the entity’s financial statements and Annual Report. Other information includes the Directors’ Declaration, Statutory Information and Company Directory and the other information included in the Annual Report. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have received the Directors’ Declaration, Statutory Information and Company Directory and have nothing to report in regards to it. The Annual Report is expected to be made available to us after the date of this Independent Auditor’s Report and we will report the matters identified, if any, to those charged with governance.



Use of this independent auditor’s report

This independent auditor’s report is made solely to the Shareholders as a body. Our audit work has been undertaken so that we might state to the Shareholders those matters we are required to state to them in the independent auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Shareholders as a body for our audit work, this independent auditor’s report, or any of the opinions we have formed.



Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the Group, are responsible for:

- The preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards) and International Financial Reporting Standards;
- Implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- To obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

<http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/>

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Trevor Newland.

For and on behalf of

KPMG
Tauranga

24 August 2020

STATUTORY INFORMATION

Principal activity

The principal activity of the Company is that of manufacturing and marketing quality natural health products.

Dividend

No dividends have been declared or paid for the year ended 30 June 2020.

Directors' remuneration for the year ended 30 June 2020

In thousands of New Zealand dollars

	Fee	Other	Total
B Hewlett	101	82	183
N. J Craig (ceased 30 June 2020)	93	5	98
L.N.E Bunt	82	31	113
S.J Kennedy	77	-	77
P Reid	63	-	63
B Major (appointed 1 September 2019)	52	-	52
C Dayong (appointed 17 October 2019)	46	-	46
Z Guangping (appointed 17 October 2019)*	22	-	22
M.J Denyer (Retired 16 August 2019)	14	-	14
Total	550	118	668

*Z Guangping was granted a leave of absence in accordance with the constitution for the period 1 February to 30 June 2020.

INTERESTS REGISTER

Directors have disclosed the following directorships held by them excluding family companies and companies with no association to their appointment as director of the Company or any companies in the Group:

N.J Craig

Chairman - Craigs Investment Partners
 Director - Comvita Limited
 Chairman - Pohutukawa Private Equity Limited
 Director - Comvita New Zealand Limited
 Director - New Zealand Cricket
 Director - Hendry Nominees Limited
 Director - AGInvest Holdings Limited
 Director - Deutsche Craigs Limited
 Member - Oriens Capital Investment Committee

B. Major

Chairman - Gibb Holdings (Nelson) Ltd
 Chairman - High Value Nutrition National Science Challenge
 Chairman - Go Global Avocado Primary Growth Partnership
 Deputy Chairman - Hautupua General Partner Ltd
 Deputy Chairman - Miro Trading General Partner Ltd
 Managing Director - Sinotearoa Ltd
 Director - Comvita Limited
 Director - BioVittoria Ltd
 Director - BioVittoria Investments Ltd
 Member - Oriens Capital Investment Committee

P.R.T Reid

Chairman - Figured Limited
 Chairman - Volpara Health Technologies Limited
 Director - Comvita Limited
 Director - The Equanut Company Limited
 Director - Christchurch International Airport Limited
 Director - Pukeko Pictures GP Limited (ceased 31 March 2020)

S.J Kennedy

Director - Comvita Limited
 Director - SJK Consulting Limited
 Director - Lifestream International Limited
 Director - Lanaco Limited
 Director - Middlemore Foundation Limited
 Director - Calocurb Ltd
 Director - New Zealand Rural Land Co

L.N.E Bunt

Director - Comvita Limited
 Chairman - Heat Treatments Ltd

B.D Hewlett

Chairman - Priority One Inc.
 Chairman - Bluelab Corporation Limited
 Chairman - Comvita Limited
 Director - Quayside Holdings Limited

Z. Guangping

Director - Comvita Limited

C. Dayong

Director - Comvita Limited
 Director - China Resources Ng Fung Limited
 Director - China Resources Retail (Group) Company Limited
 Director - Pacific Coffee (Holdings) Limited
 Director - China Resources Snow Breweries Limited
 Director - CRE Alliance Fund Management Company Limited

STATUTORY INFORMATION

DIRECTORS OF GROUP COMPANIES OTHER THAN SHOWN ABOVE

Companies	Directors		
Apimed Medical Honey Limited	D Banfield*		
Bee & Herbal New Zealand Limited	D Banfield *		
Comvita Australia Pty Limited	B Hewlett	M Tobin	
Comvita China Limited	M Sadd	G Zhu	
Comvita Food (China) Limited	D Banfield*	A Chen	G Zhu
Comvita Health Pty Limited	B Hewlett	M Tobin	
Comvita HK Limited	D Banfield*		
Comvita Holdings HK Limited	D Banfield*		
Comvita Holdings Pty Limited	B Hewlett	M Tobin	
Comvita Holdings UK Limited	B Hewlett		
Comvita IP Pty Limited	B Hewlett	M Tobin	
Comvita Japan K. K.	D Banfield*	R Shida*	
Comvita Korea Co Limited	J Keast	J Park*	
Comvita Landowner Share Scheme Trustee Limited	D Banfield*		
Comvita New Zealand Limited	N J Craig	B D Hewlett	
Comvita Share Scheme Trustee Limited	S Kennedy	L Bunt	
Comvita Taiwan Limited	D Banfield*		
Comvita UK Limited	B Hewlett		
Comvita USA, Inc	D Banfield*	A Barr*	
Green Life (New Zealand) Product Limited	D Banfield*		
Jonno Developments Limited	D Banfield*		
Kiwi Bee Medical Limited	A J Bougen	C T Baskin*	
Kyoto Forests of New Zealand Limited	D Banfield*		
Medibee Limited	D Banfield*		
Medihoney Europe Ltd	B Hewlett		
Medihoney Pty Ltd	B Hewlett	M Tobin	
New Zealand Natural Foods Limited	B Hewlett		
Olive Leaf Australia Pty Limited	B Hewlett	M Tobin	
Olive Products Australia Pty Limited	B Hewlett	M Tobin	

* denotes an executive of a Group Company

** Kiwibee Medical Limited and Jonno Developments Limited amalgamated into Comvita New Zealand Limited effective 1 July 2020

STATUTORY INFORMATION

DIRECTORS OF GROUP COMPANIES (CONTINUED)

Share Dealings of Directors - beneficial

Director	Number of Shares Sold	Value of Shares Sold	Number of Shares Purchased	Value of Shares Purchased
N.J Craig	-	-	395,940	997,197
S.J Kennedy	(61)	(181)	7,090	18,778
L.N.E Bunt	-	-	20,000	47,027
P.R.T Reid	-	-	11,517	28,793
B. Major	-	-	24,402	68,071
B.D Hewlett	(152)	(440)	13,300	32,900

Directors Shareholding

Directors, or entities associated with directors, held the following shareholding in Comvita Limited at 30 June 2020:

Director	Opening Balance	Shares Sold/ Transferred	Shares Purchased/ Transferred	Closing Balance
N.J Craig				
Beneficial				
Custodial Services Limited (A/C 4)	500,000	-	171,875	671,875
Eaglesham Trust	420,000	-	171,250	591,250
Sheryl Denise Tebbutt	75,000	-	25,780	100,780
Anna Beth Craig	25,000	-	8,593	33,593
Custodial Start Scheme	11,098	-	18,383	29,481
Craigs KiwiSaver Scheme Account	177	-	59	236
Non-beneficial	170,000	-	78,078	248,078
Total	1,201,275	-	474,018	1,675,293
S.J Kennedy				
Beneficial				
S.J Kennedy	8,865	-	4,000	12,865
Custodial start scheme	7,088	(61)	3,090	10,117
Total	15,953	(61)	7,090	22,982
L.N.E Bunt				
L.N.E Bunt and G.E Bunt	15,000	-	11,510	26,510
The Bunt Family Trust	35,000	-	8,490	43,490
Total	50,000	-	20,000	70,000
P.R.T Reid				
Beneficial				
Craigs KiwiSaver Scheme Account	47,797	-	11,517	59,314
Total	47,797	-	11,517	59,314
B. Major				
Beneficial				
Ms S A Parkinson & Mr R M Major	3,550	-	24,402	27,952
Total	3,550	-	24,402	27,952

STATUTORY INFORMATION

DIRECTORS OF GROUP COMPANIES (CONTINUED)

Director	Opening Balance	Shares Sold/ Transferred	Shares Purchased/ Transferred	Closing Balance
B.D Hewlett				
Beneficial				
Brett Donald Hewlett	60,490	-	4,800	65,290
YRW Trustees 2005 Limited	310,889	-	8,500	319,389
Brett Donald Hewlett – Start Scheme	13,439	(152)	-	13,287
Total	384,818	(152)	13,300	397,966
Beneficial	1,533,393	(213)	472,429	2,005,429
Non-beneficial	170,000	-	78,078	248,078
Total	1,703,393	(213)	550,327	2,253,507

Directors Indemnity and Insurance

The Company has insured all its Directors and the Directors of its wholly owned subsidiaries against liabilities to other parties (except the Company or a related party of the Company) that may arise from their positions as Directors. The insurance does not cover liabilities arising from criminal actions. The Company has not been required to indemnify its Directors for any liabilities during the year.

STATUTORY INFORMATION

Employees' remuneration

During the 12-month period to 30 June 2020 the following numbers of employees received remuneration of at least \$100,000.

	Number of employees
\$100,000 to \$110,000	13
\$110,000 to \$120,000	10
\$120,000 to \$130,000	13
\$130,000 to \$140,000	4
\$140,000 to \$150,000	5
\$150,000 to \$160,000	6
\$160,000 to \$170,000	6
\$170,000 to \$180,000	5
\$180,000 to \$190,000	2
\$190,000 to \$200,000	3
\$230,000 to \$240,000	3
\$250,000 to \$260,000	1
\$260,000 to \$270,000	1
\$290,000 to \$300,000	1
\$310,000 to \$320,000	1
\$320,000 to \$330,000	1
\$330,000 to \$340,000	1
\$340,000 to \$350,000	1
\$350,000 to \$360,000	1
\$370,000 to \$380,000	1
\$380,000 to \$390,000	1
\$410,000 to \$420,000	1

Note: these bands are New Zealand dollar equivalents and reflect the impact of fluctuations in the foreign exchange rates for remuneration of overseas based employees. The figures include bonus provisions made during the year which may have not been paid at period end. It does not include any remuneration or benefit relating to the Executive Share Scheme.

Donations

During the period the Group made cash donations of \$6,000 (2019: \$22,000). The Company also made donations of products to charitable organisations.

SHAREHOLDER ANALYSIS

Analysis of shareholder by size as at 1 August 2020

Category	No of shareholders	Shares held	Percentage of shareholders	Percentage of shares
Up to 1,000 shares	1,228	607,541	35.63%	0.87%
1,001 – 5,000 shares	1,407	3,509,152	40.82%	5.03%
5,001 – 10,000 shares	383	2,751,754	11.11%	3.94%
10,001 – 100,000 shares	382	9,635,633	11.08%	13.81%
100,001 shares or more	47	53,275,872	1.36%	76.35%
Total	3,447*	69,779,952	100.0%	100.0%

*This number does not include a number of shareholders within Custodial and Nominee companies

Top 20 shareholders as at 1 August 2020

Shareholder	Shares held	Percentage of shares
Li Wang	8,552,736	12.26%
National Nominees New Zealand Limited	4,585,428	6.57%
China Resources Ng Fung Limited	4,582,000	6.57%
Kauri NZ Investments Limited	3,558,077	5.10%
Alan John Bougen & Lynda Ann Bougen & Graeme William Elvin	2,397,550	3.44%
Custodial Services Limited - Account 3	2,266,850	3.25%
Accident Compensation Corporation	1,907,641	2.73%
Custodial Services Limited - Account 4	1,804,256	2.59%
Junxian Li	1,738,657	2.49%
Bnp Paribas Nominees NZ Limited	1,532,117	2.20%
Forsyth Barr Custodians Limited	1,421,934	2.04%
Li Sun	1,410,000	2.02%
Robert Bertram Tait & Jane Gibbons Tait & Ian James Craig	1,327,053	1.90%
Pt Booster Investments Nominees Limited	1,007,255	1.44%
Maori Investments Limited	1,000,000	1.43%
JBWERE (Nz) Nominees Limited	986,506	1.41%
FNZ Custodians Limited	899,978	1.29%
Citibank Nominees (Nz) Ltd	787,876	1.13%
Kevin Glen Douglas & Michelle Mckenney Douglas	753,655	1.08%
Masfen Securities Limited	734,010	1.05%
Other	26,526,373	38.01%
Total Ordinary Shares**	69,779,952	100.00%

** does not include 1,228,125 partly paid redeemable share entitlements as detailed in Note 28 to the annual accounts

Substantial security holders as at 1 August 2020

Shareholder	Shares held	Percentage of shares
Li Wang	8,552,736	12.26%
China Resources Ng Fung Limited	4,582,000	6.57%
Milford Asset Management Limited	4,448,042	6.37%
Kauri NZ Investments Limited	3,558,077	5.10%

DIRECTORY

DIRECTORS

Comvita Board Of Directors

Neil John Craig
(ceased 30 June 2020)

Lucas (Luke) Nicholas Elias Bunt

Sarah Jane Kennedy

Paul Robert Thomas Reid

Brett Donald Hewlett

Robert Malcolm Major
(appointed 1 September 2019)

Guangping Zhu
(appointed 17 October 2019)

Dayong Cheng
(appointed 17 October 2019)

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SOLICITORS

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