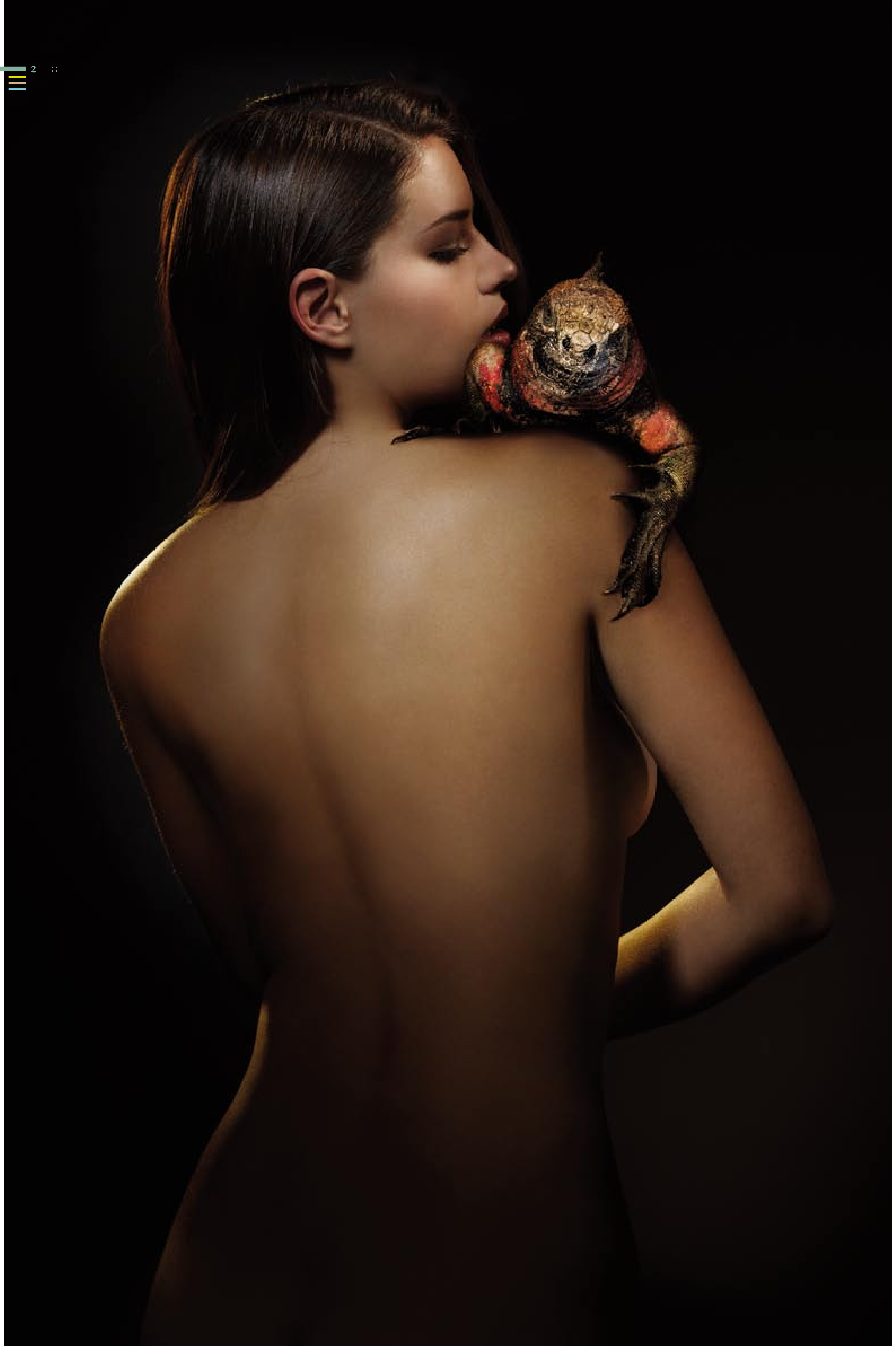
ECOYA

INTERIM REPORT

For the 6 months ended 30 September 2011



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Chairman's Report

Dear Ecoya Shareholder.

Welcome to our half year report for the six months ending 30 September 2011.

The report provides the key financial information for the period. Set out below is a summary of the first six months and a useful snapshot of the activities for remainder of the year.

The First Six Months.

In the first six months of the year, Ecoya generated $10.4 million in Revenue which was more than double the same period last year. That period included one month of Trilogy sales. Importantly in this period we also reached breakeven point with earnings before Interest and Tax of $0.24m. (To be deducted from EBIT are interest costs for the period of $0.24m and IFRS adjustments in respect to Trilogy earn out of $0.72 m resulting in a net accounting loss of $0.72 m.)

We reached this operating breakeven point sooner than expected in what is typically the slower part of the year. This gives us confidence that we can deliver a full year result of greater than $20m in revenue and a modest profit.

Our strategy this year is very much about top line growth. We believe our shareholders expectations are all about growth. Therefore we are investing in building a larger revenue generating asset, investing our earnings back into our business, building our presence in Australia and other offshore markets.

For the Ecoya brand, the first six months of this year has been about building the Australian market, extending distribution in to more gift stores and also greater presence in leading department stores such as David Jones, Myer, Freedom and Bed Bath and Table. We are doing this by providing a greater Ecoya offering and a full solution for their Bodycare and Home fragrance customers. Our Bodycare range launched earlier this year and we also have two new Candle ranges launching at present that will build greater space allocation in store and customer interest particularly in the Australian market.

The remainder of the year to 31 March 2012.

With Ecoya we are also establishing several new beachheads to provide a platform for growth in key offshore markets. We have just launched in London where we are now stocked at iconic stores such as Harrods, Harvey Nichols and Liberty. Whilst it is early days in the London market, Ecoya is off to a good start. Our distribution partner in Dubai has several Ecoya branded stores in key shopping malls and we are growing with our distributors in Taiwan and Singapore. In the US we have our own person based in New York to work with key department stores such as Bloomingdales and with State distributors who represent Ecoya. Whilst these beachheads are important, we do want to stress that we have a significant amount of growth to yet be achieved in Australia and therefore in the near term it is this 'Home' market that will receive the bulk of our resource.

From January 1, we will integrate the Trilogy Business into Ecoya. This has been a great addition to our business and across the year we have worked alongside the team at Trilogy to fully understand the opportunities and likely synergies. We are currently finalising our plans for the year ended 31 March 2013 and believe like Ecoya, there is significant growth opportunity in several key markets, particularly Australia. Sarah Gibbs the founder of Trilogy has joined the Ecoya Board and will take on special projects in growing the Trilogy and Ecoya brands in new offshore markets.

As we bring these two businesses together, I will become the CEO and Stephen Sinclair the COO. The synergies are in Production, Logistics, Distribution and in some places with Sales teams. The brands will remain separate as they are quite different consumer propositions.

The teams at Ecoya and Trilogy are confident in executing the 31 March 2012 plans successfully. We are looking forward to getting into the New Year as one group and continuing with our high level of growth. Whilst some retailers may have experienced tough conditions in recent times, we are gaining growth by both greater presence in existing stores and by adding new stores. Strategies that will continue into next year.

Enjoy your Christmas break and thank you again for your support. We look forward to reporting our full year result in May 2012.

Best Regards.

Geoff Ross.
Executive Chairman/CEO

ECOYA:

Financial Statements

Unaudited Consolidated Interim Statement of Comprehensive Income

For the 6 months ended 30 September 2011

	NOTES	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2011 $'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2010 $'000	AUDITED YEAR ENDED 31 MARCH 2011 $'000
REVENUE	4	10,434	4,358	14,279
COST OF SALES		(3,717)	(2,120)	(5,939)
GROSS PROFIT		**6,717**	**2,238**	**8,340**
OTHER INCOME		98	-	128
OTHER GAINS (LOSSES) - NET		161	(52)	(268)
EXPENSES				
DISTRIBUTION		(548)	(220)	(888)
SALES AND MARKETING		(3,476)	(1,109)	(5,622)
ADMINISTRATION		(2,716)	(2,999)	(5,270)
IPO LISTING EXPENSES		-	(502)	(502)
CONTINGENT CONSIDERATION ADJUSTMENT	8	(550)	-	-
FINANCE INCOME		2	119	164
FINANCE COSTS		(243)	(35)	(170)
FINANCE COST ON CONTINGENT CONSIDERATION	8	(168)	(54)	(197)
LOSS BEFORE INCOME TAX		(723)	(2,614)	(4,285)
INCOME TAX CREDIT	9	36	-	274
LOSS FOR THE PERIOD		**(687)**	**(2,614)**	**(4,011)**
OTHER COMPREHENSIVE INCOME:				
FOREIGN CURRENCY TRANSLATION, NET OF TAX		(353)	86	281
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**(1,040)**	**(2,528)**	**(3,730)**
LOSS FOR THE PERIOD ATTRIBUTABLE TO:				
EQUITY HOLDERS OF ECOYA LIMITED		(687)	(2,614)	(4,011)
		(687)	**(2,614)**	**(4,011)**
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
EQUITY HOLDERS OF ECOYA LIMITED		(1,040)	(2,528)	(3,730)
		(1,040)	**(2,528)**	**(3,730)**

Unaudited Consolidated Interim Statement of Comprehensive Income (continued)

For the 6 months ended 30 September 2011

LOSSES PER SHARE FOR LOSS ATTRIBUTABLE TO THE ORDINARY EQUITY HOLDERS OF THE COMPANY DURING THE PERIOD:	NOTES	DOLLARS	DOLLARS	DOLLARS
BASIC LOSSES PER SHARE		(0.01)	(0.06)	(0.09)
DILUTED LOSSES PER SHARE		(0.01)	(0.06)	(0.09)

THE ABOVE INTERIM STATEMENT OF COMPREHENSIVE INCOME SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Unaudited Consolidated Interim Statement of Financial Position

As at 30 September 2011

	NOTES	UNAUDITED 30 SEPTEMBER 2011 $'000	UNAUDITED 30 SEPTEMBER 2010 $'000	AUDITED 31 MARCH 2011 $'000
ASSETS				
CURRENT ASSETS				
CASH AND CASH EQUIVALENTS		2,192	1,300	1,878
TRADE AND OTHER RECEIVABLES		4,244	4,613	3,586
INVENTORIES		5,009	2,919	5,563
TAX RECEIVABLE		5	-	-
TOTAL CURRENT ASSETS		**11,450**	**8,832**	**11,027**
NON-CURRENT ASSETS				
PLANT AND EQUIPMENT	5	1,837	1,567	1,894
INTANGIBLE ASSETS	6	17,713	17,829	17,831
DEFERRED TAX		310	-	274
TOTAL NON-CURRENT ASSETS		**19,860**	**19,396**	**19,999**
TOTAL ASSETS		**31,310**	**28,228**	**31,026**
CURRENT LIABILITIES				
TRADE AND OTHER PAYABLES		3,008	4,664	3,734
PROVISION FOR TAX		-	-	99
INTEREST BEARING LIABILITIES	7	6,986	1,250	5,447
CONTINGENT CONSIDERATION PAYABLE	8	9,381	-	8,663
DERIVATIVE FINANCIAL INSTRUMENTS		7	149	153
TOTAL CURRENT LIABILITIES		**19,382**	**6,063**	**18,096**
NON-CURRENT LIABILITIES				
CONTINGENT CONSIDERATION PAYABLE	8	-	8,986	-
TOTAL NON-CURRENT LIABILITIES		-	8,986	-
TOTAL LIABILITIES		**19,382**	**15,049**	**18,096**
NET ASSETS		**11,928**	**13,179**	**12,930**
EQUITY				
CONTRIBUTED EQUITY	10	22,098	21,107	22,060
RESERVES		(47)	111	306
(ACCUMULATED LOSSES)		(10,123)	(8,039)	(9,436)
		11,928	**13,179**	**12,930**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF ECOYA LIMITED		11,928	13,179	12,930
TOTAL EQUITY		**11,928**	**13,179**	**12,930**

THE ABOVE INTERIM STATEMENT OF FINANCIAL POSITION SHOULD BE READ IN CONJUNCTION WITH THE ACCOMPANYING NOTES.

Unaudited Consolidated Interim Statement of Movements in Equity

For the 6 months ended 30 September 2011

		Attributable to equity holders of Ecoya Limited			
	Notes	Share capital $'000	Accumulated losses $'000	Other reserves $'000	Total equity $'000
Balance at 1 April 2010		6,727	(5,425)	25	1,327
Net loss for the half year ended 30 September 2010		-	(2,614)	-	(2,614)
Foreign currency translation		-	-	86	86
Total comprehensive income		-	(2,614)	86	(2,528)
Issue of ordinary shares:					
For cash at IPO		10,103	-	-	10,103
For cash at 17 September 2010		5,050	-	-	5,050
IPO share issue costs		(652)	-	-	(652)
17 September 2010 share issue cost		(121)	-	-	(121)
Balance at 30 September 2010		**21,107**	**(8,039)**	**111**	**13,179**
Net loss for the half year ended 31 March 2011		-	(1,397)	-	(1,397)
Foreign currency translation		-	-	195	195
Total comprehensive income		-	(1,397)	195	(1,202)
Issue of ordinary shares:	10				
IPO and 17 September 2010 share issue cost		(58)	-	-	(58)
Share purchase plan allotment		953	-	-	953
Shares in lieu of directors' fees		58	-	-	58
Balance at 31 March 2011		**22,060**	**(9,436)**	**306**	**12,930**
Net loss for the half year ended 30 September 2011		-	(687)	-	(687)
Foreign currency translation		-	-	(353)	(353)
Total comprehensive income		-	(687)	(353)	(1,040)
Issue of ordinary shares:	10				
Shares in lieu of directors' fees		38	-	-	38
Balance at 30 September 2011		**22,098**	**(10,123)**	**(47)**	**11,928**

The above interim statement of movements in equity should be read in conjunction with the accompanying notes.

Unaudited Consolidated Interim Statement of Cash Flows

For the 6 months ended 30 September 2011

	Notes	Unaudited 6 months ended 30 September 2011 $'000	Unaudited 6 months ended 30 September 2010 $'000	Audited year ended 31 March 2011 $'000
Cash flows from operating activities				
Receipts from customers (inclusive of GST)		10,161	3,717	13,624
Payments to suppliers and employees (inclusive of GST)		(10,898)	(6,786)	(20,063)
Government grants received		68	-	128
Interest received		2	120	107
Interest paid		(172)	(25)	(164)
Taxation paid		(103)	(290)	(294)
Net cash inflow / (outflow) from operating activities	14	**(942)**	**(3,264)**	**(6,662)**
Cash flows from investing activities				
Acquisition of subsidiary, net of cash acquired	11	-	(9,519)	(10,109)
Payments for plant and equipment		(181)	(934)	(1,433)
Proceeds from sale of plant and equipment		-	107	207
Payments for intangible assets		(21)	-	(134)
Net cash inflow / (outflow) from investing activities		**(202)**	**(10,346)**	**(11,469)**
Cash flows from financing activities				
Repayments on finance lease		-	(30)	(29)
Repayments on bank borrowings	7	-	(1,000)	(1,000)
Proceeds from bank borrowings	7	3,000	1,250	3,500
Net proceeds from issue of shares	10	-	14,380	15,275
Net cash inflow / (outflow) from financing activities		**3,000**	**14,600**	**17,746**
Net increase/(decrease) in cash and cash equivalents		1,856	990	(385)
Cash and cash equivalents at the beginning of the period		(69)	310	310
Exchange gains on cash and cash equivalents		(81)	-	6
Cash and cash equivalents at end of period		**1,706**	**1,300**	**(69)**
Composition of cash and cash equivalents				
Cash and cash equivalents		2,192	1,300	1,878
Bank overdraft		(486)	-	(1,947)
		1,706	**1,300**	**(69)**

The above interim statement of cash flows should be read in conjunction with the accompanying notes.

The new release Botanicals by Ecoya. Beautiful botanic inspired fragrances

Notes to the Financial Statements

1. General information

Ecoya Limited (the "Company" or "Parent") together with its subsidiaries (the "Group") is a manufacturer and wholesaler of products in the home fragrance, bodycare and natural skincare categories.

The Company is a limited liability company domiciled in New Zealand.

These consolidated interim financial statements were approved by the Board of Directors on 29 November 2011.

2. Basis of preparation of half year report

This condensed consolidated interim financial information for the six months ended 30 September 2011 has been prepared in accordance with NZ GAAP. These financial statements comply with NZ IAS 34 'Interim Financial Statements' and with International Accounting Standard 34 (IAS 34). The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 March 2011, which have been prepared in accordance with NZ IFRS, and IFRS.

3. Summary of significant accounting policies

The accounting policies applied are consistent with those of the annual financial statements for the year ended 31 March 2011 with the addition of the following:

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

4. Segment information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker and the Board. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors of the Group made up of the Executive Chairman, Managing Director, Executive Director and Chief Financial Officer.

Although certain geographies do not currently meet the NZ IFRS 8 quantitative thresholds, management has concluded that these segments should be reported as they are closely monitored by the chief operating decision maker as potential growth segments and are expected to materially contribute to Group revenue in the future.

The chief operating decision maker assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis excludes fair value gains and losses on derivative financial instruments and the effects of non-recurring expenditure from operating segments. Interest income and costs are not allocated to segments as this type of activity is driven by the Group's head office function which manages the cash position of the Group.

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

Segment Information

UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2011

	AUSTRALIA $'000	NEW ZEALAND $'000	US $'000	UK & IRELAND $'000	REST OF WORLD $'000	TOTAL $'000
HOME FRAGRANCE, BODYCARE						
SEGMENT REVENUE	3,155	522	182	23	276	4,158
REVENUE FROM EXTERNAL CUSTOMERS	3,155	522	182	23	276	4,158
EBITDA	(730)	(190)	(537)	(17)	(128)	(1,602)
NATURAL SKINCARE						
SEGMENT REVENUE	2,388	2,247	90	776	775	6,276
REVENUE FROM EXTERNAL CUSTOMERS	2,388	2,247	90	776	775	6,276
EBITDA	670	699	40	165	315	1,889
TOTAL SEGMENT REVENUE	**5,543**	**2,769**	**272**	**799**	**1,051**	**10,434**

UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2010

	AUSTRALIA $'000	NEW ZEALAND $'000	US $'000	UK & IRELAND $'000	REST OF WORLD $'000	TOTAL $'000
HOME FRAGRANCE, BODYCARE						
SEGMENT REVENUE	2,850	153	106	-	35	3,144
REVENUE FROM EXTERNAL CUSTOMERS	2,850	153	106	-	35	3,144
EBITDA	(1,187)	(606)	(265)	-	(69)	(2,127)
NATURAL SKINCARE						
SEGMENT REVENUE	465	472	9	243	25	1,214
REVENUE FROM EXTERNAL CUSTOMERS	465	472	9	243	25	1,214
EBITDA	222	17	5	112	13	369
TOTAL SEGMENT REVENUE	**3,315**	**625**	**115**	**243**	**60**	**4,358**

Segment Information

	Audited year ended 31 March 2011					
	Australia $'000	New Zealand $'000	US $'000	UK & Ireland $'000	Rest of World $'000	Total $'000
Home fragrance, bodycare						
Segment revenue	6,468	536	307	-	179	7,490
Revenue from external customers	6,468	536	307	-	179	7,490
EBITDA	(3,335)	(587)	(893)	-	(281)	(5,096)
Natural skincare						
Segment revenue	2,646	2,567	183	1,118	275	6,789
Revenue from external customers	2,646	2,567	183	1,118	275	6,789
EBITDA	661	892	87	409	136	2,185
Total segment revenue	**9,114**	**3,103**	**490**	**1,118**	**454**	**14,279**

A reconciliation of EBITDA to the Group's loss before tax for the period is provided as follows:

Reconciliation of EBITDA to the Group's Loss Before Tax

	Unaudited 6 months ended 30 September 2011 $'000	Unaudited 6 months ended 30 September 2010 $'000	Audited year ended 31 March 2011 $'000
EBITDA for reportable segments	287	(1,758)	(2,911)
Listing and acquisition costs	-	(637)	(673)
(Losses)/gains on derivative financial instruments	159	(139)	(241)
Depreciation and amortisation	(210)	(110)	(257)
Finance (costs)/ income, net	(241)	30	(6)
Contingent consideration adjustments	(718)	-	(197)
Loss before tax	**(723)**	**(2,614)**	**(4,285)**

Revenues from external customers are derived from sale of goods in the home fragrance, bodycare and natural skincare categories.

Revenues of approximately $2,291,000 (31 March 2011: $2,287,000; 30 September 2010: not applicable) are derived from a single external customer. These revenues are attributable to the natural skincare segment in Australia and New Zealand.

Segment assets and liabilities are not included within the reporting to the chief operating decision maker and hence have not been included within the segment information tables above.

5. Plant and Equipment

Plant and Equipment

	Unaudited 6 months ended 30 September 2011 $'000	Unaudited 6 months ended 30 September 2010 $'000	Audited year ended 31 March 2011 $'000
Opening net book amount	1,894	665	665
Additions	181	934	1,433
Acquisition of subsidiary (note 11)	-	145	145
Disposals	(1)	(107)	(180)
Depreciation	(145)	(89)	(199)
Exchange differences	(92)	19	30
Closing net book amount	**1,837**	**1,567**	**1,894**

6. Intangibles

Intangibles

	Goodwill $'000	Brand $'000	Trademarks $'000	Software & website development	Total $'000
6 months ended 30 September 2011					
Opening net book amount	14,778	2,830	61	162	17,831
Exchange differences	(70)	-	(2)	(2)	(74)
Additions	-	-	-	21	21
Amortisation charge	-	-	(22)	(43)	(65)
Closing net book amount at 30 September 2011	**14,708**	**2,830**	**37**	**138**	**17,713**
Cost	14,708	2,830	81	238	17,857
Accumulated amortisation	-	-	(44)	(100)	(144)
Net book amount	**14,708**	**2,830**	**37**	**138**	**17,713**
Year ended 31 March 2011					
Opening net book amount	1,072	-	33	35	1,140
Acquisition of subsidiary (note 11)	13,656	2,830	30	47	16,563
Exchange differences	50	-	1	1	52
Additions	-	-	9	125	134
Amortisation charge	-	-	(12)	(46)	(58)
Closing net book amount at 31 March 2011	14,778	2,830	61	162	17,831
Cost	14,778	2,830	83	219	17,910
Accumulated amortisation	-	-	(22)	(57)	(79)
Net book amount	**14,778**	**2,830**	**61**	**162**	**17,831**

Intangibles

	GOODWILL $'000	BRAND $'000	TRADEMARKS $'000	SOFTWARE & WEBSITE DEVELOPMENT	TOTAL $'000
6 MONTHS ENDED 30 SEPTEMBER 2010					
OPENING NET BOOK AMOUNT	1,072	-	33	35	1,140
ACQUISITION OF SUBSIDIARY	16,616	-	30	47	11,692
EXCHANGE DIFFERENCES	17	-	-	-	17
AMORTISATION CHARGE	-	-	(10)	(11)	(20)
CLOSING NET BOOK AMOUNT AT 30 SEPTEMBER 2010	**17,705**	**-**	**53**	**71**	**17,829**
COST	17,705	-	73	91	17,869
ACCUMULATED AMORTISATION	-	-	(20)	(20)	(40)
NET BOOK AMOUNT	**17,705**	**-**	**53**	**71**	**17,829**

Cash Generating Unit-Level Summary of Goodwill Allocation

	UNAUDITED 30 SEPTEMBER 2011 $'000	UNAUDITED 30 SEPTEMBER 2010 $'000	AUDITED 31 MARCH 2011 $'000
HOME FRAGRANCE, BODYCARE	1,052	1,089	1,122
NATURAL SKINCARE	13,656	16,616	13,656
	14,708	**17,705**	**14,778**

7. Interest Bearing Liabilities

On 10 September 2010 the Group entered into a multi-option facility with the Bank of New Zealand, comprising a committed cash advance and overdraft facility. The multi-option facility limit was originally $6,000,000 and reduced to $5,000,000 in January 2011. This facility was put in place to fund the Trilogy acquisition. On 21 March 2011 the Group entered into a further committed cash advance facility with the Bank of New Zealand of $4,500,000. The combined multi-option facility is $9,500,000 and the facility expires on 17 September 2013. At 30 September 2011 $6,500,000 was drawn against this facility under a rolling multi option facility at a weighted average interest rate of 6.06% and $486,000 was drawn under the overdraft facility at an interest rate of 7.58% totalling $6,986,000 (31 March 2011: $5,447,000; 30 September 2010: $1,250,000). The facility is secured by a first ranking registered and un-restricted general security agreement over the assets and undertakings of the Group.

8. Contingent Consideration Payable

Contingent Consideration Payable

	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2011 $'000	UNAUDITED 6 MONTHS ENDED 30 SEPTEMBER 2010 $'000	AUDITED YEAR ENDED 31 MARCH 2011 $'000
OPENING BALANCE	8,663	-	-
TRILOGY CONTINGENT CONSIDERATION (NOTE 11)	-	10,000	9,000
FAIR VALUE DISCOUNT	-	(1,068)	(534)
UNWIND OF DISCOUNT	168	54	197
ADJUSTMENT TO ESTIMATED LIABILITY	550	-	-
CLOSING BALANCE	**9,381**	**8,986**	**8,663**

The liability to the previous owners of Trilogy relates to the earn out component under the acquisition described in note 11.

The contingent consideration payable is re-measured to fair value at each reporting date. The increase of $550,000 in the estimated liability to 30 September 2011 reflects the increase in the market price of Ecoya's shares since 31 March 2011, with no change to date in the best estimate of Trilogy's performance in relation to the earn out agreement.

9. Income taxes

Income tax expense is recognised based on management's estimate of the income tax rate expected for the full financial year. The estimated annual rate used for the year to 31 March 2012 is 28% (the tax rate used for the year ended 31 March 2011 was 30%).

10. Contributed Equity

On 30 April 2010 the Company allotted 10,100,000 shares, 2,525,000 series 1 warrants and 2,525,000 series 2 warrants. On 10 May 2010 the Company allotted an additional 2,574 shares, 643 series 1 warrants and 643 series 2 warrants. The total issue share price was $1. The shares and warrants were issued for cash.

The Company's shares and warrants commenced trading on the New Zealand Stock Market on 4 May 2010.

On 17 September 2010, the Company issued 6,733,334 ordinary shares for $0.75 per share to raise funds for the acquisition of Trilogy Natural Products Limited. The total issue price of $5,050,000 was settled in cash.

Share Purchase Plan

On 14 September 2010 the company announced a share purchase plan whereby shareholders on the register at 23 September 2010 were entitled to apply for up to $15,000 of new shares at 75 cents per share.

On 15 October 2010 the Company allotted 1,270,406 shares under the share purchase plan at 75 cents per share.

The annual financial statements for the year ended 31 March 2011 give details of the shares issued to related parties at the Initial Public Offering, as part of the share issue on 17 September 2010 and as part of the shares issued under the share purchase plan on 15 October 2010.

Directors' Remuneration

Under the terms of the Company's constitution directors can elect to take director fees in shares instead of cash. Both Richard Frank and Rob Fyfe have elected to take director fees in shares.

On 9 November 2010 28,519 shares were issued to Rob Fyfe and 40,743 shares were issued to Richard Frank in satisfaction of director fees net of applicable withholding taxes.

On 11 April 2011 21,840 shares were issued to Rob Fyfe and 31,200 shares were issued to Richard Frank in satisfaction of director fees net of applicable withholding taxes.

Warrants

At 30 September 2011 there were 2,525,643 series 1 warrants and 2,525,643 series 2 warrants on issue.

Each Ecoya warrant entitles the holder to subscribe for an ordinary share at an exercise price of $1.

The series 1 warrants are exercisable until 15 December 2011 and the series 2 warrants are exercisable until 15 June 2013. Any warrants not exercised by these dates will expire. The fair value of warrants is based on the last trading price at 30 September 2011 and is $0.05 each for series 1 warrants and $0.15 each for series 2 warrants.

Contributed Equity

	Number of ordinary shares	$'000
As at 1 April 2010	33,000,000	6,727
Proceeds from shares issued at IPO	10,102,574	10,103
IPO listing expenses	-	(652)
Proceeds from shares issued on 17 September 2010	6,733,334	5,050
Transaction costs related to the 17 September share issue	-	(121)
At 30 September 2010	**49,835,908**	**21,107**
Transaction costs related to the 17 September share issue	-	(58)
Share purchase plan allotment at 15 October 2010	1,270,406	953
Shares in lieu of directors' fees	69,262	58
At 31 March 2011	**51,175,576**	**22,060**
Shares in lieu of directors' fees	53,040	38
At 30 September 2011	**51,228,616**	**22,098**

11. Business Combinations

Previous period

On 1 September 2010 the Group acquired 100% of the issued share capital of Trilogy Natural Products Limited ("Trilogy") at a cost of an initial cash payment of $10,000,000 and contingent consideration recognised at fair value of $8,466,000 at acquisition (see note (iv) below). At acquisition date, the fair value of the identifiable net assets and liabilities in Trilogy equaled $5,399,000 and goodwill arising from the acquisition was $13,656,000.

The amounts above are after recognising the following adjustments, made subsequent to the provisional acquisition accounting reported in the 30 September 2010 interim accounts, during the process of finalising the acquisition accounting:

- Transfer of $2,830,000 from goodwill to indefinite-lived brands within intangible assets, upon completion of the work to identify and determine fair values for specific intangible assets acquired;
- $432,000 net reduction in purchase consideration and consequently goodwill, comprising a $467,000 reduction in the fair value of the portion of contingent consideration payable in Ecoya $1 shares to reflect the cap on the number of shares and a $35,000 increase in the working capital adjustment; and
- $302,000 reduction in the fair value of net working capital acquired and corresponding increase in goodwill.

Trilogy is involved in manufacturing and wholesale selling of products in the natural skincare category. This category is in growth globally and the Trilogy business fits well with the growth opportunity of the Ecoya business. Over time synergies will be realised through distribution, sales and marketing and procurement.

The goodwill is attributable to Trilogy's strong position and profitability trading in the natural skincare category in New Zealand and internationally. Synergies are expected to arise predominantly after the earn out period is complete.

(i) Purchase consideration
Details of the fair value of the assets and liabilities acquired and goodwill arising are as follows:

Purchase Consideration

	FINAL FAIR VALUES 31 MARCH 2011 $'000	PROVISIONAL FAIR VALUES 30 SEPTEMBER 2010 $'000
CASH PAID	10,000	10,000
CONTINGENT CONSIDERATION	8,466	8,933
WORKING CAPITAL ADJUSTMENT	589	554
TOTAL PURCHASE CONSIDERATION	19,055	19,487
SHARE OF FAIR VALUE OF NET IDENTIFIABLE ASSETS ACQUIRED	(5,399)	(2,871)
GOODWILL	13,656	16,616

(ii) Assets and liabilities acquired
The assets and liabilities recognised as a result of the acquisition are as follows:

Liabilities Acquired

	FINAL FAIR VALUES 31 MARCH 2011 $'000	PROVISIONAL FAIR VALUES 30 SEPTEMBER 2010 $'000
CASH	480	481
TRADE AND OTHER RECEIVABLES	2,168	2,470
INVENTORIES	1,366	1,366
PLANT AND EQUIPMENT	145	145
TRADE AND OTHER PAYABLES	(1,667)	(1,668)
BRAND VALUE	2,830	-
OTHER INTANGIBLE ASSETS	77	77
NET ASSETS	**5,399**	**2,871**

(iii) Acquisition-related costs
The acquisition costs incurred by the Group were $155,000 in completing the transaction. These costs have been expensed to the Statement of Comprehensive Income.

(iv) Contingent consideration
The contingent consideration arrangement requires the Company to pay the former owners of Trilogy a further earn out payment, half in cash and half in shares, of up to $5,000,000 cash and a variable number of $1 shares of Ecoya, capped at a maximum of 5,000,000 shares, dependent on Trilogy reaching certain earnings target for the year ending 31 December 2011.

The potential undiscounted amount of all future payments that the Group could be required to make under this arrangement is between $nil to $5,000,000 cash and nil to 5,000,000 shares. The undiscounted fair value of the contingent consideration arrangement of $9,000,000 was estimated based on both historical earnings and forecast earnings for the year ending 31 December 2011.

The discounted fair value cash element of the contingent consideration has been calculated using a discount rate of 7.39% based on borrowing rates available to the Group and has assumed a payment date of 31 March 2012. The initial fair value of the contingent consideration payable in shares had been determined as the market price of the shares on 1 September 2010 of $0.80. As at 30 September 2011 this share price is $0.91 and the contingent consideration has been adjusted for this movement in the share price as shown at Note 8.

(v) Acquired receivables
The fair value of trade and other receivables is $2,168,000 and includes trade receivables with gross contractual cash flows and a fair value of $2,122,000, none of which is expected to be uncollectable.

(vi) Revenue and profit contribution
The acquired business contributed revenues of $1,214,000 and net profit of $290,000 to the Group from 1 September 2010 to 30 September 2010. If the acquisition had occurred on 1 April 2010, consolidated revenue and consolidated profit for the half-year ended 30 September 2010 would have been $5,167,000 and $1,611,000 higher respectively.

12. Contingencies

There are no contingent liabilities at 30 September 2011 (31 March 2011 and 30 September 2010: none).

13. Related party transactions

(a) Parent entity

The Group is controlled by The Business Bakery LP, a Limited Partnership registered in New Zealand. The Business Bakery hold 57.3% of the shares at 30 September 2011 (31 March 2011: 59.8%; 30 September 2010: 61.4%).

(b) Directors

The Directors during the period were:

Stephen Sinclair
Grant Baker
Geoff Ross
Craig Schweighoffer
Richard Frank
Rob Fyfe
Collette Dinnigan
Deeta Colvin

Subsequent to the balance date Sarah Gibbs was appointed to the Board on 7 October 2011.

(c) Key management and personnel compensation

The Managing Director of the subsidiary Ecoya Pty Limited, Craig Schweighoffer, provides services to the Group through an associated company, Paunui Holdings Pty Limited ("Paunui"). Independent Director Fees for the period were payable to Deeta Colvin, Collette Dinnigan, Richard Frank and Rob Fyfe. Refer to note 10 for details of shares issued in lieu of fees. Under the management services agreement between Ecoya Limited and The Business Bakery dated 25 March 2010 Grant Baker, Stephen Sinclair and Geoff Ross provided services to the Company during the period.

Key Management and Personnel Compensation

	Unaudited 6 months ended 30 September 2011 $'000	Unaudited 6 months ended 30 September 2010 $'000	Audited year ended 31 March 2011 $'000
Consulting fees	143	116	266
Directors' fees	103	97	201
Management services	264	255	518
	510	**468**	**985**

(d) Other transactions

(i) With other related parties
The Business Bakery LP incurred travel and accommodation expenses on behalf of Ecoya Pty Limited and Ecoya Limited of $1,000 for the period (31 March 2011: $2,000; 30 September 2010: $nil).

Craig Schweighoffer made purchases on behalf of the company during the period of $17,000 (31 March 2011: $61,000; 30 September 2010: $30,000).

Other Transactions

	Unaudited 30 September 2011 $'000	Unaudited 30 September 2010 $'000	Audited 31 March 2011 $'000
Payables to related parties:			
The Business Bakery LP	48	-	105
Independent directors	76	88	106
	124	**88**	**211**

14. Reconciliation of loss after income tax to net cash flow inflow from operating activities

Reconciliation of Loss After Income Tax to Net Cash Flow Inflow From Operating Activities

	Unaudited 6 months ended 30 September 2011 $'000	Unaudited 6 months ended 30 September 2010 $'000	Audited year ended 31 March 2011 $'000
Loss for the period	(687)	(2,614)	(4,011)
Depreciation and amortisation	210	110	257
Losses/(gains) on derivative financial instruments	(146)	139	268
Foreign exchange (gains)/ losses	82	49	(57)
Finance cost on contingent consideration	168	-	197
Contingent consideration adjustment	550	-	-
Shares in lieu of directors' fees	38	-	58
Deferred tax	(36)	-	(274)
Movements in working capital:			
(Increase)/decrease in inventories	554	(814)	(3,460)
(Increase)/decrease in trade and other receivables	(658)	(1,067)	(264)
Increase in tax provisions	(291)	(260)	(265)
Increase/(decrease) in trade and other payables	(726)	1,193	889
Net cash outflow from operating activities	**(942)**	**(3,264)**	**(6,662)**

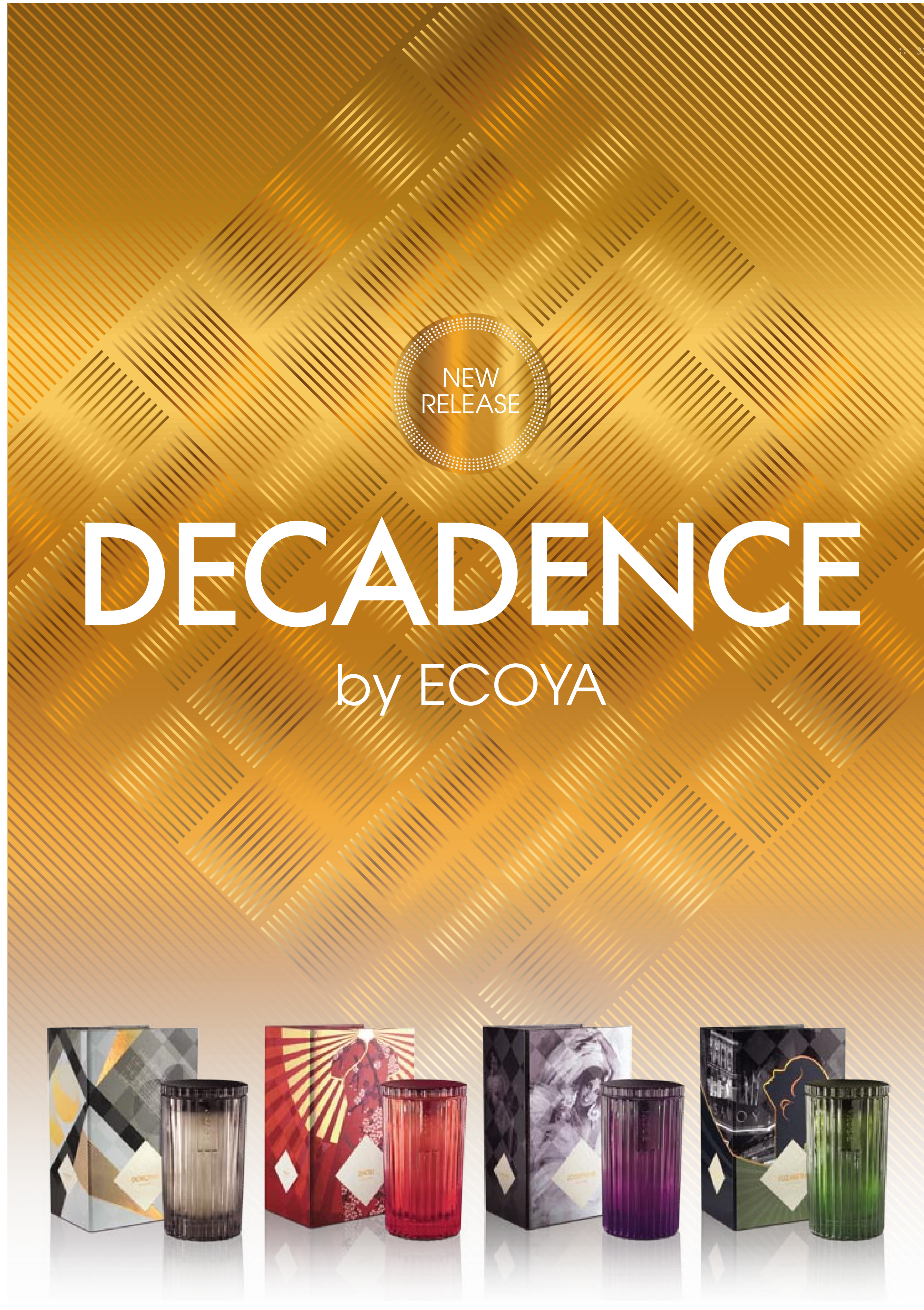
15. Events occurring after the balance date

Directors' Remuneration

On 10 November 2011, 19,653 shares were issued to Rob Fyfe and 29,331 shares were issued to Richard Frank in satisfaction of director fees for the quarters ended 30 June 2011 and 30 September 2011 net of applicable withholding taxes.

Share Issue

On 10 November 2011, the Company announced a placement of 1,277,778 shares at $0.90 per share to three existing shareholders.



Decadent fragrances inspired by the liberation of the Deco era and developed by perfumer Isaac Sinclair.
100% natural soy wax candles

ECOYA:

Corporate Directory

Registered Office and Address for Service

Level 1, Union Fish Building
116-118 Quay Street, Auckland 1010
PO Box 105072, Auckland 1143, New Zealand
Telephone: +64 9 367 9464
Facsimile: +64 9 367 9473
Website: www.ecoya.co.nz

Auditor

PricewaterhouseCoopers

Banker

Bank of New Zealand

Solicitors

Chapman Tripp

SHAREHOLDER INFORMATION

Company Publications

The Company informs investors of the Company's business and operations by issuing an Annual Report and an Interim Report.

Financial Calendar

Half year results announced .... November
Half year report .... December
End of financial year........................ 31-March
Annual results announced .... May
Annual report .... June

Enquiries

Shareholders with enquiries about transactions or change of address should contact Computershare Investor Services on +64 9 488 8777.

Other questions should be directed to the Company at the registered address.

Share Register

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Stock Exchange

The Company's shares and warrants trade on the NZSX market operated by NZX Limited under the codes ECO, ECOWA and ECOWB.


ECOYA