



# BUDERIM GROUP LIMITED

HALF YEAR REPORT - 31 DECEMBER 2017

Dear Shareholders,

The half year result, a Net Loss After Tax of \$(2.960) million compared with \$(6.807) million for the same period last year.

During the current period the Group:-

- Acquired the remaining 50% of Ginger Head Quarters Pty Ltd on 29 September, thereby moving to 100% ownership of the Overboard and Moreton train rides located at the Ginger Factory Tourism park.
- Divested the Agrimac macadamia business (excluding stock) on 21 December.

The Net Loss Before Tax from continuing operations was \$2.773 million comparing favourable to the same period in the prior year. The results are summarised in the tables below.

BUDERIM GROUP	H1 2017 \$'000's	H1 2016 \$'000's
Revenue from Continuing Operations	25,690	24,785
EBIT from Continuing Operations	(1,417)	(2,391)
<b>Net Loss Before Tax From Continuing Operations</b>	<b>(2,773)</b>	<b>(2,871)</b>
Profit/(Loss) from Discontinued Operations	(387)	56
<b>Net Loss After Tax for the Half-Year</b>	<b>(2,960)</b>	<b>(6,807)</b>
Current Ratio	2.54	1.1
Debt Ratio (Total Liabilities /Total Assets)	39.6%	48.3%
Net Assets	41,010	35,930
Net Asset Backing/Share	\$ 0.57	\$ 0.78
Earnings per Share (cents)	(3.96)	(13.65)
Shares on Issue	74,801,618	49,867,553

CONTINUING OPERATIONS	H1 2017 \$'000's	H1 2016 \$'000's
<b>Business segments</b>		
Ginger operations	(387)	(1,185)
Macadamia operations	(1,951)	(852)
Tourism operations	236	(3)
<b>Total</b>	<b>(2,102)</b>	<b>(2,040)</b>
Corporate overhead expenses	(701)	(815)
Share of profit of joint controlled entities and associates	30	38
<b>Net Loss Before Tax From Continuing Operations</b>	<b>(2,773)</b>	<b>(2,871)</b>

The performance of the Ginger segment this period included:-

- A \$0.896 million non-cash finance cost associated with the convertible notes issued in February 2016.
- A favourable fair value adjustment of \$1.792 million relating to the derivative component of the Convertible Notes.

The underlying ginger segment result, excluding the convertible note items mentioned above, was a loss of \$1.283 million which was marginally worse than the prior period. Despite a decline in revenues and market competition from other origin gingers, lower operating costs and improved factory efficiencies minimised the impact on segment profits.

Work continues on the development of new products and increasing distribution. Domestic marketing activities carried out in the period such as the Hottest Ginger competitions and radio campaigns will be followed with an increased focus on consumer sampling and trial. In emerging export markets such as China the focus continues on obtaining CIQ approvals and trialling of existing products in market to determine appropriate launch strategies.

The Macadamia segment result excludes the contribution from Agrimac which is shown separately as a Discontinued Operation in the first table above. The performance of the segment was influenced by:-

- A drop in the quality of the nuts harvested from the orchard resulting in a lower kernel yield compared to previous seasons. The quality of the nuts is impacted by the length of time they are on the orchard floor awaiting harvest and the level of rainfall. Harvesting times were hampered by labour shortages.
- The reduction in kernel yield consequently impacted on factory processing efficiencies and the availability of sufficient kernel to meet sales demands.

Initiatives to increase the picking labour force and to explore mechanical harvesting for some areas of the orchard are underway. The transformational agreement to acquire the retail business assets of Royal Hawaiian Orchards announced today will strengthen our Macadamia operations.

On another positive note, Tourism segment profitability was restored. Key drivers of the segment result included:-

- Increased sales despite steady visitor numbers.
- Accretive earnings as a result of the acquisition of the remaining 50% ownership of the Overboard and Moreton train rides.

The Ginger Factory Tourist Park is an iconic Sunshine Coast tourism attraction catering to both domestic and international visitors. Consideration is being given to broadening the park's product offering and increasing the international marketing focus.

Thank you for your continued support during this time of renewal as the Group re-focusses on its three core businesses of Ginger, Macadamias and Tourism.

Yours faithfully



Andrew Bond  
Chief Executive Officer