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MEDIA RELEASE

Honey company Capilano Honey Limited is selling its wholly owned subsidiary Medihoney Pty Ltd to Comvita Limited (NZ) in a strategic move to accelerate the commercialisation process in the development and marketing of its anti-bacterial honey products.

Medihoney's primary business, which started in 1999, has been developing products for protecting and healing skin using biologically active honeys or products made from honey derivatives. The company has developed a range of products that is also highly complementary to the wound care and skin care product range currently produced by Comvita.

The A\$6 million purchase, still subject to due diligence and regulatory approval, consists of A\$5.5 million in Comvita shares and A\$500,000 cash. The Comvita shares will be valued at a volume-weighted average of trading prices over the 10-day period preceding the announcement. The acquisition will take effect on 1 June 2007, at which time Medihoney's business will be merged with Comvita. Medihoney's sale will give Capilano Honey just over eight per cent shareholding in Comvita.

Roger Masters, Managing Director for Capilano, sees Medihoney as a complementary fit to Comvita's healthcare business.

"Medihoney and Comvita are the two major participants in therapeutic honey in the international market and it makes a great deal of sense to combine our efforts.

"By holding a direct investment in Comvita, Capilano will continue to share in the future potential of the medical honey business," he said

Comvita's CEO Brett Hewlett said the company was thrilled with the acquisition. He believes Medihoney's international distribution network in Australia, the UK and Europe, together with its complementary product portfolio and intellectual property will strengthen Comvita's position in the US\$7 billion global wound care market.

Ends.

Information about the companies is detailed over page

About Comvita

Comvita is an NZX-listed natural health company based in the Bay of Plenty. Backed by a proud 30-year heritage in therapeutic bee-based products, Comvita is the world's largest manufacturer and marketer of UMF Manuka honey. Comvita exports its growing range of innovative natural health products to more than 20 countries. It has subsidiary offices in the UK, Hong Kong, Australia, Japan and Taiwan. Comvita has experienced a 25 per cent year on year growth in sales and its revenue in 2006 totalled NZ\$39.4 million. In 2006, Comvita was named New Zealand Trade & Enterprise Biotechnology Exporter of the Year and won the Supreme Trailblazer and People's Choice awards at the Westpac Sustainable Business Challenge. www.comvita.co.nz

About Medihoney

Medihoney's business currently focuses on the development, sale and marketing of therapeutic products utilising the properties of antibacterial honey, to both international and domestic Australian markets. Medihoney products fall under four care categories – wound care, skin care, oral care and grocery/healthfood. The company has an annual turnover of over A\$3.5 million. www.medihoney.com

About Capilano

Capilano, a Bendigo Stock Exchange (BSX) listed public company, has been operating for more than half a century and is Australia's number one honey brand. With revenues of about A\$80 million, it exports to over 40 countries. In addition to its Australian operations, the company now has global operations in Canada and Argentina and has the capacity to process and pack more than 25,000 tonnes of honey per year. One of its core strengths is the 600 plus beekeeper shareholder suppliers who are behind the honey they sell. www.capilano.com.au

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