



BUDERIM GINGER LIMITED

HALF YEAR REPORT - 31 DECEMBER 2014

Dear Shareholders,

We reported our half year result with a Net Profit before Tax of \$3.651million compared with a loss of \$426,000 the previous half year.

Macadamia business increased its profit by \$3.3m based on revenue growth of \$4.6m from \$20.7m to \$25.2m, attributable mainly to the fair value adjustment of \$3.6m for biological assets acquired as part of the Kapua Orchard, Hawaii.

Ginger segment profits increased by \$454k with operational profits improved through cost reductions following commencement of business improvement initiatives. Profits further benefited from the favourable movement in the Australian dollar.

Tourism's profits were down \$81k (after inclusion of joint venture results) on the back of increased costs, primarily due to increased group overhead expense allocation although revenue was up on the comparative period by \$23k due to an increase in visitor numbers.

The Baking business was discontinued during the comparative period.

BUDERIM GINGER GROUP	Half Year December 2013 \$000's	Half Year December 2014 \$000's
Consolidated Revenue	40,486	40,634
EBIT	105	4,066
NPBT	(426)	3,651
Current ratio (times)	1.05	2.99
Debt Ratio (Total Liabilities/Total Assets)	52.2%	43.3%
Net Assets	29,716	44,813
Net Asset Backing/Share	\$1.22	\$0.97
Earnings per Share	(0.38) cents	5.15 cents
Shares on Issue	20,648,694	43,363,090

Restructuring for profit was the call in our last annual report and to that end we are:

- Focusing on the core businesses of Macadamias, Ginger and our Tourist facility.
- Focusing on our brands and products relevant to consumers.
- Establishing low cost structures with better automation and more vertical integration.
- Changing a production driven culture into a market driven outlook.

Some personnel changes occurred as we challenged both management and production roles in order to move to a market driven outlook. We were also changing processes at the same time and the history of quality issues, high stock levels and low margins demanded change. New product development has required personnel with different skills. The challenge of revitalising our brand image for a younger consumer existed.

So the 'Ginger Revolution' campaign was launched in October 2014 using the tools of smart phones and digital media with the aim of getting a new crowd talking about 'ginger'. The 'Ginger Revolution' will bring ginger through

www.thegingernet.com to a new generation of consumers who are looking for new innovative products to excite them.



Our single ginger beer product, previously sold only through our café, was developed into a range of products over the past 12 months and adopted the new branding style of Buderim Ginger.

MacaBella, a chocolate macadamia spread was developed over the past 12 months and launched into national supermarkets in March 2015. 'MacaBella' was created to add value to our macadamia raw material using premium Belgian chocolate



We are also moving to vertically integrate our macadamia supply. We acquired the previously leased Kapua Orchard, a 4000 acre 280,000 macadamia tree orchard in Hawaii which increases our control of macadamia supply in a market where current dynamics are demand exceeds supply. Its cost of US\$4.5 m was funded by US\$2.25 m debt and the balance from share rights issue proceeds. Its revaluation, following independent valuation for security purposes, provided the fair value adjustment of \$3.6m mentioned above.



The Hawaii orchard has received some good rains over the past 12 months and this supports a better crop outlook circa 4,500 tonnes for 2015, than received in recent years.

In Australia we face a challenge for a share of the macadamia crop as Chinese buyers for nut-in-shell (NIS) change the landscape. We understand Australian sales to China NIS of the 2014 crop were 11,500 tonnes, up 114% on the previous year. Early indications are that this will increase to 15,000 tonnes for 2015. We have a market with high prices asked by growers and uncertainty of the future in respect of selling prices.

Our new products must cover the loss of contribution caused by the previous delisting of products in recent years that made a major contribution to the bottom line; for example, lemon lime & bitters cordial, a 'naked' ginger SKU or dried ginger made for a significant industrial customer. There is a significant challenge in getting distribution for new products in what is a highly competitive market. We are already developing our export markets further creating sales opportunities for our new products.

We thank you for your continued support during this time of change.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Roger Masters'.

Roger Masters
Chief Executive Officer