

# **CHAIRMAN'S SCRIPT**



**Annual General Meeting  
Friday 26 October 2018 at 10.00am  
50 Pioneer Road,  
Yandina, Qld**

Ladies and gentlemen, Good Morning.

It is my pleasure to welcome you to the THIRTIETH Annual General Meeting of Buderim Group Limited.

My name is Guy Cowan and I am your Chairman.

At the outset, we would appreciate your cooperation in making sure your mobile phones are silent for the duration of this meeting.

In the case of an emergency, we ask that you please follow directions from the Ginger Factory staff and fire wardens.

The meeting has been called under the Notice of Meeting dated 21 September 2018 which was sent to all shareholders. If there is no objection, I propose to take the notice as read. Extra copies of the notice are available at the registration table, if required.

It is now just after 10.00am and I have been informed by the Company's registry, Computershare, that a quorum is present, so I declare the meeting properly constituted and open.

I take this opportunity to introduce to you the Members of the Board of Directors and Senior Executive Team.

On my far right, which is your left, and in order of seating, we have non-executive directors, Ms Christina Chen, Mr Albert Tse, Mr Dennis Lin and Mr Peter O'Keeffe. On my immediate right are our CEO, Mr Andrew Bond, and our Company Secretary, Ms Jessica McKinnon.

Also present is Paddy Carney and Kristy Pollard from PricewaterhouseCoopers, the Company's Auditor,

Melanie Mitchell from Thompson Geer, the Company's Lawyers,

Justin Harrison from Rabobank the Company's senior debt financiers,

Niamh Murphy from Computershare Investor Services, our Share Registry.

Welcome all.

The Register of Directors' Shareholdings is with the Company Secretary, Jessica McKinnon.

It is open and accessible to all persons attending the Meeting.

Proxies have been received for 63,668,390 shares from 114 shareholders representing 74.01% of the Company's issued voting capital. Issued capital totals 86,021,860 shares.

I will call upon Jessica McKinnon, the Company Secretary, to give details of the proxies in respect of each resolution as that resolution is put to the meeting.

*[Chairman's Address 2018 AGM]*

Dear Shareholders, Staff, Ladies and Gentlemen

Welcome to the Buderim Group Limited AGM. I know some of you have travelled a long way to be here and your Board appreciates your effort

When I was first approached by Steve Morrow regarding the Chairman's role at BUG I must confess I hesitated. The results did not look good and I asked a lot of questions about the future of the Company

However, after talking to the principal shareholders, visiting the Yandina site and talking to the new CEO, Andrew Bond, I was convinced the Company has foundations for a very strong future. I was also encouraged by the commitment of the larger shareholders to make BUG a success

I must say that I have not been disappointed. The Company has taken a number of key initiatives which will, I believe, stand it well in the future

The sale of Agrimac was a necessary step to reducing exposure to a trading activity we were not generating good results in. However the Royal Hawaiian Orchards transaction which transformed BUG into the largest Macadamia marketer in the fast growing mainland US market reaffirms our commitment to the sector. I have just returned from visiting our operations in Hawaii and was very impressed with the quality of our orchard and the initiatives to improve productivity and profitability, which Andrew will discuss in detail. The combined MacFarms and Royal Hawaiian Orchards brands are marketed in nearly 40,000 outlets in the US and we were fortunate to secure the services of Scott Wallace who has 24 years executive experience in Macadamias and who is here today should you wish to ask him any questions

Our challenge is to secure sufficient kernel supply for this vast market and we have taken a number of initiatives to secure third party supply which Andrew will also discuss

The purchase of 100% of Ginger Head Quarters which operates the rides here at the Ginger Factory has enabled us to make a number of changes which has led to improved tourism results. With around 300,000 visitors and starting to tap into the large inbound Chinese visitor market this has the potential to become a key platform of BUG's profitability as well as a show case for our products and marketing initiatives.

Our challenge remains the ginger business which is our heritage. We recognise that results have been disappointing and we have had to impair our Yandina business for accounting purposes pending the formulation of clear plans for turning around the business. These are now well under way.

We currently have too many products earning low margins in segments which customers are moving away from. The good news is that with our iconic brand, the reputation and visibility of the Ginger Factory combined with the demand for healthier products we have a huge opportunity both in Australia and China.

The Board has initiated a complete review of the Ginger business and we plan to present this to shareholders fully before the end of the year. We have advanced initiatives to rationalise our SKUs, transfer manufacturing to Yandina, improve packaging and re-brand, among others. We are also implementing a number of initiatives to create an innovative and dynamic culture to generate new products.

I visited Cha Cha Foods in Hefei China last week with Andrew and Scott. We had the opportunity to meet with Chairman Chen who reaffirmed Cha Cha's commitment to supporting distribution of BUG products in China. He also reminded us that like other markets, China is shifting to healthier foods and we need to reflect this in our product offering. The attraction of Australia as source of clean, fresh produce is a key factor.

I know many of you have been waiting patiently for the promised turnaround in profitability and I thank you for your forbearance.

With a new CEO, new Board members, a sound and growing Macadamia business and the initiatives we are taking with our Ginger business I am confident we have a promising future.

I have not focussed on 2018 results as Andrew will do this. Let me just say that your Board is focussed on doing everything we can to turnaround the business and I am confident we will see an improvement in 2019.

Finally I want to thank my Board for their support and sound advice, Management and staff for their commitment in difficult circumstances and to you shareholders for your patience.

I now introduce our CEO, Mr Andrew Bond who would like to take this opportunity to address shareholders.

*[Text in Italics denotes CEOs 2018 AGM Address]*

*Good morning Ladies and Gentlemen and welcome,  
I like to start by introducing some of the newer members of our management team who are here with us today. Darryn Ball our Chief Financial Officer and Scott Wallace our Executive Vice President of Macadamias.*

*Also present in the room are Joel Wood General Manager of Operations, Rob Eustace Export Business Development Manager and Carolyn Exelby General Manager Tourism as well as a number of our other staff.*

*This morning I will provide an overview of the 2018 year together with the key challenges we face before outlining our priorities and focus moving forward.*

*In March this year we acquired the retail branded business of Royal Hawaiian Orchards or RHO for short. This was a transformational acquisition which saw us become the number one marketer of macadamias in continental US, and indeed we are now the largest vertically integrated orchard to retail macadamia business in the US. We also entered into a long term kernel supply agreement with Hawaiian Macadamia Nut Orchards. The underperforming Australian macadamia business, Agrimac was sold in December freeing up working capital and enabling further debt reduction.*

*In ginger we remained number one in Australia, and commenced a strategic review with the objective to rejuvenate the essence of Buderim Ginger, as the premium ginger brand from Australia and improve the segment's profitability. We continued to develop our export markets, and obtained Chinese CIQ approval for a further three products and commenced trial and market testing in both off-line and on-line channels in China.*

*The Ginger Factory Tourism park returned to profitability this year. We acquired the other half of Ginger Head Quarters. Importantly we laid the foundations for a greater focus on international tourism by developing closer relationships with international inbound tourism operators and other iconic Sunshine Coast attractions such as Australia Zoo.*

*The 2018 financial year was challenging and saw a number of changes to the business. Whilst the financial results were disappointing, we now have a strong platform from which to generate growth following the divestment of the Agrimac business and the subsequent acquisition of the*

*Royal Hawaiian Orchards brand complementing the MacFarms business. In addition we are well advanced on the strategic review of ginger and tourism.*

*The statutory net loss from continuing operations of \$16.5 million, included \$8.00 million of non-cash items including two significant items, the first being:-*

- Impairments of \$4.7 million in relation to the value of goodwill, buildings and plant & equipment within the ginger segment, and secondly*
- De-recognition of deferred tax assets of \$3.8 million in relation to prior year tax losses.*

*The underlying loss from continuing operations before income tax was \$7.4m before one-off costs and accounting standard treatments in relation to fair value adjustments, convertible note costs, impairments, acquisitions and share based payments.*

*Turning to look at the individual segments in greater detail, starting with the ginger segment, revenues declined 2.5% to \$24.6m as our traditional confectionary products continued to face strong competition from cheaper commodity private label and other origin products in both our domestic and traditional export markets. Whilst our more contemporary ginger beverage products faced aggressive price competition and suffered from a lack of brand awareness despite targeted marketing initiatives undertaken during the year.*

*The Ginger segment EBITDA loss of \$7.44 million included non-cash impairments of \$4.66m relating to the write down in value of goodwill, buildings and plant and equipment.*

*We continued to work on product innovation and market development. In March we launched our Buderim Ginger Original Energy drink in the Australian market, a unique ginger based product in the fast growing energy drinks category. Chinese CIQ import approval was obtained for our non-alcoholic Ginger Beer and Ginger Beer & Pear soft drinks and Dark Chocolate Ginger, increasing the number of CIQ approved SKU's to five including the Ginger Beer & Spiced Rum and Ginger Beer & Vodka products. From November to May, we undertook sales testing and sampling programs off-line in selected Chun stores in Shanghai and on online platforms such as Jessica's Suitcase, with the first full container of non-alcoholic Ginger Beer leaving our warehouse in June and I'm pleased to advise another two containers are scheduled for shipment early November around the same time as we will be attending the China International Import Expo or CIIE in Shanghai.*

*We have undertaken a number of profit improvement initiatives including reduction of labour resources, installation of on-site warehouse racking and processing improvements to reduce wastage. There was also some relief in input costs with sugar prices coming off their highs. January refurbishments undertaken at the Frespac factory in Fiji led to developing and winning new business.*

*Following sale of Agrimac we have are focussed on our macadamia farming, processing and marketing operations located in US.*

*In March we acquired the Royal Hawaiian Orchards branded retail business which propelled us to number one marketer in continental US.*

*Revenue from sale of goods increased 20% to \$26.15m with the Royal Hawaiian Orchards retail business contributing strongly post acquisition. We welcomed Scott Wallace and his team to our group and the integration of the two businesses has been very successful. The EBITDA Loss of \$(2.0m) was heavily impacted by a shortage of pickers in the orchard, leading to reduced harvest frequency impacting adversely on the quality of the crop harvested and the saleable kernel production. This resulted in higher processing costs, less kernel available for sale and ultimately lower profits. Actions have been taken to address these challenges and I will talk more about that in a moment.*

*We are a significant vertically integrated operation in the US macadamia industry. Out of a macadamia crop of circa 22,000 tonnes of produced annually in Hawaii we now process and market nearly a third of that crop. Our own orchard accounts for 20% of the production. We have a long term supply agreement in place with Hawaiian Macadamia Nut Orchards and we also purchase from independents. Our on orchard facility in Hawaii processes the nuts through to a bulk kernel stage ready for value adding and retail packing at our co-packers on the mainland from where we distribute to over 37,000 stores. The following slide shows some of the banner groups we distribute to.*

*Turning to The Ginger Factory – our iconic Sunshine Coast, attraction established here on this site in 1980, it promotes awareness of our brands and products, providing a platform for sales growth both locally and internationally.*

*I am pleased to report that profitability was restored through a combination of top line sales growth and cost reductions. Revenues increased 22% to \$5.75m and an EBITDA profit of \$403,000 was achieved.*

*Visitation grew 1.8% during the year bringing total visitor numbers to just under 300,000. Completion of the acquisition of the remaining fifty percent share of the Ginger Head Quarters joint-venture which operated the Overboard and Moreton train rides helped to drive growth. Pleasingly we saw an increase in the average spend per visitor during the year. As I mentioned earlier we have laid the foundations for a greater focus on international tourism and developed closer relationships with other iconic Sunshine Coast attractions and international inbound tourism operators which we expect will deliver further growth.*

*I would now like to talk about some of the challenges we face and what we are doing to address them. We have strong sales demand for macadamias and we have developed strategic supply channels as we saw earlier. However, we require greater access to working capital funding to support this growth.*

*On the production side we are working on initiatives to increase orchard production, and maximise kernel production through improved factory processes.*

*With ginger profitability remains a challenge. We are addressing this by continuing to work on reducing production costs and increasing our focus on gross margins rather than top line sales. As part of the strategic review of the ginger division we will look to unlock the intrinsic value of Buderim Ginger, re-positioning it as a premium brand by increasing its differentiation from low margin commodity products.*

*Our Ginger Factory tourism facility offers a unique play, taste and discover experience here on the pristine Sunshine Coast. Our challenge is to develop greater appeal for international guests and drive visitor growth and spend. We recognise it is a strategic marketing platform for our Buderim Ginger brand.*

*In order to address these challenges we need to ensure we have the right resources to do so. As mentioned earlier we are seeking additional funding to support our sales growth and cost reduction initiatives. Equally we need to attract and retain talented managers capable of executing and delivering our strategic initiatives.*

*Our strategic focus for 2019 builds upon the platforms laid in 2018.*

*We will leverage our strategic position in macadamias to further penetrate the US market to realise the full benefit of the Royal Hawaiian Orchards acquisition. In addition work is well advanced on a refresh of the MacFarms brand and launch of an organic range of macadamias. We will explore export opportunities commencing with showing the RHO brand at CIIE in Shanghai in November with an objective of developing a presence in both online and offline channels in the Chinese market.*

*Securing additional working capital funding for inventory to support sales growth is another key objective.*

*A greater focus on gross margin improvement and increasing product yields from the orchard and in the factory are underway. Installation of new sorting equipment and a trial of mechanical harvesting to be completed during the year all target improved productivity.*

*In ginger, repositioning the Buderim Ginger brand as a premium brand is a key focus, this includes product rationalisation, focusing on premium products with acceptable returns, moving to more sustainable packaging and developing healthier products sort by consumers. Working closely with our strategic partners, we will promote our CIQ approved products at the upcoming CIIIE and continue our work on developing our presence in the China market. Our strategy review will focus on cost reduction initiatives, investment in ginger processing capability and new product development.*

*Building on the success of The Ginger Factory tourism park, our focus is to improve the utilisation of property, maximise tourism visitation and revenue streams by attracting more international visitors.*

*In addition we plan to explore tourism opportunities in Hawaii for promotion of our macadamia business.*

*In closing I'd like to thank you for time today and on your ongoing support as we take Buderim Group forward and I am happy to answer any questions you may have now or after the meeting. Thank you.*

*[Chairman's Speech resumes]*

There are a number of procedural matters which I would like to bring to your attention. When you registered at the attendance desk this morning, you should have received a card from Computershare:

- members holding a blue card can vote and speak at the meeting;
- members holding a red card are not eligible to vote but can speak at the meeting; and
- visitors holding a yellow card are not eligible to vote or speak at the meeting.

If there is anyone present who is eligible to vote, but has not received a blue card, please see a representative of Computershare now.

To enhance good corporate governance and transparency I intend to conduct a Poll Vote on each of the Resolutions for the meeting.

The order of business will be that I will read out each item of business in turn, take questions on that item of business, and then defer voting until the end of the meeting at which time a Poll will be conducted at the same time for items 2 to 8. Once voting is finalised for the Poll, the meeting will be closed. The results of the Poll will be released to the ASX not long after the meeting has closed.

I appoint Niamh Murphy, a representative of Computershare Investor Services, assisted by members of her staff, as Returning Officer for this meeting. Ms Murphy is appointed to conduct the Poll.

As Chair of this meeting, I advise that I intend to vote all undirected proxies in favour of the resolutions in items 2 to 8 inclusive.

Ladies and Gentlemen, I will now move onto the formal business of the meeting.

There are 9 items on the agenda. Item 1 relates to the financial statements and does not require a vote. Items 2 to 8 inclusive are resolutions for consideration today.

Item 5 relates to the Remuneration Report and is a non-binding advisory vote only.

Items 2, 3, 4, 7 and 8 are ordinary resolutions which means that in order for the resolution to be passed, more than 50% of votes cast on the resolution must be in favour of it.

Item 6 is a special resolution which means that in order for the resolution to be passed, more than 75% of votes cast on the resolution must be in favour of it.

Item 9 relates to other business which does not require a vote.

Questions relating to a specific item of business may be raised when that item of business is being considered. At the conclusion of the formal items of business, there will be an opportunity for general questions to be raised by members holding a blue or red card.

Ladies and Gentlemen

The first item of business set out in the Notice of Meeting is:-

To receive and consider the following reports in respect of the financial year of the Company ended 30 June 2018:

- The Financial Report (which includes the Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement and Directors' Declaration);
- The Directors' Report and the Auditor's Report.

The Meeting is now open for discussion on the accounts and reports and I will now take questions from the floor. If you wish to speak please raise your BLUE voting card, and wait for a microphone to reach you. Before you speak, please give your name and state whom you are representing.

In order that everyone has an opportunity to speak, each person's questions or comments will be kept to 2 minutes.

There being no further discussion I now move to the items of business which relate to the Election of Directors.



### **Resolution 1 –Election of Director –Mr Dennis Lin**

The next item of business is:-

To consider and, if thought fit, to pass the following Ordinary Resolution:

That Mr Lin, having been appointed as a director by the Board on 3 November 2017 to fill a casual vacancy, and who retires in accordance with clause 15.4 of the Company's Constitution, and being eligible for election, be elected as a Director of the Company.

Clause 15.4 of the Company's Constitution states that the Board may at any time (except during the period from the opening to the closing of a general meeting) appoint any person as a Director (other than an Alternate Director) to fill a casual vacancy or as an addition to the Board but so that the number of those Directors does not any time exceed the maximum number set under clause 15.1. A person appointed to fill a casual vacancy shall hold office until the next general meeting of the Company and shall then be eligible for re-election.

Are there any questions in relation to item 2?

For your information I ask Ms McKinnon to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

As the second resolution relates to my re-election as Director, Mr Dennis Lin will assume the role of Chairman to introduce this item of business. Ladies & Gentleman, Mr Dennis Lin.

Good Morning Ladies & Gentlemen.

### **Resolution 2 –Election of Director -Mr Guy Cowan**

The next item of business is:-

To consider and, if thought fit, to pass the following Ordinary Resolution:

That Mr Cowan, having been appointed as a director by the Board on 28 February 2018 to fill a casual vacancy, and who retires in accordance with clause 15.4 of the Company's Constitution, and being eligible for election, be elected as a Director of the Company.

Clause 15.4 of the Company's Constitution states that the Board may at any time (except during the period from the opening to the closing of a general meeting) appoint any person as a Director (other than an Alternate Director) to fill a casual vacancy or as an addition to the Board but so that the number of those Directors does not any time exceed the maximum number set under clause 15.1. A person appointed to fill a casual vacancy shall hold office until the next general meeting of the Company and shall then be eligible for re-election.

Are there any questions in relation to item 3?

For your information I ask Ms McKinnon to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

Thank you Dennis.

### **Resolution 3 – Re-election of Director -Mr Peter O'Keeffe**

The next item of business is:-

To consider and, if thought fit, to pass the following Ordinary Resolution:

That Mr O'Keeffe, who retires by rotation in accordance with clause 18.3 of the Company's Constitution and, being eligible for re-election, be re-elected as a Director of the Company.

Clause 18.1 of the Company's Constitution states that an election of Directors shall take place each year. A Director (other than a Managing Director) must not retain office for more than 3 calendar years or beyond the third annual general meeting following his appointment, without submitting himself/herself for re-election. Clause 18.3 of the Company's Constitution states The Directors to retire by rotation at each annual general meeting are those who have been longest in office and the length of time a Director has been in office shall be computed from his last election. As between Directors who have been in office an equal length of time, the Directors to retire shall in default of agreement between them be determined by drawing lots in any manner determined by the Chairman of Directors, or if he is not able and willing to act, by the Deputy Chairman. Mr O'Keeffe was last re-elected as a Director at the AGM on 3 November 2017 and by agreement retires at this Meeting, and offers himself for re-election.

Are there any questions in relation to item 4?

For your information I ask Ms McKinnon to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

### **Resolution 4 – Remuneration Report included in the Directors' Report**

This next resolution is:\_

To consider and, if thought fit, to pass the following non-binding Ordinary Resolution under section 250R of the Corporations Act:

That the section of the Directors' Report dealing with the remuneration of the Company's Directors and senior executives ('Remuneration Report') be adopted.

The Remuneration Report is found on pages 14 to 19 of the Annual Report.

Shareholders should note that this Resolution is an "advisory only" resolution which does not bind the Directors or the Company.

Are there any questions in relation to item 5?

For your information I ask Ms McKinnon to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

## **Resolution 5 – Approval of Enhanced Placement Capacity**

This next resolution is:

To consider and, if thought fit, to pass the following Special Resolution:

That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of such a number of Shares equal to up to 10% of the issued capital of the Company, at the time of the issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.

Are there any questions in relation to item 6?

For your information I ask Ms McKinnon to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

## **Resolution 6 – Ratification of prior issue of Shares to RHO**

This next resolution is: \_

To consider and, if thought fit, to pass the following Ordinary Resolution:

That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 11,220,242 Shares to Royal Hawaiian Orchards, LP as consideration for the acquisition of the Royal Hawaiian Orchards brand on the terms and conditions set out in the Explanatory Memorandum.

Are there any questions in relation to item 7?

For your information I ask Ms McKinnon to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

## **Resolution 7 – Approval to grant Options to CEO**

This next resolution is: \_

To consider and, if thought fit, pass the following Ordinary Resolution:

That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the grant of 3,000,000 options to the Company's CEO, or his nominee, in accordance with the terms and conditions of the Company's Share and Option Plan and as described in the Explanatory Memorandum.

Are there any questions in relation to item 8?

For your information I ask Ms McKinnon to advise of the proxies received in respect of the resolution.

Polling on this resolution will be conducted at the end of the business of this meeting.

Does anybody wish to raise any item of other business which may be brought forward in conformity with the Company's Constitution?

I will call upon Ms Murphy to confirm the requirements of the Poll for today.

*[Ms Murphy from Computershare then conducts the Poll]*

I will now close the Poll.

The results of the Poll will be announced by the Company Secretary on the ASX later today.

We would now like to open the discussion to shareholders in attendance – are there any questions from shareholders?

Ladies and Gentlemen,

As there is no further business

I declare the Meeting closed and in doing so thank you for your attendance and for your loyalty and ongoing support of Buderim Group.

Would you please join members of the Board and management for light refreshments.

Thank you Ladies & Gentlemen.

# Welcome to the 2018 Buderim Group Limited Annual General Meeting



# Order of Business

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- Welcome & Introductions
- Chairman's Address
- Chief Executive Officer's Address
- Items of Business
- Discussion

# Introductions

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## Board

- Guy Cowan  
**Chairman**
- Christina Chen  
**Non Executive Director**
- Peter O’Keeffe  
**Non Executive Director**
- Dennis Lin  
**Non Executive Director**
- Albert Tse  
**Non Executive Director**

## Executives

- Andrew Bond  
**Chief Executive Officer**
- Jessica McKinnon  
**Company Secretary**





# Chairman's Address





# Chief Executive Officer's Address



# 2018 Year in Review – Key Achievements

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## Macadamias

- ✓ No.1 continental USA
- ✓ Agrimac sale

## Ginger

- ✓ Strategic review – No.1 in Australia
- ✓ Entry into China

## Tourism

- ✓ Profitable
- ✓ GHQ Acquisition



# Financial Results

	30/06/18		30/06/17 Restated*	
	Revenues	Results**	Revenues	Results**
	\$'000	\$'000	\$'000	\$'000
<b>Business segments</b>				
Ginger operations	27,098	(9,984)	29,314	(833)
Macadamia operations	28,514	(2,147)	22,018	(2,284)
Tourism operations	5,750	296	4,691	(275)
<b>Total</b>	<b>61,362</b>	<b>(11,835)</b>	<b>56,023</b>	<b>(3,392)</b>
<b>Consolidation adjustments</b>	(1,872)	-	(6,151)	-
<b>Corporate overhead expenses</b>	-	(2,026)	-	(1,744)
<b>Share of profit/(loss) of joint controlled entities and associates</b>	-	30	-	62
<b>Group income and loss from continuing operations before income tax</b>	<b>59,490</b>	<b>(13,831)</b>	<b>49,872</b>	<b>(5,074)</b>
<b>Income tax (expense)/benefit</b>		(2,675)		(3,573)
<b>Net Loss From Continuing Operations</b>		<b>(16,506)</b>		<b>(8,647)</b>

➤ **Statutory result includes \$8.0m of non-cash items**

➤ **\$7.4m underlying loss before tax**

\*Restated for discontinued operations

\*\*Business segment results represent profit before corporate overheads, interest and tax



# Ginger – The Year in Review



- Revenue from sale of goods down 2.5% to \$24.59m
- EBITDA \$(7.44)m included impairments of \$4.66m
- Buderim Ginger Original Energy drink
- Products CIQ approved for import into China
- China on-line and off-line markets
- Profit improvement initiatives
- Frespac factory refurbished



Advertisement for Buderim Ginger Beer featuring three cans of beer. The text includes:

- 天猫 进口 保税 (Tmall Import Duty-free)
- 原麦酿制 清甜爽口 (Original Malt Brewed, Refreshing and Sweet)
- 姜汁汽水 250ml\*4 (Ginger Juice Soda 250ml\*4)
- 第二组享 半价 (Second group enjoys half price)
- 澳洲前总理 女儿旗舰店 (Former Australian Prime Minister's daughter flagship store)
- 买2组折合 ¥11/罐 (Buy 2 groups for ¥11/can)
- 4罐 (4 cans)
- 姜香浓郁 甘甜爽口 姜汁汽水250ml\*4罐 (Rich ginger fragrance, refreshing and sweet, ginger juice soda 250ml\*4 cans)





# Macadamias – The Year in Review



- Royal Hawaiian Orchards acquisition
- No1. continental USA
- Revenue from sale of goods up 20% to \$26.15m
- EBITDA \$(2.0m)
- higher costs and less kernel impacted profits



# Macadamias – Vertically Integrated Operation in USA



Production/Farming

Processing

Sales & Marketing

Buderim Intake

Buderim owned 20%

HMNC\* - Strategic Offtake 8%

Independents 4%

22,430t Hawaiian production

20%

45%

35%



Capability in Hawaii

Retail

Over 37,000 stores in USA



Industrial



\*Hawaiian Macadamia Nut Orchards company

Buderim  
Group



# Broad US national distribution



# Tourism – The Year in Review

## The Ginger Factory - iconic Sunshine Coast attraction

- Revenue up 22% to \$5.75m
- EBITDA \$403,000
- 300,000 Visitors
- Ginger Head Quarters acquisition
- International focus





# Buderim Group – Challenges

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## Macadamias

- Access to Working Capital funding to support Sales Growth
- Maximising orchard production and kernel production

## Ginger

- Address profitability by reducing production costs and focus on gross margins
- Position product as a premium product not a commodity product

## Tourism

- Marketing platform for brand whilst driving visitor growth and spend

## Corporate

- Debt funding
- Management Team



# Buderim Group – Strategic Focus of FY19

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## Macadamias

- No1 market position
- Inventory funding to support sales growth
- Improve productivity

## Ginger

- Reposition brand as premium
- China market development
- Strategy review

## Tourism

- Grow visitor numbers
- Explore Hawaiian opportunity



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## Discussion / Questions

# 2018 AGM

## Items of Business



**Buderim  
Group**

## **Financial Statements and Reports**

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To receive and consider the following reports in respect of the financial year of the Company ended 30 June 2018:

The Financial Report (which includes the Statement of Financial Position, Statement of Comprehensive Income, Cash Flow Statement and Directors' Declaration); the Directors' Report and the Auditor's Report.

## Resolution 1 – Election of Director – Mr Dennis Lin

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To consider and, if thought fit, to pass the following Ordinary Resolution:

*That Mr Dennis Lin, having been appointed as a Director by the Board on 3 November 2017 to fill a casual vacancy and who retires in accordance with clause 15.4 of the Company's Constitution, and, being eligible for election, be elected as a Director of the Company.*

## Resolution 2 – Election of Director – Mr Guy Cowan

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To consider and, if thought fit, to pass the following Ordinary Resolution:

*That Mr Guy Cowan, having been appointed as a Director by the Board on 28 February 2018 to fill a casual vacancy and who retires in accordance with clause 15.4 of the Company's Constitution, and, being eligible for election, be elected as a Director of the Company.*



## Resolution 3 – Re-election of Director – Mr Peter O'Keeffe

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To consider and, if thought fit, to pass the following Ordinary Resolution:

*That Mr Peter O'Keeffe, who retires by rotation in accordance with clause 18.3 of the Company's Constitution and, being eligible for re-election, be re-elected as a Director of the Company.*



## Resolution 4 – Adoption of the Remuneration Report

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To consider and, if thought fit, to pass the following non-binding Ordinary Resolution under section 250R(2) of the Corporations Act:

*That the section of the Directors' Report dealing with the remuneration of the Company's Directors and senior executives ('Remuneration Report') be adopted.*

## Resolution 5 – Approval of Enhanced Placement Capacity

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To consider and, if thought fit, to pass the following Special Resolution:

*That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of such a number of Shares equal to up to 10% of the issued capital of the Company, at the time of the issue, calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Memorandum.*



## Resolution 6 – Ratification of prior issue of Shares to RHO

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To consider and, if thought fit, to pass the following Ordinary Resolution:

*That, for the purposes of Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 11,220,242 Shares to Royal Hawaiian Orchards, LP as consideration for the acquisition of the Royal Hawaiian Orchards brand on the terms and conditions set out in the Explanatory Memorandum.*

## Resolution 7 – Approval to grant Options to CEO

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To consider and, if thought fit, pass the following Ordinary Resolution:

*That for the purposes of Listing Rule 7.1 and for all other purposes, Shareholders approve the grant of 3,000,000 options to the Company's CEO, or his nominee, in accordance with the terms and conditions of the Company's Share and Option Plan and as described in the Explanatory Memorandum.*

Thank You  
Please join us  
for refreshments



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Group



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