Buderim Group

ANNUAL REPORT 2017

Buderim Ginger · frespac FIJI GINGER · MacFarms · THE GINGER FACTORY SUNSHINE COAST · AGRIMAC MACADAMIAS

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CHAIRMAN'S MESSAGE AND CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholders,

Financial results for your company in 2017 were again disappointing.

The Group's net loss before tax was $5.10 million, including a favourable fair adjustment of $2.29 million in respect of the derivative component of the Convertible Notes issued as part of the capital restructure of the Group. The result compared to a loss of $9.57 million in 2016, which included impairment write downs of $4.51 million.

During the year we undertook a recapitalisation project at the request of our bankers. The initial strategy was for the sale and leaseback of assets, but was subsequently changed as we recognised the need for capital injection and to introduce strategic partners who could add operational assistance to the Group. After months of negotiation we were successful in partnering with Asia Mark Development Limited (AMD) and local private equity group, Wattle Hill RHC, to raise a total of $25.77 million by way of a combination of a share placement, rights issue and convertible notes (details of which are set out in the CEO's review).

The capital raising has strengthened our balance sheet, introduced an entre into China via our new partners and enabled us to finalise revised banking facilities with our bankers.

Reviewing the business: Traditional ginger products were challenged by strong competition in both domestic and export markets, which affected both volume through our factories and margins. The new partnership with AMD should open significant opportunities for our retail ginger products through 900,000 distribution outlets in China. We are working on our first shipments to China as preparations stay well focussed.

Our Australian Macadamia business continues to be challenged by strong demand for Nut in Shell from China, which leaves local processors competing for lower local processing volumes. The result for us was lower volume and lower margins. Together with AMD we are assessing options to better position ourselves in the Australian macadamia market.

The Group's macadamia business in Hawaii, MacFarms, had a slightly lower production year and harvesting proved challenging. The outlook for MacFarms is positive, with favourable seasonal conditions and some good potential higher paying customers in Japan and China looking to purchase Hawaiian nut for the first time.

New products launched over the past two years are gaining distribution locally and overseas and volumes are growing.

Our tourism business based at our Yandina Ginger Factory, had a lower result than the previous year due to higher costs and some lost tenant rental income. We have a plan with our new partners to introduce more Chinese tourists to the park and focus on better cost control.

While very disappointed with the 2017 result, we are excited about the opportunities and potential benefits presented by our new investment partners, however, the turn-around will take some time.

During the year we saw the retirement of two Directors, Lewis Timms and Shane Templeton – thank you gentlemen for your contributions. To Shane, a special thank you for your long service and your on-going role as ginger grower adviser to the Board.

We welcome three new Directors from our new investment partners, Albert Tse representing Wattle Hill RHC, Christina Chen and Yigang Yang representing AMD.

Stephen Morrow
Chairman

Chief Executive Officer's Review

Management direction and decision making in 2017 was greatly influenced by the level of uncertainty attaching to the form of capital restructure noted in last years report and the need to reduce debt to meet facility constraints. Following a review by M&A Partners the company announced that it would offer its Yandina property for Sale & Leaseback with the proceeds of sale to be applied to retire senior debt and improve the use of capital employed in the business. The sale & leaseback did not proceed and instead in October 2016 Buderim Group entered into a transaction to further re-capitalise the business. AMD and Wattle Hill RHC entered into an agreement for a placement of shares, an issue of convertible notes and a rights issue which would raise $25.77 million. At the date of this report AMD hold 38.5% of the issued shares in BUG.

- The Group's total consolidated sale of goods dropped 12% from $78.47 million to $68.59 million due to a drop in export bulk sales in ginger and a significant drop in sales by Agrimac.
- The Group recorded a Net Loss Before Tax of $(5.10) million compared with $(9.57) million last year.
- A non-cash favourable Fair Value Adjustment (FVA) of $2.29 million before tax related to the change in fair value of the derivative component of the convertible notes pursuant to AASB 139 *Financial Instruments: Recognition and Measurement* as at 30 June 2017.
- The Group recorded an Operating Profit before corporate expenses, other income, depreciation, interest and tax of $4.10 million compared with $5.51 million last year.
- The result after tax includes de-recognition of deferred tax assets of $4.57 million in relation to past year losses. The Group retains the tax losses for income tax purposes and they remain available for use despite being derecognised in the financial statements.

Summary of Group Results

	30/06/17 $'000	30/06/16 $'000	30/06/15 $'000
Revenue (external)	**68,587**	78,473	70,720
EBITDA	**(1,524)**	(6,104)	5,519
EBIT	**(3,676)**	(8,635)	3,328
Net Loss Before Tax	**(5,102)**	(9,567)	2,516
Net Loss After Tax	**(8,971)**	(6,938)	290

* The NLBT result includes the non-cash adjustments relating to FVA for asset write-downs and convertible note derivative liability component adjustments.

Segment Review

	SEGMENT CONTRIBUTION	
	30/06/17 $'000	30/06/16 $'000
Ginger	**(1,175)**	(6,857)
Macadamia	**(3,700)**	(2,869)
Tourism	**(227)**	159
	(5,102)	(9,567)

Ginger Division

We still have a lot of ground to make up on the past years retail product deletions and reduced product margins.

- The majority of the budgeted improvement was from growth in ginger beer beverages, where we achieved sales growth from $0.40 million to $1.62 million in 12 months.
- We experienced competition for the first time against our retail packs in Australian supermarkets with imported ginger.
- Lower export bulk sales by $1.18 million was the result of customers switching to Thai and Chinese origin ginger on the basis of price. Sales to these customers were not profitable at those price levels, although they assist in our overhead recovery.
- Operating expenses were favourable.

We continue building relevance for Buderim Ginger brand with the younger target audience via communications, consumer activity and product enhancements. We held our 2nd Ginger Rally in Melbourne which saw over 1,000 redheads and gingers unite on April 29th 2017 armed with banners and flags to march 1.3 kms from the Botanic Gardens to Federation Square. We provided free ginger beer, a kid's ginger activity zone and music by a few bands. It achieved great exposure on Ch 9's Weekend Today program on the day of the Rally as well as news reports through major media outlets like news.com.au, Herald Sun and Daily Telegraph.

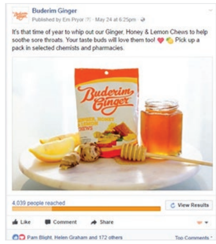
Our digital media activity remains strong with Gingernet, Website, Facebook and Instagram interacting with followers to build our brand awareness.

We are driving sales growth through new products like Snack Packs and Beverages, such as ginger beer and cordials.

BUG also purchased the bottling equipment and brands of Alpine Soft Drinks on 2 June 2017 allowing the company to continue its program of vertical integration to reduce its cost of manufacturing. An in-house bottling capability allows the development of new products suitable for domestic and export markets. Buderim previously outsourced the bottling of its cordial and beverage products at a cost in excess of $500,000 per annum.

Our aim in Ginger is to defend our shelf space in all markets, retain current customers and push the new products into new export markets such as Canada. There has been cost reduction in our plants with the business improvement program after introduction of the new packaging machine and sugar loading equipment but it needs to continue. We have trials starting in September 2017 of new processing technology which might remove substantial costs in Yandina.

Our greatest opportunity is the Chinese market and in May 2017 we engaged two Mandarin speaking marketing personnel to assist our efforts in respect of this sales and marketing direction. We are now working towards Chinese Customs CIQ product registration, including a check on our packaging & pricing for introduction to both online and offline sales in China. Our Tourist destination can help create brand awareness and sales through its inbound Chinese tourist visitors and, together with use of the Daigou market where local Chinese purchase overseas products on behalf of their families and friends in China, we will drive sales growth.



Macadamia Division

Segment contribution from the macadamia division before FVA's and impairments declined $2.44 million since last year.

Agrimac

The Australian macadamia crop 2017 was affected by heavy rainfall and flooding caused by Cyclone Debbie with the region most affected by the poor weather conditions being on the Northern Rivers on the north coast of NSW. The original Australian industry forecast according to the *Australian Macadamia Society* was 54,000 tonnes but was downgraded to 47,000 tonnes, being a 13% drop from original expectations.

As Agrimac contracted a higher proportion from Northern River's farms it had a higher exposure to the crop downgrade leading to a 22% fall in forecast crop intake.

MacFarms

Sales in MacFarms fell from $31.55 million in 2016 to $28.67 million in 2017 as crop intake dropped to 11.56 million lbs compared with 12.88 million the previous year. Lower intake was a result of a decrease in available labour and the cessation of weekend contract harvesting. We have started to explore H2A visa imported workers and trialling mechanical picking in certain areas of the orchard. Higher harvesting costs and lower nut volumes increases standard costs and gross profit drops. Picking nuts off the ground faster reduces waste and quality problems which arise from the exposure to moisture and pests.

Average rainfall at the orchard as at June 2017 was 28.4 inches versus 27.5 inches the previous year which gives support for next season. The business improvement program in relation to MacFarms continues as we investigate the feasibility of building a warehouse, value adding processing room and visitor centre. MacFarms costs currently include freighting of kernel to California for a contract packer to value add a coating to the kernel and pack into retail packs. Currently we are spending up to US$370,000 per annum on leasing warehouses in Hawaii.

New products from MacFarms such as the Kona Coffee Dark Chocolate have been exported to new markets such as Japan, Taiwan, Canada and Australia.

Tourism

Visitor numbers were flat although *The Ginger Factory* remains a popular destination. Profitability was challenged by having two vacant tenancies in the park and increased operating costs. Our strategy has changed and we have engaged with inbound tourist operators with particular focus on Chinese tourists to introduce them to the home of 'Buderim Ginger'. Work has commenced on marketing collateral for *The Ginger Factory* on the Sunshine Coast to guide them around the site and explain our different attractions. We are also changing our packaging to suit the buying preferences of Chinese tourists in both local and Diagou markets.

Outlook

Last year we said that new products and wider and better distribution was key to returning ginger to profitability. Snack Packs, Ginger beverages, and our pouch format has helped obtain and retain shelf space and also to further develop our export markets. We face considerable challenge in our home market with cheaper non-Australian alternatives; similar challenges exist in the export market with Thai and Chinese ginger substitutes. Our opportunity is the Chinese market and we work with our investor shareholders to realise the benefits of the relationship.

Our business is still dependent on a high level of outsourced manufacturing in both ginger and macadamia processing and we continue to seek ways to bring these activities in-house in order to decrease our costs of production.

MacFarms requires us to improve our harvesting technique and overcome the setback of the loss of contract harvesting as an option. We have the opportunity to remove costs from the operation with a warehouse and value-add processing plant, while improving sales with a visitor centre. The cost benefit analysis is in progress. There may be alternatives to add to our crop intake.

We have an opportunity in our Tourist destination in the Sunshine Coast, Queensland to showcase our brands and products to the world and, in particular, to the increasing numbers of Chinese tourists to Australia. It may provide a valuable link to the online and offline markets in China.

Roger Masters
Chief Executive Officer

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DIRECTORS' REPORT

Your directors present their report on the Group consisting of Buderim Group Limited and the entities it controlled at the end of or during the year which commenced on 1 July 2016 and ended on 30 June 2017.

DIRECTORS

Stephen John Morrow
B.Ag Econ, UNE, MAICD

Non-executive Chairman

Mr Morrow joined the Board in February 2010. He has had 38 years' experience in Agribusiness in the grain, wool, pastoral, banking and food processing industries. He has held the positions of Managing Director of ConAgra Wool Australia, Managing Director of Primac Holdings, General Manager of Agribusiness, Suncorp and Chief Executive of Golden Circle Limited. Mr Morrow is currently Chairman of the Board of Directors for Cefn Pty Ltd, Golden Cockerel Pty Ltd, Priestley's Gourmet Holding Ltd, Blue Ribbon Seed and Pulse Exporters Pty Ltd. Mr Morrow is the Australian representative for the Municipal Employees' Retirement System of Michigan.

Other listed directorships: None

Former listed directorships (last 3 years): None

Special responsibilities: Chairman of Remuneration Committee and Member of the Audit & Compliance Committee

Interests in shares: 119,022 ordinary shares held indirectly.

Qi (Christina) Chen
B.A. Econ, B.Com Fin (University of Manitoba)

Non-executive Director

Ms Chen was appointed a director on 28 July 2017. Ms Chen is a Director of ChaCha Food Co. Ltd and a Director and Vice Chairman of Hefei Huatai Group Co. Ltd. Ms Chen has relevant experience in fast moving consumer goods, E-commerce, and equity investment. She has held a number of senior positions previously including, CEO of Hefei ChaCha Weileyuan E-Commerce Co. Ltd, Assistant President, Vice President of Anhui Huayuan Financial Group Co. Ltd. and as an Investment Manager and a partner in Harvest Capital Co. Ltd.

Other listed directorships: ChaCha Food Co. Ltd (SHE: 002557)

Former listed directorships (last 3 years): None

Special responsibilities: None

Interests in shares: None

Peter Francis O'Keeffe

Non-executive Director

Mr O'Keeffe was appointed a director at the 2014 AGM on 31 October 2014. Mr O'Keeffe is an accounting professional, with both public practice and commercial accounting experience, within Australia and overseas, across the full range of small and medium to large sized business structures. Recent industry involvement includes manufacturing, wholesale and distribution within the food industry, service industries, IT services and database development and contract accounting services to a variety of enterprises.

Other listed directorships: None

Former listed directorships (last 3 years): None

Special responsibilities: Chairman of the Audit & Compliance Committee

Interests in shares: None

Albert Yeuk Kuk Tse
CA, LLB, BBus, GradDipLegPrac, JP (Qual)

Non-executive Director

Mr Tse was appointed a director on 15 February 2017. Mr Tse is the founder of Wattle Hill Capital which manages a private equity fund investing in Australian and New Zealand companies that benefit from China's growth. Mr Tse was the former Legal Representative of Macquarie Group in Beijing and led transactions including the historic $22.1bn Hong Kong and Shanghai initial public offering of the Agricultural Bank of China in 2010. Mr Tse is also a specialist in Chinese outbound investments across many different sectors. Mr Tse is a Director of SGSP (Australia) Assets Pty Ltd; Jemena, one of Australia's largest energy utilities. Prior to working in China, Mr Tse worked in London for Macquarie Capital, focused on European infrastructure as well as at PricewaterhouseCoopers in Australia where he qualified as a Chartered Accountant. Mr Tse is also admitted as a solicitor of the Supreme Court of Queensland.

Other listed directorships: None

Former listed directorships (last 3 years): None

Special responsibilities: Member of the Remuneration Committee and Member of the Audit & Compliance Committee

Interests in shares: None

Yigang Yang
B.Fin

Non-executive Director

Mr Yang was appointed a director on 15 February 2017. Mr Yang is the Founding Partner and CEO of WaterStone Capital Co., Ltd. He was the CEO of COFCO Agricultural Industrial Investment Fund Management Co., Ltd. From 1994 to 2009, Mr. Yang worked in New York as Managing Director for Asia Capital Group, Managing Director for Capital Market Engineering and Trade LLC, and Vice President for Credit Suisse First Boston. Before being transferred from Credit Suisse China to Credit Suisse First Boston in New York, Mr. Yang was the Chief Credit Officer at Credit Suisse Beijing Representative Office.

Other listed directorships: None

Former listed directorships (last 3 years): None

Special responsibilities: Member of the Remuneration Committee

Interests in shares: None

COMPANY SECRETARY

Andrew Paul Bond
B.Bus (Acc), GAICD, CA

Mr Bond was appointed Company Secretary of all group companies in January 2014. Mr Bond has over twenty-eight years of broad corporate experience across a range of industries, including ten years in chartered accounting firms, of which six years were with KPMG, before moving to commerce. He has held senior executive roles with Capilano Honey Limited, Fenix Fitness, and Village National Limited.

The following persons were Directors of Buderim Group Limited during the financial year under review and at the date of this report:

Name	Position held
S Morrow	Chairman (Non-executive Director)
C Chen	Non-executive Director (appointed 28 July 2017)
P O'Keeffe	Non-executive Director
A Tse	Non-executive Director (appointed 15 February 2017)
Y Yang	Non-executive Director (appointed 15 February 2017)
S Templeton	Non-executive Director (resigned 15 February 2017)
W Timms	Non-executive Director (resigned 28 August 2016)

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the year and the number of meetings attended by each director were as follows:

	DIRECTORS' MEETINGS		AUDIT & COMPLIANCE COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
S Morrow	17	17	4	4	1	1
P O'Keeffe	17	17	4	4	-	-
A Tse	6	5	1	1	1	1
Y Yang	6	6	-	-	1	1
S Templeton	11	11	-	-	-	-
W Timms	2	2	-	-	-	-

Notes

- P. O'Keeffe attended the May 2017 Remuneration Committee meeting.
- S. Templeton attended the September 2016 Audit & Compliance Committee meeting.

Committee membership

As at the date of this report, the company had an Audit & Compliance Committee and a Remuneration Committee of the board of directors.

Members acting on the committees of the board were:

AUDIT & COMPLIANCE COMMITTEE	REMUNERATION COMMITTEE
P O'Keeffe	S Morrow
S Morrow	A Tse
A Tse	Y Yang

DIVIDENDS

Dividends paid in the year:

There was no dividend paid during the 2017 year for the year ended 30 June 2016.

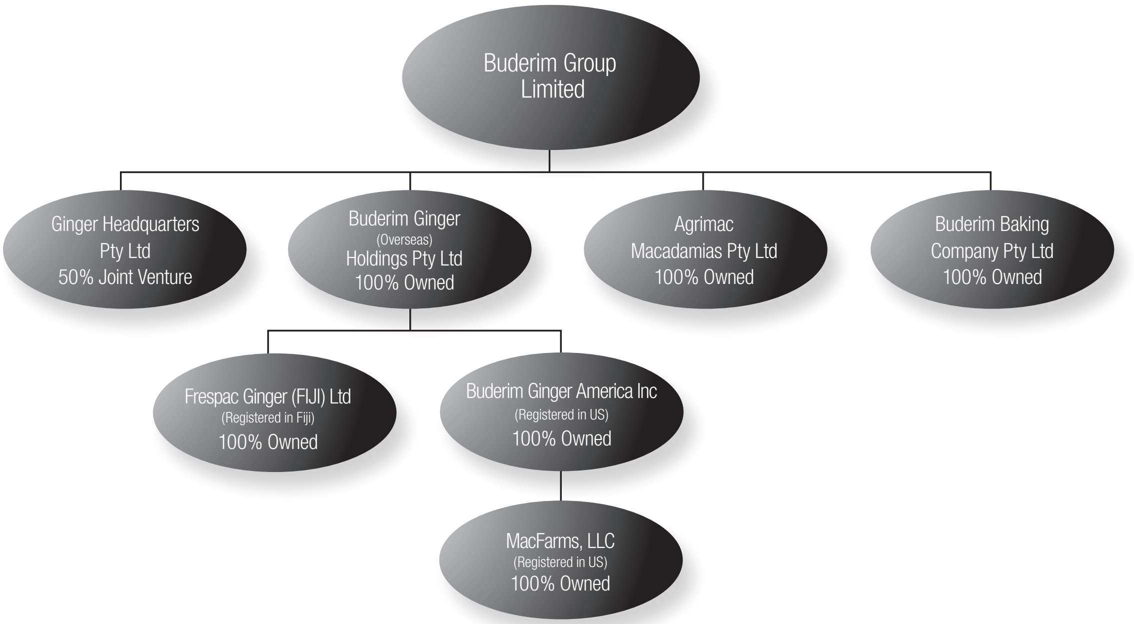
Dividends declared for current year:

A dividend has not been declared for the year which commenced on 1 July 2016 and ended on 30 June 2017.

CORPORATE INFORMATION

Corporate structure

Buderim Group Limited is a company limited by shares that is incorporated and domiciled in Australia. As the ultimate parent entity, it has prepared a consolidated financial report incorporating the entities that it controlled during the financial year, which are outlined in the following illustration of the Group's corporate structure:



NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the Group are conducted in the business segments of:

- **Ginger** - manufacture in Australia and Fiji of a variety of confectionery ginger and other ginger-based products and marketing to industrial, food service and retail customers throughout the world;
- **Macadamias** - production and processing in Australia and Hawaii of macadamia products and marketing to wholesale and retail customers throughout the world; and
- **Tourism** - the sale of ginger and other retail gift and food products, and the provision of leisure activities within the Australian tourism market.

There have been no significant changes in the nature of those activities during the year.

EMPLOYEES

The Group employed 486 employees as at 30 June 2017 (2016: 454). The number of employees will vary from year to year, and during each year, due to seasonal factors. The ginger segment employed 233 employees (2016: 260). The ginger segment includes tourism and corporate staff members. The decrease in employees over last year is due to less casual processing staff being required at 30 June 2017 in Fiji. Employees employed within the macadamia segment were 253 (2016: 194). The increase in employees over last year relates to the Australian macadamia operations, being the employment of casual process workers previously employed through labour hire.

OPERATING AND FINANCIAL REVIEW

Summarised operating results attributable to equity holders of Buderim Group Limited are as follows:

	30/06/17		30/06/16	
	Revenues $'000	**Results* $'000**	Revenues $'000	Results* $'000
Business segments				
Ginger operations	**29,314**	**(534)**	27,264	(6,424)
Macadamia operations	**43,812**	**(2,713)**	54,045	(2,026)
Tourism operations	**4,691**	**(173)**	4,418	174
Total	**77,817**	**(3,420)**	85,727	(8,276)
Consolidation adjustments	**(6,423)**	**-**	(6,231)	-
Corporate overhead expenses	**-**	**(1,744)**	-	(1,347)
Share of profit/(loss) of joint controlled entities and associates	**-**	**62**	-	56
Group income and loss from ordinary activities before income tax	**71,394**	**(5,102)**	79,496	(9,567)

	30/06/17 $'000	30/06/16 $'000
Geographical locations – revenue		
Australia	**34,870**	34,748
United States	**22,361**	26,084
Other	**20,586**	24,895
	77,817	85,727
Consolidation adjustments	**(6,423)**	(6,231)
Group income	**71,394**	79,496

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

In Summary

The Group recorded a net loss after tax of $8.97 million for the year ended 30 June 2017 inclusive of a $4.57 million de-recognition of deferred tax assets expense, one-off costs and provisions of $1.70 million, and favourable fair value adjustments of $2.19 million. The underlying loss before tax of $5.58 million recorded before fair value adjustments, one-off costs and provisions compared to an underlying loss in the prior year of $3.15 million.

The Income Tax Expense of $3.87 million for the year relates primarily to a non-cash $4.57 million de-recognition, as reported at Half Year, of previously recognised Australian deferred tax assets in relation to past year losses. The Group retains the tax losses for income tax purposes and they remain available for use despite being derecognised in the financial statements.

Favourable non-cash fair value adjustments of $2.19 million before tax related to a favourable $2.29 million fair value adjustment in relation to the derivative liability component of the convertible notes which is impacted by the change in the underlying value of the Group's shares from the date of issue of the Convertible Notes until 30 June 2017, and a small $0.10 million reduction in value of macadamia nuts growing in the orchard at MacFarms as at 30 June 2017.

Net one-off costs and provisions totalling $1.70 million before tax related to capital structure review costs, convertible note issuance and finance costs, due diligence costs, stock write offs and provisions, bottling plant acquisition costs, employee redundancies and short-term additional costs incurred in Frespac and MacFarms.

Other factors affecting the result for this year included:

- An improvement in Ginger Segment profitability of $0.50 million before tax, excluding fair value adjustments and impairments. Sales of $25.22 million to external customers remained steady. Growth in retail sales predominately ginger beer beverages offset a decline in bulk sales as some export customers switched to Thai and Chinese origin ginger on the basis of price. However, improved profit margins in the Australian market and reduced operating costs contributed the improvement in Ginger Segment profit despite net one-off operational costs and provisions totalling $0.24 million. This resulted in a loss before tax of $3.46 million excluding fair value adjustments, compared to $3.96 million excluding impairments last year.
- A decline in Macadamia Segment profitability of $2.44 million excluding impairments, led to a loss before tax of $3.70 million. Sales to external customers declined 20.9 percent to $38.81 million principally driven by lower crop intakes. The farm gate price of Australian macadamias remained high at an average of $5.68/kg compared to last year's average of $5.70/kg. Profit margins were down primarily impacted by the higher Australian dollar, increased costs as a result of the lower intakes and increased harvesting costs in MacFarms. Profitability was also impacted by one-off costs and provisions totalling $0.47 million.
- Despite steady visitor numbers to *The Ginger Factory* tourism park, the segment recorded a loss of $0.23 million compared to a profit of $0.16 million for the prior year. Whilst revenues grew 6.1 percent the growth was exceeded by increased operational costs and lower revenues from vacant tenancies.

OPERATING AND FINANCIAL REVIEW (continued)

Shareholder Returns and Performance measurements

For the year ended		30/06/17	30/06/16	30/06/15	30/06/14	30/06/13 6 months
EBIT	(a)	**(3,676)**	(8,635)	3,326	(1,944)	(5,940)
EBITDA	(a)	**(1,524)**	(6,104)	5,519	125	(4,602)
Basic Earnings per share (cents)		**(16.61)**	(16.00)	0.67	(7.10)	(22.30)
Dividend per share (cents)	(b)	**-**	-	-	-	-
Dividend payout ratio (%)	(b)	**-**	-	-	-	-
Return on assets (%)	(c)	**(11.61)**	(7.94)	0.34	(1.91)	(6.30)
Return on equity (%)	(d)	**(21.43)**	(17.42)	0.67	(3.78)	(15.50)
Debt/equity (%)	(e)	**33.39**	60.97	51.23	57.20	77.90
Gearing ratio (%)	(f)	**45.81**	54.43	49.67	49.80	59.40
Current ratio (%)	(g)	**214**	131	207	130	103
Shares on issue (millions)		**74.80**	43.36	43.36	43.36	21.02
Net tangible asset backing per share (cents)	(h)	**60**	90	95	78	122

(a) EBIT and EBITDA are used as measures of profitability and reflect earnings attributable to equity holders of Buderim Group Limited. EBIT is earnings before interest and tax. It represents the addition of profit before tax and net finance costs (finance costs less finance revenue). EBITDA is earnings before net interest cost, tax, depreciation and amortisation (EBIT plus depreciation and amortisation) (refer note 6).

(b) These figures reflect the dividend amounts declared per share subsequent to reporting dates (refer note 9). The dividend payout ratio is calculated by dividing the dividend per share by the basic earnings per share, and as such, measures the percentage of earnings to be distributed to shareholders.

(c) Return on assets is a measure of profitability which identifies how profitable a company is relative to its total assets. It is calculated by dividing net profit after tax by total assets and is displayed as a percentage.

(d) Return on equity is also a measure of profitability which identifies net income returned on funds employed/invested by shareholders. It is calculated by dividing net profit after tax by equity and is expressed as a percentage.

(e) The debt/equity ratio is a measure of borrowing or financial leverage calculated by dividing total interest-bearing liabilities by net equity (total equity less intangible assets), and as such represents the proportion of equity the company is using to finance its assets. It is expressed as a percentage.

(f) Similarly, the calculation of total assets funded by external stakeholders is demonstrated on the following page. This ratio is calculated by dividing total liabilities by total assets and is expressed as a percentage.

(g) The current ratio is a measure of liquidity. It is calculated by dividing current assets by current liabilities.

(h) Net tangible asset backing per ordinary share (NTA) is a measure of the worth of a share. It can be compared to the market value of the share. The ratio is calculated by dividing total shares on issue into the sum of equity less intangible assets less net deferred tax assets. It is expressed as cents per share.

REVIEW OF FINANCIAL CONDITION

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of debt, which includes borrowings (disclosed in note 22), cash and cash equivalents and equity attributable to the equity holders of the parent (comprising issued capital, reserves and retained earnings as disclosed in note 26, and on the face of the Consolidated Statement of Changes in Equity). There are no externally imposed capital requirements. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital, as demonstrated in the table below. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

Following a review of the Group's capital structure by M&A Partners the Group announced that it would offer its Yandina property for Sale & Leaseback with the proceeds of sale to be applied to retire senior debt and improve the use of capital employed in the business. The sale & leaseback did not proceed and instead in October 2016 the Group entered into a transaction to further re-capitalise the business. Asia Mark Development Limited (AMD) and Wattle Hill RHC (Wattle) entered into an agreement for:

a) A placement of shares on 28 December 2016 at $0.40 per share to AMD to raise $2.60 million.

b) An issue of convertible notes on 15 February 2017 at $0.40 per note split between AMD at $5.00 million and Wattle at $10.00 million to raise $15.00 million less costs.

c) A rights issue commencing 16 February 2017 at $0.36 per share underwritten by AMD to raise $8.98 million.

Liquidity and Capital Resources

The Consolidated Statement of Cash Flows shows an increase in cash and cash equivalents for the year ended 30 June 2017 of $2.75 million from $3.53 million up to $6.28 million.

During the year cash outflows included $3.29 million from net operating activities, $0.97 million from net investing outflows which included the purchase of plant and equipment totalling $0.96 million, goodwill of $0.07 million in relation to the acquisition of the Alpine Beverages bottling business, partially offset by a dividend of $0.05 million from Ginger Head Quarters Pty Ltd. Net cash inflows of $7.01 million from financing activities resulted from net cash inflows of $11.36 million from the issue of shares, $14.41 million from the issue of Convertible Notes partially offset by net debt repayments of $18.75 million. This decrease in net debt primarily related to the repayment of the Rabobank USD Term Debt facility and working capital facility and a significant reduction in the level of the AUD Term Debt facility and also included net borrowings under insurance premium funding arrangements from other financiers.

As at 30 June 2017 the Group had $6.28 million cash on hand and available unused working capital facilities of $4.00 million in addition to bank overdraft facilities as set out in Note 3 to the Financial Statements.

Asset and capital structure

	CONSOLIDATED		
	30/06/17 $'000	30/06/16 $'000	30/06/15 $'000
NET GEARING			
Debts			
Interest-bearing liabilities	**13,824**	24,040	21,024
Cash and cash equivalents	**(6,283)**	(3,901)	(4,532)
Net debt	**7,541**	20,139	16,492
Total equity	**41,862**	39,821	43,090
Total capital employed	**49,403**	59,960	59,582
	15.3%	33.6%	27.7%
ASSETS FUNDED BY EXTERNAL STAKEHOLDERS			
Total Assets	**77,247**	87,380	82,469
Total Liabilities	**35,385**	47,559	39,379
	45.8%	54.4%	47.8%
DEBT/EQUITY			
Total equity	**41,862**	39,821	43,090
Intangibles	**(455)**	(389)	(2,049)
	41,407	39,432	41,041
Interest-bearing liabilities	**13,824**	24,040	21,024
	33.4%	61.0%	51.2%

On 14 November 2016 the Group entered into a restated letter of offer with its principal financier, Rabobank. The restated facilities included 12-month term loan facilities of $10.95 million, foreign term loan of USD$3.8 million and a working capital facility of $6.00 million. The Group received a waiver from Rabobank on 22 December 2016 ("the waiver letter") in respect of any non-monetary covenant breaches until the earliest of: 1 March 2017; and the completion of the convertible notes and rights issue transactions ("the Long Stop Date") which were approved at the General Meeting held on 20 December 2016. The waiver letter modified the requirements for repayment to $12.00 million by the Long Stop Date.

Following completion of the share placement in December 2016 and the convertible notes issue in February 2017, the working capital facility, foreign term loan were repaid in full and an amount of $6.40 million was repaid off the term loan facilities. Total net debt repayments for the year were $18.75 million.

The convertible notes are treated as debt for accounting purposes, further details are provided below.

In May 2017, the Group obtained waivers from Rabobank in relation to the financial banking covenants due to the 2017 financial results not meeting budgeted EBITDA targets and Debt Service Ratio targets. In June 2017, the Group obtained waivers in relation to non-financial banking covenants relating to the Rabobank requirements from third party warehouses. Bank debt has been classified as current at 30 June 2017 because the facilities had an expiry date of 30 November 2017. Subsequent to year end the Group concluded discussions with Rabobank to extend the facilities until 1 March 2019 and to modify the covenants. Further details are provided in the Significant Events After The Balance Date section below.

REVIEW OF FINANCIAL CONDITION (continued)

Shares issued during the year

During the twelve months ended 30 June 2017, the following shares were issued:

i. A placement of 6,504,463 fully paid ordinary shares at $0.40 per share on 28 December 2016; and

ii. A 2:1 rights issue of 24,934,065 fully paid ordinary shares at $0.36 per share on 14 March 2017.

On 15 February 2017, the Group issued 37,500,000 convertible notes at $0.40 per note. These convertible notes have an annual coupon rate of 4.5%, mature on 15 February 2020 and can convert into fully paid ordinary shares at the noteholders election at any point up until the date of maturity.

Profile of Debts

The profile of the Group's debt finance below reflects the classification of the bank facilities as at 30 June 2017 as current on the basis of the facility agreement in place at 30 June 2017 requiring the repayment of the bank debt by 30 November 2017. The small portion of non-current bank loans relates to equipment loan funding for the bulk sugar handling equipment installed at Yandina.

The carrying amount of the convertible notes are split between Interest-bearing liabilities for the host debt liability and other financial liabilities for the derivative component. Refer to note 22 for further information.

	CONSOLIDATED		
	30/06/17 $'000	30/06/16 $'000	30/06/15 $'000
CURRENT			
Bank overdraft	**-**	368	-
Bank bill facility	**4,045**	22,781	3,476
Bank loans	**673**	802	851
Convertible notes	**675**	-	-
	5,393	23,951	4,327
NON-CURRENT			
Bank bill facility	**-**	-	16,697
Bank loans	**26**	89	-
Convertible notes	**8,405**	-	-
	8,431	89	16,697
	13,824	24,040	21,024

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Following a review of the group's capital structure by M&A Partners in May 2016, a decision was taken to sell the Yandina property. At 30 June 2016, the Yandina property was classified as an asset held for sale in the current assets section of the Consolidated Statement of Financial Position. An Expressions of Interest campaign for a sale & leaseback commenced in July 2016 with a number of offers being received in the following months. The proceeds of sale were to be applied to retire senior debt and improve the use of capital employed in the business. The Yandina property was withdrawn from sale in October 2016 when the Group entered into a transaction to re-capitalise the business. Asia Mark Development Limited and Wattle Hill RHC entered into an agreement for:

a) A placement of shares on 28 December 2016 at $0.40 per share to AMD to raise $2.60 million.

b) An issue of convertible notes on 15 February 2017 at $0.40 per note split between AMD at $5.00 million and Wattle at $10.00 million to raise $15.00 million less costs.

c) A rights issue commencing 16 February 2017 at $0.36 per share underwritten by AMD to raise $8.98 million.

Following completion of the capital raising transactions proceeds were applied to the retirement of a significant portion of bank debt, acquisition of the bottling business of Alpine Beverages and the balance of cash retained for working capital and future business improvement initiatives.

It is the opinion of the Directors that there were no other significant changes in the state of affairs of the Group that occurred during the financial year under review other than those disclosed in this report or the financial report.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 9 August 2017 the Group entered into a restated letter of offer with its principal financier, Rabo Australia Limited (Rabobank). The restated facilities include term loan facilities of AUD$3.95 million, expiring 1 March 2019 and a revolving working capital facility of AUD$4.00 million to be fully repaid by 31 December each year and may be redrawn to $4.00 million after 31 January in the following year. The interest margin on the term loan facility was increased by 0.25 percent. The provision of a bank guarantee facility of $1.00 million remained unchanged with the exception of an extension of its expiry date from 30 November 2017 to 1 March 2019. Changes to the covenants included the removal of the Debt Service Coverage ratio and modification of the target EBITDA covenant.

Other than entering into the varied finance facilities, there is at the date of this report no other matter, or circumstance which has arisen since 30 June 2017 that has significantly affected or may significantly affect:-

i. the operations of the Group;

ii. the results of those operations; or

iii. the state of affairs of the Group in financial years subsequent to 30 June 2017.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group will continue to focus on its business improvement plan, which broadly consists on increased local sales and distribution, expanding into new export markets and cost reduction through further vertical integration in manufacturing activities.

Ginger

Within the Ginger division we are working to obtain Chinese Customs CIQ product registration as we prepare to launch our products, including our existing beverages and snack pack ranges into the Chinese online and offline retail markets. Further abroad we look to continue the expansion of our ginger beverages and snack pack ranges into overseas markets.

In the manufacturing sphere, we continue to look at vertical integration opportunities including trialling new processing technologies that, if successful, may remove significant processing costs in Yandina. It is expected the beverage bottling facility acquired in June 2017 from Alpine Beverages will reduce the cost of manufacturing our ginger beverages significantly, with annual cost savings of $0.73 million expected based on current sales volume when compared to outsourced bottling.

Macadamias

Locally, the Agrimac business continues to face the challenge of high farm-gate pricing of macadamia nuts. The Group continues to look at opportunities for reducing costs through further vertical integration and to expand the macadamia product range to include increased proportions of higher margin retail products.

Our MacFarms orchard has received an average rainfall as at June 2017 of 28.4 inches, versus 27.5 inches in the previous year which gives support for our next season crop. Operationally the Group is looking to improve its harvesting techniques to overcome the loss of contract harvesting, reduce waste and quality concerns which arise from the exposure to moisture and pests.

We continue to investigate opportunities to reduce costs within the MacFarms business unit through building a warehouse and value adding processing room.

Tourism

We look to return the tourism segment to profitability through increased visitor numbers to *The Ginger Factory* facility in Yandina.

ENVIRONMENTAL REGULATION AND PERFORMANCE

In Australia, the Group holds licenses issued by the relevant government agencies which specify limits for discharges to the environment which are due to the Group's operations. These licenses regulate the management of discharges to the air and storm water run-off associated with the ginger processing operations as well as the storage of hazardous materials. The Group is also subject to local environmental laws and controls in respect of its overseas operations. There have been no known reportable breaches of the Group's license conditions.

REMUNERATION REPORT (AUDITED)

The remuneration report outlines the remuneration arrangement in place for the key management personnel, comprising of Non-executive Directors and senior executives, of Buderim Group Limited (the Group).

The key management personnel of the Group consisted of the following Directors of Buderim Group Limited:

Name	Position held
S Morrow	Chairman (Non-executive Director)
P O'Keeffe	Non-executive Director
A Tse	Non-executive Director (appointed 15 February 2017)
Y Yang	Non-executive Director (appointed 15 February 2017)
S Templeton	Non-executive Director (resigned 15 February 2017)
W Timms	Non-executive Director (resigned 28 August 2016)

And the following executives:

Name	Position held
R Masters	Chief Executive Officer
A Bond	Company Secretary/CFO
R Hall	Chief Operations Officer (appointed 22 May 2017)
M Henderson	Group Marketing Manager (appointed 1 April 2017)
C Mikkelsen	General Manager – Tourism
H Christiansen	Group Operations Manager (resigned 12 September 2016)
J Price	Group Marketing Manager (resigned 28 February 2017)

Remuneration philosophy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the Group must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre directors and executives;
- Link executive rewards to shareholder value; and
- Provide, where appropriate, variable 'at risk' executive remuneration, dependent upon meeting pre-determined performance hurdles.

Remuneration committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the Chief Executive Officer and the Executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high-quality board and executive team.

The Remuneration Committee meet at least once a year and more often as required.

Voting and comments made at the last AGM

The remuneration report resolution in regards to the remuneration report for the 2016 financial year was carried at the 2016 AGM. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Link between remuneration and the Group's performance

The table below indicates the earnings and shareholder value against the remuneration of key management personnel:

	30 June 2017	30 June 2016	30 June 2015	30 June 2014	30 June 2013 (1)
Earnings ($'000)	**(8,971)**	(6,938)	290	(1,493)	(4,601)
Basic Earnings per share (cents)	**(16.61)**	(16.00)	0.67	(7.10)	(22.30)
Dividend paid per share (cents)	**-**	-	-	-	-
Net asset value ($'000)	**41,862**	39,821	43,090	39,520	29,770
Net tangible asset backing per share (cents)	**60**	90	95	78	122
Share price (cents)	**31**	34.5	63	53	67
Key management personnel remuneration ($)	**1,268,401**	1,163,148	1,208,768	1,951,220	839,598

(1) Performance was for the six-months ending 30 June 2013

Non-executive Director remuneration

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. Non-executive Directors do not receive any share based remuneration.

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of Non-executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 30 October 2015 when shareholders approved an aggregate remuneration of $300,000 per year. Actual fees paid to Non-Executive Directors during the year totalled $207,207.

The amount of aggregate remuneration approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The Board considers external remuneration surveys as well as the fees paid to Non-executive Directors of comparable companies when undertaking the annual review process.

The annualised fees for the year end 30 June 2017, as compared with the year end 30 June 2016, are outlined below:

	2017 $	2016 $
Chairman	**82,125**	82,125
Non-executive Director	**49,275**	49,275

Additional fees are not currently paid for any board sub-committee on which a director sits, although considerable time commitments have been afforded by directors serving on various board sub-committees.

Non-executive Directors have long been encouraged by the board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company. The remuneration of Non-executive Directors for the year is provided later in this report.

Executive remuneration

Salary packages are measured by the company as Total Employment Cost (TEC). TEC includes all costs associated with employment, which may include, but not limited to, PAYG salary, provision of motor vehicles, FBT, superannuation, salary sacrifice arrangements, and any other approved expenditure, excluding employment oncosts such as payroll tax and workers compensation. Fringe benefits or non-deductible expenditure is grossed up to include the tax effect as part of the cost of providing such benefits in a salary package.

The Group aims to reward executives with a level and mix of TEC remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for the Group and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the Group; and
- Ensure total remuneration is competitive by market standards.

In determining the level and make-up of Executive TEC remuneration, the Remuneration Committee makes reference to external remuneration surveys detailing market levels of remuneration for comparable executive roles, and internal relativities. From these deliberations, the Remuneration Committee makes its recommendations to the Board.

Depending upon the particular role undertaken by Executives, remuneration consists of one or all of the following key elements:

- Base salary and benefits; and
- Short term incentives.

The Group currently has no long-term incentive scheme in place for key management personnel.

REMUNERATION REPORT (AUDITED) (continued)

Fixed Remuneration

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of companywide, business division and individual performance, relevant comparative remuneration in the market, internal relativities and, where appropriate, external advice on policies and practices.

There is no guaranteed base remuneration increase included in any executives' contracts.

Variable Remuneration

The objective of the short-term incentive program (STI) is to link the achievement of the Group's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the Group is reasonable in the circumstances. At this stage, the Remuneration Committee has determined that this variable remuneration component is only offered to Executive officers where direct performance linkages can be established. This policy is reviewed annually.

Short-term incentives payable for executives are capped at a maximum, depending on seniority, of up to 40% of their fixed component of salary. The details of each executive's individual at risk short-term incentive is detailed in the table below under Details of Remuneration of Directors and Executives.

Actual incentive payments granted to relevant senior managers depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators (KPI) covering both revenue and profitability of their areas of responsibility.

Due to the current performance of the Group, no specific KPI's have been set for any key management personnel. STI's are payable at the Board's discretion. This policy will be reviewed once the Group returns to profitability.

Service agreements

It is the Remuneration Committee's policy that employment contracts are entered into with executives to protect the interest of both the Group and the employee. Details of the key terms of these agreements are as follows:

Executive	Position held	Term	Notice Period (required by the KMP)	Notice Period (required by the Group)
R Masters	Chief Executive Officer	On-going	2 months	2 months
A Bond	Company Secretary/CFO	On-going	2 months	2 months; or 6 months if termination is resulting from a take-over of the Group
R Hall(1)	Chief Operations Officer	On-going	2 months	2 months; or 6 months if termination is resulting from a take-over of the Group
M Henderson(2)	Group Marketing Manager	On-going	1 month	1 month
C Mikkelsen	General Manager – Tourism	On-going	2 months	2 months
H Christiansen(3)	Group Operations Manager	On-going	1 month	1 month; or 6 months if termination is resulting from a take-over of the Group
J Price(4)	Group Marketing Manager	On-going	1 month	1 month

(1) appointed 22 May 2017

(2) appointed 1 April 2017

(3) resigned 12 September 2016

(4) resigned 28 February 2017

Amounts paid to key management personnel are disclosed in the relevant section below.

The consultancy services agreement entered into with the Chief Executive Officer provides no termination benefits. Other than statutory leave entitlements, there are no specific termination benefits applicable to the other key management personnel's service agreements.

Changes in key management personnel subsequent to year-end

On 28 July 2017, C Chen was appointed as a Director.

On 1 August 2017, C Mikkelsen's position was made redundant.

Details of Remuneration of Directors and Executives

Details of the remuneration of the directors and other key management personnel are set out in the following tables. The amounts shown are equal to the amount expensed in the Group's financial statements.

	Short Term Benefits			Post Employment Benefits	Long Term Benefits				
2017	Cash salary and fees [(1)] $	Short-term incentives $	Non-monetary benefits [(2)] $	Super-annuation $	Employee leave $	Share-based payments $	Termination Benefits $	Total $	Proportion of remuneration that is performance based %
Non-executive Directors									
S Morrow	51,000	-	-	31,125	-	-	-	82,125	-
P O'Keeffe	45,000	-	-	4,275	-	-	-	49,275	-
A Tse	16,730	-	-	1,590	-	-	-	18,320	-
Y Yang	16,425	-	-	-	-	-	-	16,425	-
S Templeton	30,000	-	-	2,850	-	-	-	32,850	-
W Timms	7,500	-	-	712	-	-	-	8,212	-
Total Non-executive Directors	**166,655**	**-**	**-**	**40,552**	**-**	**-**	**-**	**207,207**	**-**
Executives									
R Masters	410,500	-	-	-	-	-	-	410,500	-
A Bond	227,567	-	680	30,190	3,801	-	-	262,238	-
R Hall	21,243	-	1,136	1,980	592	-	-	24,951	-
C Mikkelsen	108,081	-	-	10,951	1,857	-	-	120,889	-
M Henderson	36,120	-	-	-	-	-	-	36,120	-
H Christiansen	46,669	-	2,495	3,195	-	-	46,625	98,984	-
J Price	98,721	-	441	8,350	-	-	-	107,512	-
Total Executives	**948,901**	**-**	**4,752**	**54,666**	**6,250**	**-**	**46,625**	**1,061,194**	**-**
Total Remuneration	**1,115,556**	**-**	**4,752**	**95,218**	**6,250**	**-**	**46,625**	**1,268,401**	**-**

(1) 'Cash salary and fees' includes annual leave entitlements accrued during the reporting period.

(2) 'Non-monetary benefits' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, insurance and/or professional membership subscriptions.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

REMUNERATION REPORT (AUDITED) (continued)

2016	Short Term Benefits Cash salary and fees (1) $	Short-term incentives $	Non-monetary benefits(2) $	Post Employment Benefits Super-annuation $	Long Term Benefits Employee leave $	Share-based payments $	Termination Benefits $	Total $	Proportion of remuneration that is performance based %
Non-executive Directors									
S Morrow	53,000	-	-	29,125	-	-	-	82,125	-
S Templeton	45,000	-	-	4,275	-	-	-	49,275	-
M Walker	15,000	-	-	1,425	-	-	-	16,425	-
P O'Keeffe	45,000	-	-	4,275	-	-	-	49,275	-
W Timms	38,000	-	-	3,608	-	-	-	41,608	-
Total Non-executive Directors	**196,000**	**-**	**-**	**42,708**	**-**	**-**	**-**	**238,708**	**-**
Executives									
R Masters	340,000	-	-	-	-	-	-	340,000	-
A Bond	203,394	-	658	18,856	751	-	-	223,659	-
H Christiansen	171,193	-	8,096	15,978	1,007	-	-	196,274	-
C Mikkelsen	31,470	-	378	2,776	280	-	-	34,904	-
J Price	117,291	-	463	10,866	983	-	-	129,603	-
Total Executives	**863,347**	**-**	**9,595**	**48,476**	**3,022**	**-**	**-**	**924,440**	**-**
Total Remuneration	**1,059,347**	**-**	**9,595**	**91,184**	**3,022**	**-**	**-**	**1,163,148**	**-**

(1) 'Cash salary and fees' includes annual leave entitlements accrued during the reporting period.

(2) 'Non-monetary benefits' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, insurance and/or professional membership subscriptions.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance are as follows:

	Fixed Remuneration		At risk STI		STI awarded		STI forfeited	
Executive	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**	**2017**	**2016**
R Masters	**77%**	77%	**23%**	23%	**-**	-	**100%**	100%
A Bond	**71%**	71%	**29%**	29%	**-**	-	**100%**	100%
R Hall (1)	**91%**	-	**9%**	-	**-**	-	**100%**	-
M Henderson (2)	**-**	-	**-**	-	**-**	-	**-**	-
C Mikkelsen	**91%**	91%	**9%**	9%	**-**	-	**100%**	100%
H Christiansen (3)	**71%**	71%	**29%**	29%	**-**	-	**100%**	100%
J Price (4)	**91%**	91%	**9%**	9%	**-**	-	**100%**	100%

(1) appointed 22 May 2017

(2) appointed 1 April 2017

(3) resigned 12 September 2016

(4) resigned 28 February 2017

Shareholdings

The number of ordinary shares held in Buderim Group Limited during the financial year by each Director and other members of key management personnel of the Group at 30 June 2017 is set out below:

Ordinary Shares	Interest	Balance 1 July 2016	Received as part of remuneration	Market Acquisition / (Sale)	Other	Balance 30 June 2017
Current Directors						
S Morrow (1)	Indirect	79,348	-	-	39,674	119,022
Retired Directors						
W Timms (2)	Indirect	5,449,996	-	-	(5,449,996)	-
S Templeton (2)	Direct	11,461	-	-	(11,461)	-
	Indirect	1,561,990	-	-	(1,561,990)	-
Executives						
R Masters (3)	Direct	-	-	-	139,000	139,000
	Indirect	548,000	-	-	136,000	684,000
A Bond (1)	Indirect	504,753	-	-	252,377	757,130
H Christiansen (2)	Direct	90,959	-	-	(90,959)	-
C Mikkelsen	Indirect	5,000	-	-	-	5,000
J Price (2)	Direct	6,725	-	-	(6,725)	-

(1) Other represents shares obtained through exercise of renounceable entitlement offer

(2) Other represents shareholdings at the date of resignation as a director or key management person

(3) Other represents shares obtained through exercise of renounceable entitlement offer and transfers between Direct and Indirect holdings

All equity transactions with Non-executive Directors and Executives have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

Other transactions and balances with directors and executives

Transactions between related directors and executives are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Ginger Supplies

S Templeton is a director of Templeton Ginger Pty Ltd, which was considered a related party until S Templeton resigned as Director on 15 February 2017. No sales of ginger bins were made to Templeton Ginger Pty Ltd during the period 1 July 2016 to 15 February 2017 (year ended 30 June 2016: $1,238). Ginger supplies were purchased during the period 1 July 2016 to 15 February 2017 to the value of $106,162 (year ended 30 June 2016: $1,807,297). At 30 June 2017, no amounts are owing to related parties (2016: $389,301).

Maintenance Services

C Mikkelsen is a related party of M Mikkelsen, a sole trader operating under the trading name of Windows That Sparkle. Windows That Sparkle provided maintenance services to *The Ginger Factory* during the year to the value of $855 (2016: $1,680). At 30 June 2017, no amounts were outstanding (2016: nil).

Loans

There were no loans made to key management personnel during the year or prior year and there are no loans outstanding as at 30 June 2017.

END OF AUDITED REMUNERATION REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

Buderim Group Limited and its subsidiaries have entered into Deeds of Indemnity, Insurance and Access. These deeds provide that the company indemnify all current and future directors and secretaries in accordance with the provisions of the *Corporations Act 2001*, and provide them with access to the company books and records for a period of seven years after they cease to be a director or secretary of the company.

During the financial year, the Group has paid premiums in respect of a contract insuring all the directors and officers of Buderim Group Limited against a liability incurred in their role as directors of the company, except where:

(a) the liability arises out of conduct involving a wilful breach of duty; or

(b) there has been a contravention of sections 232(5) or (6) of the *Corporations Act 2001*; and

(c) as permitted by section 199B of the *Corporations Act 2001*.

The directors have not included details of the amount of the premium paid in respect of the Directors and Officers and Supplementary Legal Expenses policies as such disclosure is prohibited under the terms of the contract.

The Group has not, during or since the end of the financial year indemnified or agreed to indemnify the auditor of the Group against a liability incurred as auditor.

OPTIONS

No options over unissued shares or interests in the company or a controlled entity were granted during or since the end of the financial period and there were no options outstanding at the date of this report.

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company *under ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The company is an entity to which the ASIC Instrument applies.

CORPORATE GOVERNANCE

Buderim Group Limited's Board of Directors believes that sound and ethical corporate governance practices are essential to both conformance and performance, and send a positive signal to our workforce, our suppliers, customers and our shareholders about our culture. We also believe that responsiveness to the interests of other stakeholders and the undertaking of responsible and sustainable practices, including the safety and welfare of our employees and the protection of the environment in which we work, will help build a long-term future for the Group.

The Corporate Governance Statement is provided on the corporate website www.bugcorporate.com under the Corporate Governance tab to inform shareholders and other stakeholders of the governance arrangements in the Group.

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 21.

NON-AUDIT SERVICES

The following non-audit services were provided by entities associated with the Group's auditor, BDO Audit Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO received or are due to receive the following amount for the provision of non-audit services:

- Tax compliance and advisory services $52,040

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the *Corporations Act 2001*.

Signed in accordance with a resolution of the directors.

Stephen Morrow
Director
Brisbane, 25 August 2017

AUDITORS' DECLARATION OF INDEPENDENCE

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DECLARATION OF INDEPENDENCE BY T J KENDALL TO THE DIRECTORS OF BUDERIM GROUP LIMITED

As lead auditor of Buderim Group Limited for the year ended 30 June 2017, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Buderim Group Limited and the entities it controlled during the year.

T J Kendall
Director

BDO Audit Pty Ltd

Brisbane, 25 August 2017

CONTENTS TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017

	NOTES	CONSOLIDATED		
		30/06/17 $'000	Restated 30/06/16 $'000	Restated 01/07/15 $'000
CURRENT ASSETS				
Cash and cash equivalents	11	**6,283**	3,901	4,532
Trade and other receivables	12	**9,329**	13,358	9,597
Inventories	13	**23,617**	25,892	25,334
Current tax assets		**29**	175	179
Other current assets	14	**1,071**	962	1,054
Biological assets	18	**1,252**	1,355	1,531
Assets classified as held for sale	10	**-**	10,825	-
TOTAL CURRENT ASSETS		**41,581**	56,468	42,227
NON-CURRENT ASSETS				
Investment accounted for using the equity method	16	**1,174**	1,162	1,205
Property, plant and equipment	17	**33,920**	24,691	34,035
Deferred tax assets	7	**117**	4,670	2,953
Intangible assets	19	**455**	389	2,049
TOTAL NON-CURRENT ASSETS		**35,666**	30,912	40,242
TOTAL ASSETS		**77,247**	87,380	82,469
CURRENT LIABILITIES				
Trade and other payables	21	**13,398**	18,664	14,715
Interest-bearing liabilities	22	**5,393**	23,951	4,327
Short-term provisions	24	**635**	587	637
TOTAL CURRENT LIABILITIES		**19,426**	43,202	19,679
NON-CURRENT LIABILITIES				
Interest-bearing liabilities	22	**8,431**	89	16,697
Other financial liabilities	23	**4,110**	-	-
Deferred tax liabilities	7	**3,273**	4,119	2,960
Long-term provisions	24	**145**	149	43
TOTAL NON-CURRENT LIABILITIES		**15,959**	4,357	19,700
TOTAL LIABILITIES		**35,385**	47,559	39,379
NET ASSETS		**41,862**	39,821	43,090
EQUITY				
Contributed equity	26	**50,628**	39,272	39,272
Reserves		**10,700**	11,044	7,375
Accumulated losses		**(19,466)**	(10,495)	(3,557)
TOTAL EQUITY		**41,862**	39,821	43,090

The Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	CONSOLIDATED	
		30/06/17 $'000	Restated 30/06/16 $'000
INCOME			
Sale of goods		**68,587**	78,473
Change in fair value of biological assets	18	**3,844**	5,469
Cost of sales		**(63,349)**	(73,389)
Gross profit		**9,082**	10,553
Rental revenue		**132**	164
Other income	6 (a)	**2,675**	859
Finance revenue		**14**	6
		11,903	11,582
Share of profit accounted for using the equity method		**62**	56
Selling and distribution expenses		**(4,241)**	(4,974)
Marketing expenses		**(1,183)**	(1,372)
Tourism expenses		**(2,838)**	(2,486)
Administration expenses		**(6,579)**	(6,895)
Impairment expense	28	**-**	(4,508)
Other expenses	6 (b)	**(786)**	(32)
LOSS BEFORE TAX AND FINANCE COSTS		**(3,662)**	(8,629)
Finance costs	6 (c)	**(1,440)**	(938)
LOSS BEFORE INCOME TAX		**(5,102)**	(9,567)
Income tax (expense)/benefit	7	**(3,869)**	2,629
NET LOSS FOR THE YEAR		**(8,971)**	(6,938)
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of land, net of tax		**-**	3,245
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations, net of tax		**(344)**	424
Total other comprehensive (loss)/income, net of tax		**(344)**	3,669
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(9,315)**	(3,269)
Total net loss is attributable to:			
Equity holders of Buderim Group Limited		**(8,971)**	(6,938)
		(8,971)	(6,938)
Total comprehensive income is attributed to:			
Equity holders of Buderim Group Limited		**(9,315)**	(3,269)
		(9,315)	(3,269)
Basic loss per share (cents)	8	**(16.61)**	(16.00)
Diluted loss per share (cents)	8	**(16.61)**	(16.00)

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2017

	NOTES	CONSOLIDATED	
		30/06/17 $'000	30/06/16 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**74,729**	77,743
Payments to suppliers and employees (inclusive of GST)		**(77,781)**	(79,990)
Other receipts		**387**	731
Interest received		**14**	6
Interest and other finance costs paid		**(622)**	(938)
Income tax (paid)/received		**(16)**	44
NET CASH FLOWS USED IN OPERATING ACTIVITIES	11	**(3,289)**	(2,404)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(683)**	(1,124)
Consideration paid for business combination	20	**(350)**	-
Proceeds from sale of equipment		**10**	3
Dividend received from joint venture		**50**	-
Return of equity from joint venture		**-**	100
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(973)**	(1,021)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of new shares		**11,578**	-
Share issue transaction costs		**(222)**	-
Proceeds from issue of convertible notes		**15,000**	-
Convertible notes transaction costs		**(594)**	-
Proceeds from borrowings		**2,157**	7,172
Repayments of borrowings		**(20,907)**	(4,746)
NET CASH FLOWS FROM FINANCING ACTIVITIES		**7,012**	2,426
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**2,750**	(999)
Cash and cash equivalents at beginning of the year		**3,533**	4,532
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11	**6,283**	3,533

The Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2017

	CONSOLIDATED				
		RESERVES			
	Contributed Equity $'000	Asset Revaluation $'000	Foreign Currency Translation $'000	Accumulated Losses $'000	Total Equity $'000
As at 1 July 2015	39,272	6,990	385	(3,557)	**43,090**
Total comprehensive income for the year					
Net loss for year	-	-	-	(6,938)	**(6,938)**
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	424	-	**424**
Change in fair value of land	-	5,278	-	-	**5,278**
Income tax on other comprehensive income items	-	(2,033)	-	-	**(2,033)**
Total comprehensive income for the year	-	3,245	424	(6,938)	**(3,269)**
Transactions with owners in their capacity as owners					
Shares issued, net of transaction costs	-	-	-	-	**-**
As at 30 June 2016	**39,272**	**10,235**	**809**	**(10,495)**	**39,821**
As at 1 July 2016	39,272	10,235	809	(10,495)	**39,821**
Total comprehensive income for the year					
Net loss for year	-	-	-	(8,971)	**(8,971)**
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	(344)	-	**(344)**
Change in fair value of land	-	-	-	-	**-**
Income tax on other comprehensive income items	-	-	-	-	**-**
Total comprehensive income for the year	-	-	(344)	(8,971)	**(9,315)**
Transactions with owners in their capacity as owners					
Shares issued, net of transaction costs	11,356	-	-	-	**11,356**
As at 30 June 2017	**50,628**	**10,235**	**465**	**(19,466)**	**41,862**

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The consolidated financial statements of Buderim Group Limited for the year ended 30 June 2017 was authorised for issue in accordance with a resolution of the directors on 25 August 2017. Buderim Group Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The nature of the operations and principal activities of the Group are described in note 5.

The consolidated financial statements covers the consolidated group of Buderim Group Limited and its controlled entities (the "Group").

2. SIGNIFICANT ACCOUNTING POLICIES

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(a) Basis of preparation

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standards, including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have also been prepared on an accruals basis and are based on historical costs, except for investments, land, biological assets and derivative liability that have been measured at fair value.

The Group has adopted all the new, revised or amended Australian Accounting Standards and AASB Interpretations that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations has impacted the financial performance and position of the Group. Refer to note 2(ag) for further information.

The consolidated financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The company is an entity to which the ASIC Instrument applies.

(b) Going concern

The Group incurred a net loss of $8,971,000 for the year ended 30 June 2017. As at 30 June 2017 the Group had cash reserves of $6,283,000, a net current asset surplus of $22,155,000 and net assets of $41,862,000. The Group operates under finance facilities varied with Rabo Australia Limited ("Rabobank") on 14 November 2016. Included in current liabilities are borrowings of $4,045,000 that were set to expire on 30 November 2017. These loans were classified as current liabilities as they were set to expire within 12 months. The Group did not meet its Debt service cover ratio, Debt to Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") ratio and forecasted EBITDA banking covenant ratios with Rabobank for the period ended 30 June 2017. The Group received a waiver from Rabobank on 25 May 2017 in respect of the expected financial banking covenant breaches as at 30 June 2017. The Group was unable to secure Rabobank requirements from third party warehouses, required in the finance facilities variation. The Group received a waiver from Rabobank on 30 June 2017 in respect of the third party warehouse requirements as at 30 June 2017.

On 9 August 2017 the Group entered into varied finance facilities with Rabobank. The amended facilities remove the Debt Service Cover ratio, modify the EBITDA covenant and extend the facilities through to 1 March 2019.

The directors believe that the going concern basis of preparation of the consolidated financial statements is appropriate given a waiver has been received from Rabobank for the covenants that have been breached, and that the Group's financiers will continue to support the Group following variation of the facilities on 9 August 2017. Further, as discussed in the Directors' Report, the Group is continuing to expand sales distribution and implement cost reduction strategies to improve Group profitability. The Group has access to $4,000,000 in undrawn working capital facility. Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that may differ, either more or less, from those stated in the consolidated financial statements.

(c) Statement of compliance

The consolidated financial statements of Buderim Group Limited and controlled entities comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the consolidated financial statements comply with International Financial Reporting Standards ('IFRS').

(d) Changes in accounting policies, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial reporting period, except for the adoption of new and amended standards as set out in note 2(ag).

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Basis of consolidation

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full. Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised directly in equity as attributable to owners of Buderim Group Limited.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are re-classified to profit or loss.

(f) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as disclosed in note 5.

(g) Investment in jointly controlled entities

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint venture are incorporated in these consolidated financial statements using the equity method of accounting from the date on which the investee became a joint venture. Under the equity method, an investment in a joint venture is initially recognised in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture. The joint venture operates the boat ride "Overboard" and the "Ginger Train" at the tourism facility, *The Ginger Factory* at Yandina.

Where necessary, the entire carrying amount of the investment is tested for impairment.

When a group entity transacts with the joint venture, profits and losses resulting from the transactions within the joint venture are recognised in the Group's consolidated financial statements only to the extent of the interest in the joint venture is not related to the group.

(h) Foreign currency

Functional and presentational currency

The functional currency of each entity of the Group is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian dollars (AUD) or ($), which is Buderim Group Limited's functional and presentational currency.

Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction. Foreign monetary assets and liabilities are translated using the exchange rates prevailing as at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate as at the date of the fair value determination.

Exchange differences arising from the translation of monetary items are recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

Exchange differences arising from the translation of non-monetary items are recognised in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income; otherwise the exchange difference is recognised in profit or loss.

(i) Cash and cash equivalents

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Bank overdrafts are shown within interest-bearing liabilities in current liabilities in the Consolidated Statement of Financial Position.

(j) Trade and other receivables

Trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less an impairment loss for any uncollectible amounts.

An impairment is recognised where there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

(k) Inventories

Inventories are valued at the lower of cost and net realisable value, except for Macadamia produce, which are measured at fair value less costs to sell at the point of harvest.

Macadamias cease to be agricultural produce after picking and are subsequently classified as raw materials, measured at cost.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- **Macadamia produce** – fair value less costs to sell at the point the Macadamia crop becomes non-living. This measurement then becomes the cost recognised under raw materials;
- **Raw materials** – purchase cost on a first-in, first-out basis; and
- **Finished goods and work-in-progress** - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(l) Property, plant and equipment

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is measured at fair value. Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, over the estimated useful life of the assets as follows:

- Tourism buildings 15 years
- Freehold buildings 50 years
- Bearer plants 65 years
- Plant and equipment 3 – 20 years

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end. The useful lives of assets and major depreciation periods used in 2017 are consistent with those used in the prior year.

Refer to note 2(ae) for the fair value measurement.

Increases in the carrying amounts arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the land are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the land; all other decreases are charged to profit or loss.

Upon disposal, any revaluation reserve relating to the land being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the lands' fair value at the reporting date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

(m) Assets classified as held for sale

Non-current assets are classified as held for sale and measured at the lower of carrying amount and fair value less costs to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale.

Classification as "held for sale" occurs when management has committed to a plan for immediate sale; the sale is expected to occur within one year from date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less costs to sell. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

(n) Biological assets

Macadamia produce

The growing macadamia crop is valued in accordance with AASB 141 *Agriculture*. The fair value of the macadamia nuts on trees takes into account current macadamia selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity.

(o) Intangible assets

Goodwill

Goodwill is carried at cost, less any accumulated impairment losses. Goodwill is recognised as the excess of the consideration transferred over the acquisition date fair value of identifiable net assets acquired. Goodwill is not amortised, and is tested for impairment at least annually and is allocated to the cash-generating units for which it relates.

Impairment losses recognised for goodwill are not subsequently reversed.

Trade marks

Trade marks are carried at cost, less any accumulated impairment losses and amortisation. Trade marks have been assessed by the directors as having indefinite useful lives as the related products and brand names will generate net inflows for the Group for an indefinite period. Trade marks are assessed for impairment at least annually and is allocated to the cash-generating unit for which they relate.

Disposals

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the profit or loss when the asset is derecognised.

(p) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs.

Impairment testing is performed annually for goodwill and intangible assets with indefinite useful lives regardless of whether any impairment indicators exist.

When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

An assessment is made at each reporting date as to whether a previously recognised impairment loss in respect of a non-financial asset other than goodwill, can be reversed.

(q) Interest-bearing liabilities

All loans and borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised.

(r) Other financial liabilities

The derivative liability component recognised in other financial liabilities represent the value attributable to the potential adjustments to conversion ratio of the convertible notes issued. They are initially recognised at fair value and subsequently remeasured at each reporting date. Refer to note 4 and 23 for further information.

(s) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(u) Employee benefits

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using corporate bond rates.

(v) Leases

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in profit or loss.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

(w) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be measured reliably. Risks and rewards are considered passed to the buyer at the time of shipment of the goods to the customer.

Interest

Revenue is recognised as the interest accrues using the effective interest method.

Rental income

Rental income is recognised in line with lease commitments defined in lease agreements which is a straight-line basis over the lease term. Contingent rental income is recognised as income in the periods in which it is earned.

(x) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments.

(y) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Deferred income tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary differences are associated with investments in subsidiaries, associates and interest in joint ventures, and the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and unused tax credits, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax losses and unused tax credits can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary differences are associated with investments in subsidiaries, associates and interest in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Current and deferred tax is recognised in profit or loss, except to the extent it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(z) Goods and services tax ('GST') and other value-added taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(aa) Derecognition of financial instruments

The derecognition of a financial asset takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the contractual rights to the cash flows expire, the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party and the relevant derecognition criteria of AASB 139 are satisfied. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(ab) Impairment of financial assets

The Group assesses at each reporting date whether a financial asset or group of financial assets is impaired.

Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost (assuming no impairment has been recognised) at the reversal date.

(ac) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(ad) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. The convertible notes issued during the year have the potential to have a dilutive impact on ordinary shares. As the Group incurred losses for the period, these options are considered antidilutive and are therefore not utilised in dilutive earnings per share calculations.

(ae) Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either: in the principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison where applicable, with external sources of data.

Refer to note 25 for further information.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(af) Comparatives

Where necessary, the comparatives have been reclassified and repositioned to be consistent with current year disclosures. The Group has re-presented its deferred tax assets and deferred tax liabilities to offset those balances within the relevant tax jurisdictions. The impact of this change is outlined below:

	CONSOLIDATED					
	As Previously stated 30/06/16 $'000	Increase/ (Decrease) $'000	**Re-presented 30/06/16 $'000**	As Previously stated 01/07/15 $'000	Increase/ (Decrease) $'000	**Re-presented 01/07/15 $'000**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)						
NON-CURRENT ASSETS						
Deferred tax assets	9,533	(4,863)	**4,670**	6,098	(3,145)	**2,953**
TOTAL NON-CURRENT ASSETS	37,530	(4,863)	**32,667**	44,918	(3,145)	**41,773**
TOTAL ASSETS	92,787	(4,863)	**87,924**	85,614	(3,145)	**82,469**
NON-CURRENT LIABILITIES						
Deferred tax liabilities	9,220	(4,863)	**4,357**	6,105	(3,145)	**2,960**
TOTAL NON-CURRENT LIABILITIES	9,458	(4,863)	**4,595**	22,845	(3,145)	**19,700**
TOTAL LIABILITIES	52,660	(4,863)	**47,797**	42,524	(3,145)	**39,379**
NET ASSETS	40,127	-	**40,127**	43,090	-	**43,090**

(ag) New, revised or amending Accounting Standards and Interpretations adopted

A number of amended standards became applicable for the current reporting period. As a result of the application of AASB 2014-6 *Amendments to Australian Accounting Standards – Agriculture: Bearer Plants*, the Group was required to change its accounting policies in respect to accounting for its macadamia orchard. The application of these amendments result in bearer plants being accounted for in the same way as self-constructed items of property, plant and equipment, rather than as a biological asset under AASB 141 *Agriculture*. The Group is required to make retrospective adjustments as a result of adopting these amendments. The Group recognises a gain on initial recognition of new agricultural produce as it is harvested. This gain was previously recognised in the profit or loss under Cost of sales, however is now been presented under Change in fair value of biological asset in compliance with AASB 141. The impact of these are outlined below:

	CONSOLIDATED					
	Re-presented 30/06/16 $'000	Increase/ (Decrease) $'000	**Restated 30/06/16 $'000**	Re-presented 01/07/15 $'000	Increase/ (Decrease) $'000	**Restated 01/07/15 $'000**
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (EXTRACT)						
CURRENT ASSETS						
Current tax asset	319	(144)	**175**	179	-	**179**
Biological assets	-	1,355	**1,355**	-	1,531	**1,531**
TOTAL CURRENT ASSETS	55,257	1,211	**56,468**	40,696	1,531	**42,227**
NON-CURRENT ASSETS						
Property, plant and equipment	20,370	4,321	**24,691**	29,674	4,361	**34,035**
Biological assets	6,076	(6,076)	**-**	5,892	(5,892)	**-**
Deferred tax assets	4,670	-	**4,670**	2,953	-	**2,953**
TOTAL NON-CURRENT ASSETS	32,667	(1,755)	**30,912**	41,773	(1,531)	**40,242**
TOTAL ASSETS	87,924	(544)	**87,380**	82,469	-	**82,469**
NON-CURRENT LIABILITIES						
Deferred tax liabilities	4,357	(238)	**4,119**	2,960	-	**2,960**
TOTAL NON-CURRENT LIABILITIES	4,595	(238)	**4,357**	19,700	-	**19,700**
TOTAL LIABILITIES	47,797	(238)	**47,559**	39,379	-	**39,379**
NET ASSETS	40,127	(306)	**39,821**	43,090	-	**43,090**
EQUITY						
Reserves	11,038	6	**11,044**	7,375	-	**7,375**
Accumulated losses	(10,183)	(312)	**(10,495)**	(3,557)	-	**(3,557)**
TOTAL EQUITY	40,127	(306)	**39,821**	43,090	-	**43,090**

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(ag) New, revised or amending Accounting Standards and Interpretations adopted (continued)

	CONSOLIDATED		
	As Previously stated 30/06/16 $'000	Increase/ (Decrease) $'000	**Restated 30/06/16 $'000**
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT)			
Change in fair value of biological assets	-	5,469	**5,469**
Cost of sales	(67,516)	(5,873)	**(73,389)**
Gross profit	10,957	(404)	**10,553**
LOSS BEFORE TAX AND FINANCE COSTS	(8,225)	(404)	**(8,629)**
LOSS BEFORE INCOME TAX	(9,163)	(404)	**(9,567)**
Income tax benefit	2,537	92	**2,629**
NET LOSS FOR THE YEAR	(6,626)	(312)	**(6,938)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations, net of tax	418	6	**424**
Total other comprehensive income, net of tax	3,663	6	**3,669**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(2,963)	(306)	**(3,269)**
Total net loss is attributable to:			
Equity holders of Buderim Group Limited	(6,626)	(306)	**(6,938)**
	(6,626)	(306)	**(6,938)**
Total comprehensive income is attributed to:			
Equity holders of Buderim Group Limited	(2,963)	(306)	**(3,269)**
	(2,963)	(306)	**(3,269)**
Basic loss per share (cents)	(15.28)	(0.72)	**(16.00)**
Diluted loss per share (cents)	(15.28)	(0.72)	**(16.00)**

The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting any further changes to Australian Accounting Standards.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The effectiveness of the processes put in place and the appropriateness of the objectives and policies are discussed regularly at Board level. Management also reviews the risk management policies and processes and reports their findings to the Audit and Compliance Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

The Group's principal financial instruments comprise bank loans, overdraft, payables, cash and short-term deposits and receivables.

The main purpose of these financial instruments is to raise finance for the Group's operations. It is, and has been throughout the reporting period, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are market risks including interest rate risk and other risks including foreign currency risk, liquidity risk and credit risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

The Group's accounting policies in relation to financial instruments are set out in note 2.

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

(a) Interest rate risk

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's term debt obligations.

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt.

To manage this risk in a cost-effective manner, the Group may enter into interest rate swaps, in which the Group agrees to exchange, at specified intervals, the difference between fixed and variable interest amounts calculated by reference to an agreed-upon notional principal amount. These swaps are designated to hedge underlying debt obligations.

As at reporting date the Group had the following variable rate borrowings:

	CONSOLIDATED			
	30/06/17 Effective Interest Rate %	**30/06/17 Balance $'000**	30/06/16 Effective Interest Rate %	30/06/16 Balance $'000
Bank overdraft (FJD)	**9.49%**	**-**	9.49%	368
Working capital facility (AUD)	**-**	**-**	3.85%	6,000
Bank bill facility (AUD)	**3.67%**	**4,045**	3.90%	11,349
Bank bill facility (USD)	**-**	**-**	2.46%	5,432

An analysis of maturities is provided in (e) below.

At reporting date, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining consistent would be as follows:

	30/06/17			30/06/16		
	Exposure at 30 June $'000	**+1% $'000**	**-1% $'000**	Exposure at 30 June $'000	+1% $'000	-1% $'000
Interest-bearing liabilities	**4,045**	**(40)**	**40**	23,149	(230)	230

(b) Foreign currency risk

As a result of significant investment operations in Fiji and the United States, the Group's Consolidated Statement of Financial Position can be affected significantly by movements in the USD/AUD and FJD/AUD exchange rates.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 32% (2016: 34%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 89% (2016: 89%) of costs are denominated in the unit's functional currency.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

At 30 June, the effect on profit and equity as a result of changes in the rates between the AUD and foreign currencies, with all other variables remaining consistent would be as follows:

	30/06/17			30/06/16		
	Exposure at 30 June $'000	+10% $'000	-10% $'000	Exposure at 30 June $'000	+10% $'000	-10% $'000
Balances held in USD	**18,296**	**(1,663)**	**2,033**	16,357	(1,487)	1,817
Balances held in FJD	**543**	**(49)**	**60**	(78)	7	(9)
Balances held in GBP	**36**	**(3)**	**5**	168	(15)	19
Balances held in EUR	**-**	**-**	**-**	(61)	6	(7)
Balances held in CAD	**236**	**(21)**	**26**	50	(5)	6
Balances held in NZD	**71**	**(6)**	**8**	-	-	-

(c) Commodity risk

The Group is exposed to commodity risks in the ginger and macadamia segments.

Processes are in place to monitor the price risks associated with commodities such as ginger, macadamias and other ingredients such as sugar. Where appropriate forward contracts are established to minimise exposure to price risks for these commodities.

Commodity production risk is minimised through crop insurance and where appropriate, sourcing commodities from multiple geographical locations.

(d) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations to the entity. Credit risk arises principally from trade and other receivables and derivatives.

The objective of the Group is to minimise risk of loss from credit risk exposure. To achieve this, the Group has established a number of policies and processes to manage credit risk from receivables and derivatives. The Group trades only with recognised, credit worthy third parties. Collateral (in the form of a guarantee) is normally obtained from customers. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the objective that the Group's exposure to bad debts is minimised.

Credit risk from receivables is measured through the use of credit agency reports on worthiness, trading history and days sales outstanding ratios. Credit risk from derivatives is measured through monitoring of foreign exchange and interest rate movements. The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the Consolidated Statement of Financial Position.

(e) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, finance leases and bill facilities. The Group's policies for determining the level of debt entered into is examined on a yearly basis in conjunction with financiers.

The Group has established a number of policies and processes for managing liquidity risk. These include:

- Continuously monitoring actual and daily cashflows of all Group entities;
- Continuously monitoring longer-term forecast cashflow requirements of the Group;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows;
- Maintaining adequate borrowing facilities such as unused credit or overdraft facilities;
- Monitoring measures of borrowing such as EBIT/Interest, EBIT/Sales, Gearing and Debt to Equity ratios;
- Monitoring liquidity ratios such as working capital;
- Managing the timing of outflows designated for reduction for liabilities in accordance with usual industry practice; and
- Liquidity risk is measured using liquidity ratios such as working capital.

The Group has access to debt facilities held with Rabobank and Westpac Banking Corporation. The facility limits and undrawn balances as at reporting date are noted below:

Debt facility		30/06/17		30/06/16	
	Expiry Date	**Facility Limit $'000**	**Undrawn $'000**	Facility Limit $'000	Undrawn $'000
Bank overdraft (AUD)[1]	30/11/17	**455**	**455**	550	550
Bank overdraft (FJD)[1]	30/11/17	**312**	**312**	321	79
Bank overdraft (USD)[1]	30/11/17	**194**	**194**	201	201
Working capital facility[2]	30/11/17	**4,000**	**4,000**	7,500	1,500
Bank bill facility (AUD)[2]	30/11/17	**4,045**	**-**	11,349	-
Bank bill facility (USD)[2]	-	**-**	**-**	5,432	-

1: Held with Westpac Banking Corporation

2: Held with Rabobank

The Group had access to the following undrawn borrowing facilities at the reporting date:

Bank Guarantee Facility

Rabobank provides for the issue of a $1.00 million guarantee(s) in favour of the Group's nominated banks in Australia and Fiji in connection with overdraft, rental performance guarantees and transactional facilities.

Financiers

Rabobank is the Group's principal financiers, whilst Westpac Banking Corporation and Bank of Hawaii supply retail banking facilities such as overdraft, dividend, share purchase plan accounts, credit cards, business and corporate on-line facilities to group entities.

Maturity analysis

Financial liabilities have differing maturity profiles depending on contractual term and in the case of borrowings, different repayment amounts and frequency. The periods in which the principal and interest (where applicable) of recognised and unrecognised financial liability balances will be paid based on the remaining period to repayment date assuming contractual repayments are maintained, may vary from carrying amounts due to future interest to be incurred on amortising liability amounts. The bank overdraft and working capital bill facilities may be drawn down at any time but may be terminated by the bank without notice.

Maturity Analysis – Group – 2017

FINANCIAL LIABILITIES	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	< 6 MTHS $'000	6-12 MTHS $'000	1-3 YEARS $'000	> 3 YEARS $'000
Non-derivatives						
Trade and other payables	13,398	13,398	13,398	-	-	-
Interest-bearing liabilities	13,824	21,483	4,395	712	16,376	-
Total Non-derivatives	**27,222**	**34,881**	**17,793**	**712**	**16,376**	**-**

Maturity Analysis – Group – 2016

FINANCIAL LIABILITIES	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	< 6 MTHS $'000	6-12 MTHS $'000	1-3 YEARS $'000	> 3 YEARS $'000
Non-derivatives						
Trade and other payables	18,664	18,664	18,664	-	-	-
Interest-bearing liabilities	24,040	24,902	4,324	20,578	-	-
Total Non-derivatives	**42,704**	**43,566**	**22,988**	**20,578**	**-**	**-**

Refer to note 22 interest-bearing liabilities for further details.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact of the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are outlined below:

(i) Significant accounting judgments

Going concern assessment

The Group has prepared the consolidated financial statements on a going concern basis. Refer to note 2(b) for further information.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and accumulated tax losses to the extent they are available to be offset with deferred tax liabilities.

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumption of future events.

(ii) Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimate of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 28.

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the large number of debtors, this assessment is either based on supportable past collection history and historical write-offs of bad debts and/or known occurrences of debtor's inability to honour commitments.

Macadamia produce

The current year macadamia crop is not considered harvested as this crop is attached to the trees and therefore classified as a biological asset and valued in accordance with AASB 141 *Agriculture*. In applying this standard, the Group has made various assumptions at the reporting date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold. The assumptions are detailed in note 18.

Other financial liabilities

The Group is required to measure its other financial liabilities, being the derivative liability component of the convertible notes issued at fair value. In determining the fair value of the derivative liability component, a number of key assumptions are required to be made. Refer to note 23 for further information on these assumptions.

5. SEGMENT INFORMATION

Description of segments

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets, and thus form the basis of the reports reviewed by the Board and the executive management committee.

The reportable segments for the year ended 30 June 2017 were as follows:

Ginger - manufacture in Australia and Fiji of a variety of confectionery ginger and other ginger-based products and marketing to industrial, food service and retail customers throughout the world;

Macadamias - production and processing in Australia and Hawaii of macadamia products and marketing to wholesale and retail customers throughout the world;

Tourism - the sale of ginger products and other retail gift and food products, and the provision of leisure activities within the Australian tourism market.

Other

The Fiji ginger business is not a reportable segment under AASB 8, since its results are not reviewed by the Board and executive management separately from the rest of the ginger business. As such it is not a separate operating segment and cannot be a separate reporting segment. Information about the Fiji ginger business has been disclosed within the Ginger Segment.

The Hawaiian macadamia business is not a reportable segment under AASB 8, since its results are not reviewed by Board and executive management separately from the rest of the macadamia business. As such it is not a separate operating segment and cannot be a separate reporting segment. Information about the Hawaiian macadamia business has been disclosed within the Macadamia Segment.

The Group generally accounts for inter-segmental sales and transfers as if the sales or transfers were to third parties at current market prices. This results in transfer pricing between business segments, being set on an arm's length basis. Revenues are attributed to geographic areas based on the location of the assets producing the revenues.

Segment accounting policies are the same as the Group's policies described in note 2. The adoption of new, revised or amended Accounting Standards and Interpretations, as detailed in note 2(ag) have impacted the Macadamias reporting segment and USA geographical location. There were no other changes in segment accounting policies that had a material effect on the segment information.

Reportable segments

Segment information provided to the Board and executive management committee for the years ended 30 June 2017 and 30 June 2016 is as follows:

REPORTABLE SEGMENTS	Ginger		Tourism		Macadamias		Total	
	30/06/17 $'000	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000
Income								
Sales of goods to external customers	**25,221**	25,169	**4,559**	4,254	**38,807**	49,050	**68,587**	78,473
Sales of goods to internal segments	**1,662**	1,493	**-**	-	**4,761**	4,738	**6,423**	6,231
Other revenue / income	**2,431**	602	**132**	164	**244**	257	**2,807**	1,023
Total segment revenue	**29,314**	27,264	**4,691**	4,418	**43,812**	54,045	**77,817**	85,727
Consolidation adjustments	**(1,662)**	(1,493)	**-**	-	**(4,761)**	(4,738)	**(6,423)**	(6,231)
Total Income							**71,394**	79,496
Results								
Segment result	**(534)**	(6,424)	**(173)**	174	**(2,713)**	(2,026)	**(3,420)**	(8,276)
Share of profit of jointly controlled entities'	**-**	-	**62**	56	**-**	-	**62**	56
Corporate overhead expenses	**(641)**	(433)	**(116)**	(71)	**(987)**	(843)	**(1,744)**	(1,347)
Contribution to group (loss)/profit	**(1,175)**	(6,857)	**(227)**	159	**(3,700)**	(2,869)	**(5,102)**	(9,567)
Finance costs	**1,058**	539	**-**	-	**382**	399	**1,440**	938
Finance revenue	**(14)**	(6)	**-**	-	**-**	-	**(14)**	(6)
Depreciation & amortisation	**1,066**	1,412	**185**	236	**901**	883	**2,152**	2,531
EBITDA	**935**	(4,912)	**(42)**	395	**(2,417)**	(1,587)	**(1,524)**	(6,104)
Loss before income tax							**(5,102)**	(9,567)
Income tax (expense)/benefit	**(3,642)**	2,040	**68**	(48)	**(295)**	637	**(3,869)**	2,629
Net loss for the year							**(8,971)**	(6,938)
Inventory write-downs and provisions	**242**	294	**-**	-	**548**	1,342	**790**	1,636
Material other items								
Fair value gain on other financial liabilities	**(2,288)**	-	**-**	-	**-**	-	**(2,288)**	-
Impairment expense	**-**	2,897	**-**	-	**-**	1,611	**-**	4,508
Total	**(2,288)**	2,897	**-**	-	**-**	1,611	**(2,288)**	4,508

5. SEGMENT INFORMATION (continued)

GEOGRAPHICAL LOCATION	Australia		USA		Other		Total	
	30/06/17 $'000	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000
Sales of goods to external customers	**24,058**	25,756	**23,945**	27,741	**20,584**	24,976	**68,587**	78,473
Sales of goods to internal locations	**6,155**	6,231	**268**	-	**-**	-	**6,423**	6,231
Other revenue / income	**4,657**	2,761	**(1,852)**	(1,657)	**2**	(81)	**2,807**	1,023
Total geographical revenue	**34,870**	34,748	**22,361**	26,084	**20,586**	24,895	**77,817**	85,727
Consolidation adjustments							**(6,423)**	(6,231)
Total income							**71,394**	79,496
Total geographical assets	**57,237**	68,630	**15,030**	19,045	**4,980**	5,112	**77,247**	92,787
Total geographical liabilities	**25,212**	41,812	**9,831**	10,453	**342**	395	**35,385**	52,660

Revenue is attributable to external customers based on location of the customer.

'Other' represents sales to foreign countries that are not individually material to the Group and include the Asia, Europe and the South Pacific.

Major Customers (defined as > 10% of Group turnover)

During the period ended 30 June 2017, revenues of $6,402,000 (2016: $8,934,000) were derived from sales to Customer A through the ginger and macadamia segment. In total, the 2017 revenue recorded through sales to Customer A amounted to more than 9% (2016: 11%) of the Group's revenues from external customers. Revenues of $9,461,000 (2016: $5,966,000) were derived from sales to Customer B through the ginger and macadamia segment. In total the 2017 revenue recorded through sales to Customer B amounted to more than 13% (2016: 7%) of the Group's revenue from external customers.

6. INCOME AND EXPENSES

	Note	CONSOLIDATED 30/06/17 $'000	30/06/16 $'000
(a) Other income			
Net foreign exchange gains		**-**	128
Sundry income		**355**	316
Fair value gain on other financial liabilities	23 (b)	**2,288**	-
Government grants		**32**	415
Total other income		**2,675**	859
(b) Other expenses			
Net foreign exchange losses		**775**	-
Sundry expenses		**11**	32
Total other expenses		**786**	32
(c) Finance costs			
Bill facility		**602**	924
Bank loans and overdraft		**20**	14
Convertible notes		**818**	-
Total finance costs		**1,440**	938
(d) Depreciation and amortisation			
Depreciation of non-current assets			
Plant and equipment		**1,542**	1,912
Bearer plants		**173**	175
Buildings		**437**	444
Total depreciation and amortisation	17	**2,152**	2,531
(e) Operating lease payments			
Minimum lease payments on operating leases		**898**	879
(f) Employee benefits expense			
Employee benefits expense (excluding superannuation costs)		**15,570**	14,511
Superannuation costs – defined contribution		**997**	930
Total employee benefits expense		**16,567**	15,441
(g) Inventory write-downs and provisions		**790**	1,637

7. INCOME TAX

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Major components of income tax expense/(benefit) for the years ended 30 June 2017 and 30 June 2016 are:		
Statement of Comprehensive Income		
Current income tax		
Current income tax expense/(benefit)	**-**	-
Adjustments in respect of current income tax of previous years	**(22)**	44
Deferred income tax		
Derecognition of previously recognised deferred tax assets	**4,558**	-
Relating to origination and reversal of temporary differences	**(667)**	(2,673)
	3,869	(2,629)

A reconciliation of income tax expense/(benefit) to accounting loss before income tax at the statutory income tax rate for the years ended 30 June 2017 and 30 June 2016 is as follows:

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Accounting loss before tax	**(5,102)**	(9,567)
At the statutory income tax rate of 30% (2016: 30%)	**(1,531)**	(2,870)
Australia under/over provision	**28**	22
USA under/over provision	**(6)**	(49)
Tax adjustment due to tax in foreign jurisdictions	**143**	67
Australian deferred tax assets derecognised from prior years	**4,558**	-
Australian deferred tax assets not brought to account for the year	**666**	-
Other	**11**	201
	3,869	(2,629)

Deferred tax benefits are recognised for deductible temporary differences and accumulated losses incurred in both the Ginger and the Macadamia segments in the current and preceding period to the extent they are available to be offset with deferred tax liabilities.

At 30 June 2017, there is no recognised or unrecognised deferred income tax liability (2016: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

Tax on other comprehensive income

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Income tax on other comprehensive income items	**-**	(2,033)
Income tax on exchange difference on translation of foreign operations	**-**	-
Income tax on changes in fair value of cash flow hedges	**-**	-
	-	(2,033)

Tax consolidation

Buderim Group Limited and its wholly owned Australian resident subsidiaries are a tax consolidated group. All members of the tax consolidated group are taxed as a single entity from the date they enter the group. Members of the group apply the group allocation approach in determining the amount of current tax and deferred taxes recognised by members of the tax consolidation group. The head entity and other members of the tax consolidated group have entered into a tax sharing agreement. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Buderim Group Limited.

Movement in deferred tax balances for the years ended 30 June 2017 and 30 June 2016

	CONSOLIDATED				
	Revaluation of Land $'000	Accelerated Depreciation $'000	Employment Benefits $'000	Tax Losses to Offset / Other $'000	Total $'000
Deferred tax assets					
As at 1 July 2016	-	-	633	9,140	**9,773**
Recognition in equity	-	-	-	-	**-**
Recognition in profit	-	-	(239)	(3,030)	**(3,269)**
As at 30 June 2017	**-**	**-**	**394**	**6,110**	**6,504**
Set-off of deferred tax liabilities pursuant to set-off provisions					**(6,387)**
Net deferred tax assets at 30 June 2017					**117**
Deferred tax liabilities					
As at 1 July 2016	(7,208)	(1,033)	-	(979)	**(9,220)**
Exchange differences	182	-	-	-	**182**
Recognition in profit	-	(653)	-	31	**(622)**
As at 30 June 2017	**(7,026)**	**(1,686)**	**-**	**(948)**	**9,660**
Set-off of deferred tax assets pursuant to set-off provisions					**6,387**
Net deferred tax liabilities at 30 June 2017					**(3,273)**

	CONSOLIDATED				
	Revaluation of Land $'000	Accelerated Depreciation $'000	Employment Benefits $'000	Tax Losses to Offset / Other $'000	Total $'000
Deferred tax assets					
As at 1 July 2015	-	-	954	5,144	**6,098**
Recognition in equity	-	-	-	-	**-**
Recognition in profit	-	-	(321)	3,996	**3,675**
As at 30 June 2016	**-**	**-**	**633**	**9,140**	**9,773**
Set-off of deferred tax liabilities pursuant to set-off provisions					**(5,103)**
Net deferred tax assets at 30 June 2016					**4,670**
Deferred tax liabilities					
As at 1 July 2015	(5,095)	(324)	-	(686)	**(6,105)**
Exchange differences	(80)	-	-	-	**(80)**
Recognition in equity	(2,033)	-	-	-	**(2,033)**
Recognition in profit	-	(709)	-	(293)	**(1,002)**
As at 30 June 2016	**(7,208)**	**(1,033)**	**-**	**(979)**	**(9,220)**
Set-off of deferred tax assets pursuant to set-off provisions					**5,103**
Net deferred tax liabilities at 30 June 2016					**(4,119)**

7. INCOME TAX (continued)

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

- Tax losses: operating losses $15,400,000 (2016: nil)
- Tax losses: capital losses $2,016,000 (2016: nil)

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility occur. These amounts have no expiry date.

8. EARNINGS PER SHARE

The following reflects the income and share data used in the basic earnings per share computations:

	CONSOLIDATED	
	30/06/17	30/06/16
Net loss after tax attributable to ordinary shareholders of Buderim Group Limited, used in the calculation of basic and diluted earnings per share ($'000)	**(8,917)**	(6,938)
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	**54,019,803**	43,363,090
Basic and diluted earnings per share (cents per share)	**(16.61)**	(16.00)

The following potential ordinary shares are antidilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:

	CONSOLIDATED	
	30/06/17 Number of Notes	30/06/16 Number of Notes
Convertible notes issued 15 February 2017	**37,500,000**	-
	37,500,000	-

9. DIVIDENDS PAID OR PROPOSED

No dividends have been paid during the 2017 year for the year ended 30 June 2016 (2016: nil). No dividend has been declared for the year ended 30 June 2017 (2016: nil).

10. ASSETS CLASSIFIED AS HELD FOR SALE

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Property, plant and equipment	**-**	10,825
	-	10,825

The Group's Yandina property was classified as held for sale at 30 June 2016 as the Board had commenced a plan for a sale and leaseback of the Group's Yandina property. The Group ceased to offer its Yandina property for sale as announced on 5 October 2016; and it is therefore reclassified as property, plant and equipment.

11. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Reconciliation of cash and cash equivalents		
Cash balance comprises:		
– cash at bank and on hand	**6,283**	3,901
– overdraft	**-**	(368)
Closing cash balance	**6,283**	3,533

Cash at bank earns interest at floating rates based on daily bank deposit rates.

Reconciliation of loss after tax to the net cash flows from operations

	30/06/17 $'000	30/06/16 $'000
Net loss	**(8,971)**	(6,938)
Adjustments for:		
Depreciation of non-current assets	**2,152**	2,531
Impairment of goodwill and fixed assets	**-**	4,508
Change in fair value of biological assets	**(3,844)**	(5,469)
Non-cash adjustments for cost of goods sold	**3,741**	5,293
Fair value gain on other financial liabilities	**(2,288)**	-
Inventory write-down and provisions	**790**	1,637
Share of profit of jointly controlled entities	**(62)**	(56)
Net exchange differences	**283**	128
Transaction fees for derivative liability	**253**	-
Interest expense on host debt liability	**818**	-
Government grants	**(32)**	(415)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**4,029**	(3,761)
(Increase)/decrease in inventories	**1,485**	(1,963)
(Increase)/decrease in biological assets	**103**	176
(Increase)/decrease in deferred tax assets	**4,553**	(4,346)
(Increase)/decrease in prepayments	**(109)**	92
(Decrease)/increase in trade and other payables	**(5,534)**	4,364
(Decrease)/increase in tax provision	**146**	4
(Decrease)/increase in deferred tax liability	**(846)**	1,755
(Decrease)/increase in other provisions	**44**	56
Net cash flow from operating activities	**(3,289)**	(2,404)

(i) Disclosure of financing facilities - refer to note 22.

(ii) Disclosure of non-cash financing and investing activities - There has been no plant and equipment acquired by way of lease during 2017 or 2016.

(iii) All cash and cash equivalents are categorised as "loans and receivables". They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

12. TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Trade receivables [(i)]	**8,993**	13,009
Deposits and other loans	**32**	43
Other receivables	**166**	253
	9,191	13,305
Related party receivables [(ii)]		
Jointly controlled entities	**138**	53
	138	53
Carrying amount of trade and other receivables	**9,329**	13,358

(i) Trade receivables are non-interest bearing and are generally on 30-60 day terms. An impairment loss is made when there is objective evidence that a trade receivable is impaired.
The amount of impairment loss is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. No impairment loss has been recognised in the profit or loss in the current period.
All receivables that are neither past due or impaired are with long standing clients who have a good credit history with the Group.
The carrying amounts of trade and other receivables are assumed to approximate their fair values due to their short-term nature.
There are no significant concentrations of credit risk, whether through exposure to individual customers or specific industry sectors.

Aging analysis of "past due, not impaired" trade receivables:

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
61 - 90 days	**34**	12
> 90 days	**41**	115
Total	**75**	127

(ii) For items and conditions relating to related party receivables refer to note 32.

(iii) All trade and other receivables are categorised as "loans and receivables". They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

13. INVENTORIES (CURRENT)

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Raw materials (at lower of cost and net realisable value)	**12,202**	12,423
Work-in-progress (at cost)	**464**	521
Finished goods (at lower of cost and net realisable value)	**10,951**	12,948
	23,617	25,892

Refer to note 6(g) for the recognised expenses for inventories carried at net realisable value. This is recognised in cost of sales in the profit or loss.

14. OTHER CURRENT ASSETS

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Prepayments	**1,071**	962
	1,071	962

15. INVESTMENT IN CONTROLLED ENTITIES

Name		Country of incorporation	Percentage of equity interest held by the Group	
			30/06/17 %	30/06/16 %
Buderim Ginger (Overseas) Holdings Pty Ltd	(i)	Australia	**100**	100
Buderim Baking Company Pty Ltd	(i)	Australia	**100**	100
Buderim Ginger America, Inc.	(ii)	United States	**100**	100
Frespac Ginger (Fiji) Ltd	(ii)	Fiji	**100**	100
Agrimac Macadamias Pty Ltd	(i)	Australia	**100**	100
MacFarms, LLC	(iii)	United States	**100**	100

(i) Investment by Buderim Group Limited

(ii) Investment by Buderim Ginger (Overseas) Holdings Pty Ltd

(iii) Investment by Buderim Ginger America, Inc.

Acquisition and disposals of controlled entity

No acquisitions or disposals occurred during the year ended 30 June 2017 (2016: nil).

16. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Name		Country of incorporation	Percentage of equity interest held by the entity		Investment Consolidated	
			30/06/17 %	30/06/16 %	**30/06/17 $'000**	30/06/16 $'000
Ginger Head Quarters Pty Ltd	(i)	Australia	**50**	50	**1,174**	1,162
					1,174	1,162

(i) Buderim Group Limited has a 50% interest in the joint venture Ginger Head Quarters Pty Ltd with DPG Enterprises Pty Ltd. The joint venture entity is involved in tourism activities within *The Ginger Factory* tourism complex at Yandina.

16. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD (continued)

The reporting date of Ginger Head Quarters Pty Ltd is the same as Buderim Group Limited. There were no impairment losses, capital commitments or contingent liabilities relating to the investment in this entity. The following table illustrates summarised information of the investment in Ginger Head Quarters Pty Ltd.

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Share of joint venture's balance sheet:		
Current assets	**337**	244
Non-current assets	**889**	933
Current liabilities	**(99)**	(63)
Net assets	**1,127**	1,114
Share of joint venture's revenues and profit:		
Revenue	**473**	448
Expenses	**(384)**	(368)
Profit before income tax	**89**	80
Income tax expense	**(27)**	(24)
Profit after income tax	**62**	56
Other comprehensive income	**-**	-
Total comprehensive income for the year	**62**	56
Reconciliation of movement in investment		
Opening balance	**1,162**	1,206
Return of capital	**-**	(100)
Dividend paid	**(50)**	-
Profit/(loss) after tax	**62**	56
Closing balance	**1,174**	1,162
Major components included in joint venture financial statements		
Balance sheet		
Cash at bank and on hand	**247**	179
Buildings and plant and equipment	**794**	838
Goodwill	**95**	95
Revenues and expenses		
Depreciation and amortisation	**66**	65

17. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED							
	Leasehold land $'000	Freehold land $'000	Buildings on leasehold land $'000	Buildings on freehold land $'000	Bearer Plants $'000	Plant and equipment $'000	Capital works in progress $'000	Total $'000
At 1 July 2016 (restated)								
Cost or fair value	719	11,825	1,166	1,251	4,497	27,815	389	**47,662**
Accumulated depreciation	-	-	(1,018)	(91)	(176)	(18,841)	-	**(20,126)**
Accumulated impairment	-	-	-	-	-	(2,845)	-	**(2,845)**
Net book amount	**719**	**11,825**	**148**	**1,160**	**4,321**	**6,129**	**389**	**24,691**
Year ended 30 June 2017								
Opening net book amount	719	11,825	148	1,160	4,321	6,129	389	**24,691**
Exchange differences	(21)	(413)	(7)	(39)	(147)	(68)	-	**(695)**
Revaluation surplus	-	-	-	-	-	-	-	**-**
Additions	-	-	-	-	-	1,198	63	**1,261**
Disposals	-	-	-	-	-	(10)	-	**(10)**
Transfers	-	-	-	-	-	389	(389)	**-**
Transfers from classified as held for sale	-	6,900	-	3,925	-	-	-	**10,825**
Depreciation charge	-	-	(66)	(371)	(173)	(1,542)	-	**(2,152)**
Impairment	-	-	-	-	-	-	-	**-**
Closing net book amount	**698**	**18,312**	**75**	**4,675**	**4,001**	**6,096**	**63**	**33,920**
At 30 June 2017								
Cost or fair value	698	18,312	1,132	11,739	4,340	29,080	63	**65,364**
Accumulated depreciation	-	-	(1,057)	(7,064)	(339)	(20,139)	-	**(28,599)**
Accumulated impairment	-	-	-	-	-	(2,845)	-	**(2,845)**
Net book amount	**698**	**18,312**	**75**	**4,675**	**4,001**	**6,096**	**63**	**33,920**

17. PROPERTY, PLANT AND EQUIPMENT (continued)

CONSOLIDATED	Leasehold land $'000	Freehold land $'000	Buildings on leasehold land $'000	Buildings on freehold land $'000	Bearer Plants $'000	Plant and equipment $'000	Capital works in progress $'000	Total $'000
At 1 July 2015 (restated)								
Cost or fair value	515	13,429	1,126	11,897	4,361	29,825	917	**62,070**
Accumulated depreciation	-	-	(917)	(6,473)	-	(20,645)	-	**(28,035)**
Accumulated impairment	-	-	-	-	-	-	-	**-**
Net book amount	**515**	**13,429**	**209**	**5,424**	**4,361**	**9,180**	**917**	**34,035**
Year ended 30 June 2016 (restated)								
Opening net book amount	515	13,429	209	5,424	4,361	9,180	917	**34,035**
Exchange differences	18	204	7	37	135	56	-	**457**
Revaluation surplus	186	5,092	-	-	-	-	-	**5,278**
Additions	-	-	-	-	-	735	389	**1,124**
Disposals	-	-	-	-	-	(2)	-	**(2)**
Transfers	-	-	-	-	-	917	(917)	**-**
Transfers from classified as held for sale	-	(6,900)	-	(3,925)	-	-	-	**(10,825)**
Depreciation charge	-	-	(68)	(376)	(175)	(1,912)	-	**(2,531)**
Impairment	-	-	-	-	-	(2,845)	-	**(2,845)**
Closing net book amount	**719**	**11,825**	**148**	**1,160**	**4,321**	**6,129**	**389**	**24,691**
At 30 June 2016 (restated)								
Cost or fair value	719	11,825	1,166	1,251	4,497	27,815	389	**47,662**
Accumulated depreciation	-	-	(1,018)	(91)	(176)	(18,841)	-	**(20,126)**
Accumulated impairment	-	-	-	-	-	(2,845)	-	**(2,845)**
Net book amount	**719**	**11,825**	**148**	**1,160**	**4,321**	**6,129**	**389**	**24,691**

(a) Assets pledged as security

Rabobank holds a registered equitable first mortgage over the Group's assets. The terms of this first mortgage preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times. The convertible noteholders hold a registered equitable second mortgage over the Group's property assets through the Buderim Security Trust.

(b) Valuations of leasehold and freehold land

Information about the valuation of leasehold and freehold land is provided in note 25.

The leasehold land in Fiji was valued on the 20 May 2016 by Rolle Associates (Fiji), the freehold land in Hawaii was valued on 31 May 2016 by CBRE Valuation and Advisory Services, and the freehold land in Yandina was valued on 30 June 2016 by Colliers International (Australia). The directors do not believe there has been a material movement in fair value since the valuations were conducted. The freehold land in Yandina was transferred back to property, plant and equipment in 2017, from its 2016 classification of assets classified as held for sale. Refer to note 10 for further information.

(c) Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold and leasehold land were stated on the historical cost basis, the amounts would be as follows:

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Freehold Land		
Cost	**94**	94
Accumulated Depreciation	**-**	-
Net book amount	**94**	94
Leasehold Land		
Cost	**2,585**	2,585
Accumulated depreciation	**-**	-
Net book amount	**2,585**	2,585

18. BIOLOGICAL ASSETS

Biological assets comprise of macadamia nuts growing on macadamia trees.

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Balance as at 1 July	**1,355**	1,531
Change in fair value due to biological transformation	**3,844**	5,469
Transfer of harvested macadamia nuts to inventory	**(3,947)**	(5,645)
Balance as at 30 June	**1,252**	1,355

As part of its operations, the Group grows, harvests, processes and sells macadamia nuts. As at 30 June 2017, the Group owned a total of 4,013 acres of macadamia orchard located on the Big Island of Hawaii (2016: 4,013 acres). The orchard produced a total of 9.62m lbs of wet in shell macadamia nuts for the year ended 30 June 2017 (2016: 11.34m lbs).

(a) Change in accounting policy

The Group has applied the amendments made to the accounting standards in relation to the accounting for bearer plants from 1 July 2015, see note 2 (ag) for further information.

(b) Asset pledged as security

Information about assets pledged as security is provided in note 17(a).

(c) Fair value

Information about the valuation of macadamia nuts growing on trees is provided in note 25.

19. INTANGIBLE ASSETS

	CONSOLIDATED		
	Goodwill $'000	Trade marks $'000	Total $'000
Balance as at 1 July 2016			
Cost (gross carrying amount)	1,945	218	**2,163**
Accumulated amortisation and impairment	(1,557)	(217)	**(1,774)**
Net carrying amount	**388**	**1**	**389**
Year ended 30 June 2017			
At 1 July 2016, net of accumulated amortisation	388	1	**389**
Additions	69	-	**69**
Impairment expense	-	-	**-**
Foreign exchange movement / other	(3)	-	**(3)**
At 30 June 2017, net of accumulated amortisation	**454**	**1**	**455**
Balance as at 30 June 2017			
Cost (gross carrying amount)	2,007	218	**2,225**
Accumulated amortisation and impairment	(1,553)	(217)	**(1,770)**
Net carrying amount	**454**	**1**	**455**

	CONSOLIDATED		
	Goodwill $'000	Trade marks $'000	Total $'000
Balance as at 1 July 2015			
Cost (gross carrying amount)	1,938	218	**2,156**
Accumulated amortisation and impairment	(37)	(70)	**(107)**
Net carrying amount	**1,901**	**148**	**2,049**
Year ended 30 June 2016			
At 1 July 2015, net of accumulated amortisation	1,901	148	**2,049**
Additions	-	-	**-**
Impairment expense	(1,517)	(147)	**(1,664)**
Foreign exchange movement / other	4	-	**4**
At 30 June 2016, net of accumulated amortisation	**388**	**1**	**389**
Balance as at 30 June 2016			
Cost (gross carrying amount)	1,945	218	**2,163**
Accumulated amortisation and impairment	(1,557)	(217)	**(1,774)**
Net carrying amount	**388**	**1**	**389**

(a) Asset pledged as security

Information about assets pledged as security is provided in note 17(a).

(b) Impairment testing

Refer note 28 for information about the impairment assessment of goodwill and intangible assets with indefinite useful lives.

20. BUSINESS COMBINATIONS

Alpine Beverages

On 2 June 2017, the parent entity acquired the assets of Alpine Soft Drinks (Aust) Pty Ltd, a beverage bottling business. The cost of the acquisition was $646,000 to be paid in cash, with deferred consideration payable over six months.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

Purchase consideration	$'000
Cash paid	**350**
Deferred consideration	**296**
Total purchase consideration	**646**

The fair value of the assets and liabilities of the Alpine Soft Drinks (Aust) business, acquired as at the date of acquisition, are as follows:

Fair value of assets acquired and liabilities assumed	$'000
Trade and other receivables	**2**
Inventories	**50**
Other current assets	**1**
Property, plant and equipment	**537**
Trade and other payables	**(7)**
Long-term provisions	**(6)**
Net identifiable assets acquired	**577**
add Goodwill	**69**
Net assets acquired	**646**

The goodwill is attributable to the established procedures, workforce and benefits of expected synergies of the acquiree.

(a) Acquisition costs

Acquisition-related costs of $30,000 are included in Administration expenses in the Statement of Profit or Loss and Other Comprehensive Income.

(b) Acquisition receivables

The fair value of the acquired trade and other receivables are $2,000. These are expected to be fully recovered.

(c) Revenue and profit contribution

The acquired business contributed revenues of $16,000 and loss of $41,000 to the Group for the period 2 June to 30 June 2017. If the acquisition had occurred on 1 July 2016, the acquisition would have contributed to the Group revenues for the year of $371,000, a profit of $45,000 and additional cost savings to the Ginger business of $726,000. These figures are management's best estimates, with the information available at the date of this report.

21. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
CURRENT		
Trade payables (i)	**8,203**	13,862
Other payables (ii)	**5,057**	4,704
Interest payable (iii)	**1**	7
	13,261	18,573
Related party payables (iv)		
Joint venture entities	**137**	91
	137	91
Carrying amount of trade and other payables	**13,398**	18,664

(i) Trade and other payables are non-interest bearing and are normally settled on 30 – 45 day terms. The net of GST payable and GST receivable is remitted to the appropriate tax body on a monthly basis.

(ii) The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short-term nature.

(iii) Interest payable is normally settled monthly throughout the financial year.

(iv) For terms and conditions relating to related parties refer to note 32.

(v) All trade and other payables are categorised as "other financial liabilities". They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

22. INTEREST-BEARING LIABILITIES

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
CURRENT		
Secured		
Bank overdraft (a)	**-**	368
Bank bill facility (b)	**4,045**	22,781
Bank loans (b)	**673**	802
Convertible notes (c)	**675**	-
	5,393	23,951
NON-CURRENT		
Secured		
Bank loans (b)	**26**	89
Convertible notes (c)	**8,405**	-
	8,431	89

(a) Bank overdraft

The bank overdraft facilities are secured by a bank guarantee provided by Rabobank. The interest rate on the overdraft facilities is approximately 9.49% (2016: 9.49%).

(b) Bank loans and bill facilities

On the 14 November 2016 Buderim Group Limited entered into a restated letter of offer with its principal financier, Rabobank. The restated facilities included an 12-month term loan facility of $10,948,790, foreign term loan facility of USD$3,800,000 and a working capital facility of $6,000,000. Bank loans are secured over the assets of the Group. The term loans are drawn on a rolling basis using bill facilities. The effective interest rate on the bill facilities is currently 3.67% (2016: 3.54%). The Group received a waiver from Rabobank on 25 May 2017 in respect to the expected Debt service cover ratio and forecasted EBITDA and a waiver on 30 June 2017 in respect of the third-party warehouse requirements as at reporting date. The Group failed to meet its Debt Service Cover ratio, Debt to EBITDA ratio, forecasted EBITDA and third-party warehouse requirements for the year ended 30 June 2017.

Refer to note 29 for information regarding varied finance facilities entered into on 9 August 2017.

Other bank loans include, MacFarms LLC loan facilities are at an average interest rate of 3.78% (2016: 3.55%) which are supported by a guarantee from the parent entity. This loan represents funding of general insurance premiums. Buderim Group Limited's loan is at an average interest rate of 5.12% (2016: 4.91%). This loan represents funding of equipment purchases.

(c) Convertible notes

On 15 February 2017, the parent entity issued the following convertible notes at $0.40 per note with a coupon rate of 4.5% per annum:

- 25,000,000 to Wattle Hill RHC Fund 1 SPV Ltd (WHC); and
- 12,500,000 to Asia Mark Development Limited (AMD)

The notes are convertible into fully paid ordinary shares of the parent entity, at the option of the noteholder, or repayable on 15 February 2020. The conversion ratio for each note held is one note to one fully paid ordinary share, but subject to adjustments for re-organising or reconstructions of equity. The convertible notes are presented in the consolidated statement of financial position as follows:

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Face value of notes issued	**15,000**	-
Amount recognised as other financial liabilities	**(6,398)**	-
less Amortised transaction costs	**(340)**	-
	8,262	-
Interest expense [1]	**818**	-
Interest paid	**-**	-
	9,080	-
Current liability [2]	**675**	-
Non-current liability	**8,405**	-
	9,080	-

1) Interest expense is calculated by applying the effective interest rate of 25.59% to the host debt liability component.

2) Current liability portion represents the 4.5% coupon payable on the anniversary of the issue of convertible notes. The balance is presented as non-current.

The initial fair value of the host debt liability portion of the convertible notes was determined as the residual balance between the face value of the notes issued and the fair value of the derivative liability recognised. The derivative liability represents the value attributable to the potential adjustment to the conversion ratio on conversion of the notes. The host debt liability is subsequently recognised on an amortised cost basis until extinguished on conversion or maturity of the notes.

(d) Fair value

The carrying amount of bank related interest-bearing liabilities reasonably approximate their fair values due to the relatively short-term nature of these liabilities.

The host debt liability portion of the convertible notes are held at amortised cost. This host debt liability represents the 4.5% annual coupon payable and $15,000,000 payable at the maturity of the notes. The fair value of this host debt liability, as at 30 June 2017, is considered to be $14,858,000, representing the net present value of future cash flows. The key assumption utilised in determining the fair value of host debt liability is the rate utilised in discounting the future cash flows. The Group has utilised 5.50%, representing the interest rate applicable to a similar debt-instrument in determining this fair value.

23. OTHER FINANCIAL LIABILITIES

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Derivative liability component	**4,110**	-
	4,110	-

On 15 February 2017, the parent entity issued 37,500,000 convertible notes. Refer note 22 for further details on issue of convertible notes.

(a) Transaction costs

Transaction costs of $253,000 associated with the derivative liability component of the convertible notes are included in Administration expenses in the consolidated statement of profit or loss and other comprehensive income.

(b) Fair value

The derivative liability component of the convertible notes are to be measured at fair value on each reporting date. Information about the valuation of the derivative component is provided in note 25.

The fair value as at initial recognition on 15 February 2017 was $6,398,000. The valuation as at 30 June 2017 resulted in a $2,288,000 fair value gain recognised in the consolidated statement of profit or loss and other comprehensive income.

24. PROVISIONS

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
CURRENT		
Employee benefits	**635**	587
	635	587
NON-CURRENT		
Employee benefits	**145**	149
	145	149

25. FAIR VALUE MEASUREMENT

This note explains the judgements and estimates made in determining the fair values of the assets and liabilities that are recognised and measured at fair value in the financial statements.

(a) Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated 2017	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets					
Leasehold land	17	-	698	-	**698**
Freehold land	17	-	18,312	-	**18,312**
Assets classified as held for sale	10	-	-	-	**-**
Macadamia nuts growing on trees	18	-	-	1,252	**1,252**
Total non-financial assets		**-**	**19,010**	**1,252**	**20,262**
Other financial liabilities					
Derivative liability component	23	-	-	4,110	**4,110**
Total other financial liabilities		**-**	**-**	**4,110**	**4,110**

Consolidated 2016	Notes	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets					
Leasehold land	17	-	719	-	**719**
Freehold land	17	-	11,825	-	**11,825**
Assets classified as held for sale	10	-	10,825	-	**10,825**
Macadamia nuts growing on trees	18	-	-	1,355	**1,355**
Total non-financial assets		**-**	**23,369**	**1,355**	**24,724**
Other financial liabilities					
Derivative liability component	23	-	-	-	**-**
Total other financial liabilities		**-**	**-**	**-**	**-**

(b) Transfers between fair value hierarchy

There were no movements between any of the three-level hierarchy classifications.

25. FAIR VALUE MEASUREMENT (continued)

(c) Fair value measurements using significant unobservable inputs (level 3)

The following tables present the changes in level 3 items for the years ended 30 June 2017 and 30 June 2016 for recurring fair value measurements:

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Macadamia nuts growing on trees		
Balance as at 1 July	**1,355**	1,531
Gains recognised in profit or loss	**3,844**	5,469
Reclassification to inventory	**(3,947)**	(5,645)
Balance as at 30 June	**1,252**	1,355
Derivative liability component		
Balance as at 1 July	**-**	-
Initial recognition of convertible notes	**6,398**	-
Gain recognised in profit or loss	**(2,288)**	-
Balance as at 30 June	**4,110**	-

(d) Valuation processes

Leasehold and Freehold land

The Group engages external, independent and qualified valuers to determine the fair value of the Group's leasehold and freehold land at least every three years. A directors' valuation has been performed for the leasehold and freehold land as at 30 June 2017. The last independent valuations of these leasehold and freehold lands were performed as follows:

- The leasehold land in Fiji was valued on 20 May 2016 by Rolle Associates (Fiji);
- The freehold land in Hawaii was valued on 31 May 2016 by CBRE Valuation and Advisory Services; and
- The freehold land in Yandina was valued on 30 June 2016 by Colliers International (Australia).

The directors do not believe there has been a material movement in fair value since the valuations were conducted. The independent valuations were determined by the direct comparison approach, utilising recent observable market data for similar properties. Key inputs include the price per square metre. There were no changes during the year in the valuation techniques used by the Group to determine Level 2 fair values.

Macadamia nuts growing on trees

The Group has a team that performs valuations of the Group's biological assets for financial reporting purposes, including Level 3 fair values. This team reports directly to the Chief Financial Officer (CFO) and the Audit & Compliance Committee (ACC). Discussions of valuation processes and results are held between the CFO, ACC and the valuation team at least once every six months, in line with the Group's half-yearly reporting requirements.

The main level 3 inputs used by the Group are derived and evaluated as follows:

- Volume of macadamia nuts on trees is determined utilising known growth cycles and expected macadamia orchard yields. Expected yields are estimated based upon historical yields and adjusted for climatic conditions and observations of the current crop growing in the orchard.
- Selling prices are based on average trend prices for wet in shell macadamia nuts.
- Growing, processing and selling costs are based on long term average levels.

As the macadamia growth cycle is complete within 12 months, no adjustment has been made for discounting future harvests to net present value.

Derivative liability component

The Group engages external, independent and qualified advisors to determine the fair value of the Group's derivative liability component of its convertible notes. The valuation determines the fair value of the derivative component through a Binomial option pricing model.

(e) Valuation inputs and relationships to fair value

Macadamia nuts growing on trees

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. Refer to section (d) above for the valuation techniques adopted.

Valuation inputs	Relationship of unobservable inputs to fair value	2017	2016
Forecasted macadamia orchard yield (million lbs)	The higher the macadamia nut yield, the higher the fair value	**10.29**	10.50
Selling prices of wet in shell macadamia nuts (US $ per pound)	The higher the wet in shell sell price, the higher the fair value	**0.78**	0.77
Costs of disposal, including growing, processing and selling costs (US $ per pound)	The higher the costs of disposal, the lower the fair value	**0.46-0.58**	0.42-0.52

Derivative liability component

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. Refer to section (d) above for the valuation techniques adopted.

Valuation inputs	Relationship of unobservable inputs to fair value	2017	2016
Historical 3-year volatility (%)	The higher the volatility, the higher the fair value	**67**	70
Dividend yield (%)	The higher the dividend yield, the higher the fair value	**-**	-

26. CONTRIBUTED EQUITY AND RESERVES

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Issued and paid up capital		
Fully paid ordinary shares	**50,628**	39,272
	50,628	39,272

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Movements in ordinary shares on issue	Date	Issue Price	Number of shares	$'000
Balance as at 1 July 2016			43,363,090	39,272
Shares issued – Placement	28/12/16	$0.40	6,504,463	2,602
Shares issued – Renounceable rights offer	14/03/17	$0.36	24,934,065	8,976
Less: Transaction costs arising on share issues			-	(222)
Balance as at 30 June 2017			**74,801,618**	**50,628**

Movements in ordinary shares on issue	Date	Issue Price	Number of shares	$'000
Balance as at 1 July 2015			43,363,090	39,272
Shares issued			-	-
Balance as at 30 June 2016			**43,363,090**	**39,272**

26. CONTRIBUTED EQUITY AND RESERVES (continued)

Nature and purpose of reserve

Asset revaluation

The asset revaluation reserve is used to record increments and decrements in the fair value of non-current assets. The reserve can only be used to pay dividends in limited circumstances.

Foreign currency translation

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Dividend

No dividend has been declared or paid during the year ended 30 June 2017.

27. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain motor vehicles, forklifts, office equipment and premises where it is not in the best interest of the Group to purchase these assets. These leases have 3-5-year lives. On 2 June 2017, the Group entered into commercial 5-year lease agreements for factory premises with options to extend for a further 6 years.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Within one year	**810**	630
After one year and not more than five years	**1,302**	902
In excess of five years	**-**	-
	2,112	1,532

Finance lease commitments – Group as lessee

The Group has no finance leases or hire purchase contracts.

Other commitments

At 30 June 2017 the Group has commitments of $461,000 (2016: $796,000) principally relating to committed plant and equipment purchases and supply of manufacturing inputs. Commitments contracted at reporting date, but not recognised as liabilities are as follows:

	CONSOLIDATED	
	30/06/17 $'000	30/06/16 $'000
Within one year		
– Plant and equipment purchases	**21**	362
– Consumables used in production processes	**440**	434
	461	796

28. IMPAIRMENT TESTING

The Group is required to test its intangible assets with indefinite useful lives annually for impairment, along with its other non-financial assets when indications of impairment are identified. Given the nature of assets held by the Group, including intangible assets and factory plant and equipment which do not generate cash inflows that are largely independent of other assets, the Group must determine the recoverable amount for the cash-generating unit (CGU) to which the asset belongs. The identified CGUs, which are consistent with prior financial periods, comprise the Australian and Fijian Ginger divisions, Tourism division and Australian and USA Macadamia divisions.

The Group has identified the following indications of impairment:

- The carrying amount of the net assets of the Group is more than its market capitalisation; and
- Evidence is available from internal reporting that indicates that the economic performance of the Groups' assets are worse than expected.

The Group has calculated the value-in-use for all CGU's to determine their recoverable amount. The value-in-use calculation utilises the 2018 financial budget and 2019 financial forecast, approved by the Board of Directors, to determine the future net cash flows arising from the continued use of the CGUs' assets. These cash flows are then discounted to present value utilising pre-tax weighted average costs of capital rates. When the value-in-use does not support the carrying amount of a CGU's assets, the Group calculates the CGU's fair value less costs of disposal (FVLCD). The recoverable amount is the higher of value-in-use and FVLCD.

For the purposes of impairment assessment, goodwill acquired through business combinations is allocated to individual CGU's for which it relates. No amount of goodwill or intangible assets with indefinite useful lives have been allocated across multiple CGUs.

CONSOLIDATED	Ginger Australia		Ginger Fiji		Tourism		Macadamia USA		Total	
	30/06/17 $'000	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000
Goodwill	**69**	-	**108**	109	**218**	218	**58**	61	**453**	388
Trade marks	**-**	-	**1**	1	**-**	-	**-**	-	**1**	1
	69	-	**109**	110	**218**	218	**58**	61	**454**	389

The recoverable amounts of Ginger Australia and Tourism CGUs are determined based on a value in use calculation whilst Ginger Fiji, Macadamia Australia and Macadamia USA are determined base on FVLCD.

The key assumptions utilised in managements value-in-use calculations are detailed below:

Pre-tax discount rate applied for each cash-generating unit
- Ginger Australia 12.0% (2016: 12.0%)
- Ginger Fiji 13.6% (2016: 13.6%)
- Tourism 12.0% (2016: 12.0%)
- Macadamias Australia 12.0% (2016: 12.0%)
- Macadamias USA 12.7% (2016: 12.7%)

Other key assumptions
- Ginger Australia revenue growth – Included in the sales forecasts are the anticipated launch, and subsequent growth, of Ginger Australia products in the Chinese market. Further, the Group has utilised existing product margins and known shipping and distribution charges for the additional sales to China.
- Tourism revenue growth – Included in the tourism forecasts are an increase in Tourism visitor numbers through engagement with Chinese tourism operators.
- Revenue – Sales forecasts for existing markets is based on expected macadamia and ginger intakes and expected tourism sales.
- Gross margins – Current percentage achievements assumed going forward. Adjustment has been made based on anticipated movements in labour rate and supply contracts.
- Overheads – Inflation increase applied along with known contract revisions, assessed by each segment and department.
- The following 20-year average CPI for each country of operation has been utilised as the growth rates applied to cash forecasts including the period beyond five years:
  - Ginger Australia, Macadamias Australia and Tourism: 2.49% (2016: 3.00%)
  - Ginger Fiji: 3.39% (2016: 3.00%)
  - Macadamias USA: 2.16% (2016: 3.00%)

In determining the FVLCD, the Group has obtained independent valuations for all non-financial assets to represent the realisable values and made allowance for 3% disposal costs. The basis for fair value of land has been detailed in note 17(b). Plant and equipment valuations were obtained from Hymans Valuers and Auctioneers and is defined as the amount of money at which a given property or chattel would change hands between a willing buyer and a willing seller, in an appropriate marketplace, when neither is acting under compulsion and when both have reasonable knowledge of relevant facts, including installation and other turnkey costs and assumes that the earnings support the value reported.

28. IMPAIRMENT TESTING (continued)

No impairments were recognised during the year:

CONSOLIDATED	Ginger Australia		Macadamia USA		Total	
	30/06/17 $'000	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000	**30/06/17 $'000**	30/06/16 $'000
Goodwill	**-**	-	**-**	1,517	**-**	1,517
Trade marks	**-**	147	**-**	-	**-**	147
Plant and equipment	**-**	2,750	**-**	94	**-**	2,844
	-	2,897	**-**	1,611	**-**	4,508

Sensitivity

As disclosed in note 4, the directors have made judgements and estimates in respect of impairment testing of goodwill and trade marks. Should these judgements and estimates not occur the resulting goodwill and trade mark carrying amounts may decrease. The table below shows the percentages by which the discount and growth rates for each CGU reliant upon value-in-use calculation and disposal costs for those CGUs reliant upon FVLCD would need to change before goodwill and/or trade marks would need to be impaired, with all other assumptions remaining constant. The sensitivities are as follows:

Cash-Generating Unit	Basis for recoverable amount	Discount Rate Increase (%)	Growth Rate Reduction (%)	Realised Value Decrease (%)
Ginger Australia	Value-in-use	16.6	46.0	-
Ginger Fiji	FVLCD	-	-	44.8
Tourism	Value-in-use	20.1	66.7	-
Macadamias Australia	FVLCD	-	-	68.4
Macadamias USA	FVLCD	-	-	19.5

29. EVENTS AFTER THE REPORTING DATE

The Directors are not aware of any significant events since the end of the reporting period, other than the following.

On 9 August 2017 the Group entered into a restated letter of offer with its principal financier, Rabo Australia Limited (Rabobank). The restated facilities include term loan facilities of AUD$3.95 million, expiring 1 March 2019 and a revolving working capital facility of AUD$4.00 million to be fully repaid by 31 December each year and may be redrawn to $4.00 million after 31 January in the following year. The interest margin on the term loan facility was increased by 0.25 percent. The provision of a bank guarantee facility of $1.00 million remained unchanged with the exception of an extension of its expiry date from 30 November 2017 to 1 March 2019. Changes to the convenants included the removal of the Debt Service Coverage ratio and modification of the target EBITDA covenant.

30. DIRECTORS AND EXECUTIVE DISCLOSURES

Details of Compensation of Directors and Executives

Details of the nature and amount of each element of the remuneration of Key Management Personnel of the company and the Group for the financial year can be found in the remuneration report in the director's report. Refer to note 32 for other KMP transactions.

	CONSOLIDATED	
	30/06/17 $	30/06/16 $
Short-term employee benefits		
Cash salary and fees	**1,115,556**	1,059,347
Non-Monetary	**4,752**	9,595
Post-employment benefits		
Superannuation	**95,218**	91,184
Other long-term employee benefits		
Long service leave	**6,250**	3,022
Termination benefits	**46,625**	-
	1,268,401	1,163,148

31. AUDITORS' REMUNERATION

	CONSOLIDATED	
	30/06/17 $	30/06/16 $
Amounts received or due and receivable by BDO Audit Pty Ltd and associated entities for:		
– audit or review of the financial report of the parent entity and any other entity in the consolidated group	**121,242**	157,873
– tax advice in relation to the entity and any other entity in the consolidated entity	**52,040**	30,215
– other assurance services in relation to the entity and any other entity in the consolidated entity	**-**	-
	173,282	188,088
Amounts received or due and receivable by internationally related practices of BDO for:		
– an audit or review of the financial report of subsidiaries	**44,860**	49,325
– tax advice in relation to subsidiaries	**57,619**	140,488
	102,479	189,813
Amounts received or due and receivable by aliz pacific Chartered Accountants & Business Advisors Suva & Nadi		
– an audit or review of the financial report of subsidiaries	**5,370**	5,438
	5,370	5,438
	281,131	383,339

32. RELATED PARTY DISCLOSURES

Parent entity

Parent entity details are set out in note 34.

Entities subject to class order relief

Pursuant to *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785*, relief has been granted to certain controlled entities of Buderim Group Limited from the *Corporations Act 2001* requirements for preparation, audit, publication and lodgement of their financial reports. As a condition of the ASIC Instrument, Buderim Group Limited and the controlled entities, subject to the ASIC Instrument, entered into a Deed of Indemnity on 4 February 1990. Members of the closed group include Buderim Ginger (Overseas) Holdings Pty Ltd, Buderim Baking Company Pty Ltd and Agrimac Macadamias Pty Ltd. The effect of the deed is that Buderim Group Limited has guaranteed to pay any deficiency in the event of winding up of the members of the close group. The members of the closed group have also given a similar guarantee in the event that Buderim Group Limited is wound up.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income of the entities which are members of the "Closed Group" are as follows:

	CLOSED GROUP	
	30/06/17 $'000	30/06/16 $'000
INCOME		
Sale of goods	**49,101**	56,964
Cost of sales	**(42,364)**	(48,791)
Gross profit	**6,737**	8,173
Rental revenue	**132**	164
Dividend income	**-**	1,448
Other income	**3,868**	2,597
Finance revenue	**14**	6
	10,751	12,388
Share of profit accounted for using the equity method	**62**	56
Selling and distribution expenses	**(3,095)**	(3,617)
Marketing expenses	**(1,096)**	(1,266)
Tourism expenses	**(2,838)**	(2,486)
Administration expenses	**(5,054)**	(4,950)
Impairment expense	**-**	(4,508)
Other expenses	**-**	(2)
LOSS BEFORE TAX AND FINANCE COSTS	**(1,270)**	(4,385)
Finance costs	**(1,125)**	(603)
LOSS BEFORE INCOME TAX	**(2,395)**	(4,988)
Income tax (expense) / benefit	**(4,558)**	1,707
NET LOSS FOR THE YEAR	**(6,953)**	(3,281)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Exchange differences on translation of foreign operations, net of tax	**-**	-
Total other comprehensive income/(loss) net of tax	**-**	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	**(6,953)**	(3,281)
Total net loss is attributable to:		
Equity holders of Buderim Group Limited	**(6,953)**	(3,281)
	(6,953)	(3,281)
Total comprehensive loss is attributed to:		
Equity holders of Buderim Group Limited	**(6,953)**	(3,281)
	(6,953)	(3,281)

The Consolidated Statement of Financial Position of the entities which are members of the "Closed Group" are as follows:

	CLOSED GROUP	
	30/06/17 $'000	30/06/16 $'000
CURRENT ASSETS		
Cash and cash equivalents	**4,658**	1,992
Trade and other receivables	**12,035**	12,030
Inventories	**16,720**	18,199
Current tax assets	**-**	-
Other current assets	**425**	449
Assets classified as held for sale	**-**	10,825
TOTAL CURRENT ASSETS	**33,838**	43,495
NON-CURRENT ASSETS		
Receivables	**12,283**	15,088
Investments	**1,298**	1,298
Investments accounted for using equity method	**1,174**	1,162
Property, plant and equipment	**14,646**	4,271
Deferred tax assets	**-**	4,558
Intangible assets	**287**	218
TOTAL NON-CURRENT ASSETS	**29,688**	26,595
TOTAL ASSETS	**63,526**	70,090
CURRENT LIABILITIES		
Trade and other payables	**11,625**	16,863
Interest-bearing liabilities	**5,031**	23,257
Short-term provisions	**635**	587
Current tax liabilities	**-**	-
TOTAL CURRENT LIABILITIES	**17,291**	40,707
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	**8,431**	89
Other financial liabilities	**4,110**	-
Long-term provisions	**145**	149
TOTAL NON-CURRENT LIABILITIES	**12,686**	238
TOTAL LIABILITIES	**29,977**	40,945
NET ASSETS	**33,549**	29,145
EQUITY		
Contributed equity	**50,628**	39,272
Reserves	**3,968**	3,968
Accumulated losses	**(21,048)**	(14,095)
TOTAL EQUITY	**33,549**	29,145
Movement in retained earnings		
Opening balance	**(14,095)**	(10,814)
Net loss for the year	**(6,953)**	(3,281)
Equity dividend	**-**	-
Closing balance	**(21,048)**	(14,095)

32. RELATED PARTY DISCLOSURES (continued)

Subsidiaries

Interests in subsidiaries are set out in note 15.

Joint ventures

Interest in joint ventures are set out in note 16.

Key management personnel

Disclosures relating to key management personnel are set out in note 30 and the remuneration report included in the Directors' report.

Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Ginger Head Quarters Pty Ltd

The Group provided operational and management services totalling $649,847 (2016: $662,062) to Ginger Head Quarters Pty Ltd which is involved in tourism activities within *The Ginger Factory* tourism complex in Yandina. Additionally, the Group incurred purchases of ticket sales totalling $945,641 (2016: $984,631) relating to the *Ginger Train* and *Overboard* rides at *The Ginger Factory*. There are amounts of $137,335 (2016: $90,710) owing to Ginger Head Quarters Pty Ltd and $138,187 (2016: $53,060) owing from the joint venture at reporting date.

Templeton Ginger Pty Ltd

The Group made purchases of ginger totalling $106,162 (2016: $1,807,297) from Templeton Ginger Pty Ltd, a company related to S Templeton. The Group made no sales of ginger bins to the related party in financial year (2016: $1,238). Templeton Ginger Pty Ltd was considered a related party until S Templeton resigned as Director on 15 February 2017. Amounts disclosed for 2017 are for the period 1 July 2016 to 15 February 2017, whilst the comparative 2016 period is 1 July 2015 to 30 June 2016. Amounts owing to related parties in 2016 totalled $389,301.

Windows That Sparkle

The Group made purchases of maintenance services for *The Ginger Factory* of $855 (2016: $1,680) from Windows That Sparkle, a sole-trader operation related to C Mikkelsen. There are no amounts owing to or from the related party at reporting date (2016: nil).

Asia Mark Development Limited

The parent entity issued 12,500,000 convertible notes at $0.40 per note on 15 February 2017 to Asia Mark Development Limited, a major shareholder. The convertible notes pay an annual coupon of 4.5%. Accrued coupon payable at reporting date totals $83,835 (2016: nil).

MacFarms of Hawaii 401(k) Profit Sharing Plan

The Group elected to make a discretionary contribution amounting to $200,600 (2016: $200,203) to the accounts of eligible employees under the MacFarms of Hawaii (401k) Profit Sharing Plan, a self-administered deferred profit sharing plan for eligible employees of MacFarms, LLC. There were no outstanding contributions payable at reporting date (2016: $196,041). The Group made payments to Hicks Pension Services on behalf of the MacFarms of Hawaii 401(k) Profit Sharing Plan of $9,083 in relation to administration fees (2016: $10,025).

33. CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 22, cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 26 and on the face of the Consolidated Statement of Changes in Equity. There are no externally imposed capital requirements. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital, as demonstrated in the table below. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position (including minority interest) plus net debt.

Asset and capital structure

	TOTAL OPERATIONS	
	30/06/17 $'000	30/06/16 $'000
Net Gearing		
Debts:		
Interest-bearing liabilities	**13,824**	24,040
Cash and cash equivalents	**(6,283)**	(3,901)
Net debt	**7,541**	20,139
Total equity	**41,862**	39,821
Total capital employed	**49,403**	59,960
	15.3%	33.6%
Assets funded by external stakeholders		
Total assets	**77,247**	87,380
Total liabilities	**35,385**	47,559
	45.8%	54.4%

34. PARENT ENTITY INFORMATION

The *Corporations Act 2001* requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Buderim Group Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described in note 2.

	PARENT ENTITY	
	30/06/17 $'000	30/06/16 $'000
Current assets	**18,555**	18,159
Non-current assets	**23,985**	28,535
Total assets	**42,540**	46,694
Current liabilities	**10,646**	29,971
Non-current liabilities	**12,696**	244
Total liabilities	**23,342**	30,215
Net assets	**19,198**	16,479
Issued capital	**50,628**	39,272
Asset revaluation reserve	**3,968**	3,968
Accumulated losses	**(35,398)**	(26,761)
Total shareholder's equity	**19,198**	16,479
Net loss for the year	**(8,637)**	(8,478)
Total comprehensive loss for the year	**(8,637)**	(8,478)

34. PARENT ENTITY INFORMATION (continued)

Guarantees

The parent entity has guaranteed under the terms of *ASIC Corporations (Wholly-owned Companies) Instrument 2016/785* any deficiency of funds if Buderim Ginger (Overseas) Holdings Pty Ltd, Buderim Baking Company Pty Ltd and Agrimac Macadamias Pty Ltd are wound up.

The parent entity has provided a guarantee to Westpac, Suva, Fiji in the sum of AUD $300,000 (FJD $500,000) to indemnify the Westpac Banking Corporation for an overdraft facility made available to Frespac Ginger (Fiji) Ltd.

Contractual commitments

At 30 June 2017 the parent entity has commitments of $461,000 (2016: $796,000) principally relating to supply of manufacturing inputs. These amounts represent commitments contracted at reporting date, but not recognised as liabilities.

Contingent liabilities

The parent entity has no contingent liabilities, other than the guarantees detailed above (2016: nil).

35. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

AASB 9 Financial Instruments, mandatory for the Group's 30 June 2019 financial statements

AASB 9 introduces changes in the classification and measurement of financial assets and financial liabilities, impairment of financial assets and new rules for hedge accounting. The Group has not yet made an assessment of the impact the adoption of this new standard may have.

AASB 15 Revenue from Contracts with Customers, mandatory for the Group's 30 June 2019 financial statements

The new standard consolidates existing standards and interpretations into one standard and changes the fundamental concept of revenue recognition. Under AASB 15, the Group must recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 *Revenue*. The Group has not yet made an assessment of the impact the adoption of this new standard may have.

AASB 16 Leases, mandatory for the Group's 30 June 2020 financial statements

The new standard eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires the Group to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. The Group will be required to recognise a lease liability and a right of use asset in its balance sheet for any significant operating leases outstanding at the date of initial application, 1 July 2019. Operating lease expenses, currently included in EBITDA will subsequently be recognised as interest and amortisation over the life of the lease.

There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis. The Group has not yet made an assessment of the impact the adoption of this new standard may have.

DIRECTORS' DECLARATION

The directors of the company declare that:

(a) the attached financial statements and notes, and the Remuneration Report in the Directors' Report, are in accordance with the *Corporations Act 2001*, and:

  (i) comply with Accounting Standards and the *Corporations Regulations 2001*; and

  (ii) give a true and fair view of the Group's financial position as at 30 June 2017 and of the performance for the year ended on that date;

(b) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 30 June 2017;

(c) in the opinion of the directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(d) note 2 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(e) in the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in note 32 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 32.

Signed in accordance with a resolution of the directors.

Stephen Morrow
Director
Brisbane, 25 August 2017

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INDEPENDENT AUDITOR'S REPORT

To the members of Buderim Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Buderim Group Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies and the directors' declaration.

In our opinion the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:

(i) Giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year ended on that date; and

(ii) Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Accounting for convertible notes

Key audit matters	How the matter was addressed in our audit
Refer to Note 2 and 22 of the Financial report. During the year the company issued convertible notes raising a total of $15million before any cost adjustments. Accounting for convertible notes was considered a key audit matter due to the complexity involved in assessing whether to account for the notes as equity, a liability or a combination of both as well as the subsequent measurement of the individual components of the liability based on the terms and conditions of the agreement. The assessment includes significant judgement and there is a high degree of estimation to determine the fair value of the separate components of the liability.	We have evaluated the accounting for the convertibles notes in accordance with AASB 132: *Financial Instruments: Presentation* and AASB 139: *Financial Instruments: Recognition and Measurement*. The valuation of the convertible notes is based on a model developed by management's expert. Our procedures included, but were not limited to the following: • Obtaining an understanding of and assessing the terms and conditions of the convertible note agreement to determine if the convertible notes are to be accounted for as equity a liability or a combination of both. • Considering the appropriateness of the valuation methodology against the requirements of the relevant Australian Accounting Standard. • Providing the model to our internal experts to assess the reasonableness of the methodology and assumptions applied in the model and evaluating the results of their work Reviewing the adequacy of the disclosures in the financial report and agreeing these to the valuation model.

Adoption of AASB 2014-6 – *Agriculture*: *Bearer Plants*

Key audit matters	How the matter was addressed in our audit
Refer to Note 2, 4, 17 and 18 of the Financial Report. The company's subsidiary MacFarms, LLC owns the Kapua macadamia orchard in Hawaii. The macadamia trees and the nuts attached to the trees have historically been accounted for under AASB 141 *Agriculture* as biological assets, as a whole. During the year AASB 2014-6 *Amendment to Accounting Standard on Agriculture: Bearer Plants* became effective resulting in a change that required the trees (bearer plants) to be accounted for in accordance with AASB 116 *Property, Plant and Equipment* and the macadamia nuts attached to the trees to remain as biological assets. The application of this amendment standard was considered a key audit matter as it involved a high degree of estimation and judgement from management to determine the value of the two components separately.	Our procedures included, but were not limited to the following: • Considering the appropriateness of the valuation methodology against the requirements of the relevant Australian Accounting Standard. • Evaluating the assumptions used to determine the value of the bearer plants and the nuts on tree including agreeing these assumptions to corroborating evidence. • Assessing the estimated life of the bearer plants by comparisons to the latest available valuation report on the orchard. • Assessing the reasonableness of the yield per tree based on harvest data over the preceding 10-year period. • Considered the reasonableness of the costs to harvest and sell based on the costs incurred over the preceding 12-month period. • Reviewing the adequacy of the disclosures in the financial report.

Impairment of assets

Key audit matters	How the matter was addressed in our audit
Refer to Note 2, 4 and 28 of the Financial Report. The group is required under Australian Accounting Standard AASB 136 *Impairment of Assets* to identify if any impairment indicators exist at year end. Management have determined that impairment indicators exist and have performed an impairment assessment on all its cash generating units (CGUs). The carrying value of CGU's is supported by a value in use cash flow forecast or fair value less cost to sell assessment. This area was considered a key audit matter due to the high degree of estimation and significant judgement including the expectation of future revenues, growth rates and the discount rate applied.	For assets supported by a value in use cash flow model developed by management our procedures included, but were not limited to the following: • Considering the appropriateness of the valuation methodology against the requirements of the relevant Australian Accounting Standard • Providing the model to our internal experts to assess the reasonableness of the methodology and assumptions applied in the model and evaluating the results of their work • Challenging key assumptions, including forecast growth rates by comparing them to historical results, business trends, economic and industry forecasts. For assets supported by valuations at fair value less costs to sell our procedures included, but were not limited to the following: • Comparing the fair value less costs of disposal of land and buildings and plant and equipment to a valuation obtained by the Group from valuation experts and assessing the extent to which we could use the work of the valuation experts by considering their competence and objectivity. • Assessing the independent valuations assumptions and judgements used to determine they were reasonable. We reviewed the adequacy of the group's disclosures in respect to the carrying values of the assets and the assumptions used in its impairment assessment.

Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (http://www.auasb.gov.au/Home.aspx) at: http://www.auasb.gov.au/auditors_responsibilities/ar1.pdf

This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 14 to 19 of the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Buderim Group Limited, for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

BDO Audit Pty Ltd

BDO

Tim Kendall

T J Kendall

Director

Brisbane, 25 August 2017

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 11 August 2017.

(a) Distribution of equity securities

The number of shareholders, by size of holding, in each class of share are:

	ORDINARY SHARES	
	Number of Holders	Number of Shares
1 – 1,000	597	218,837
1,001 – 5,000	398	939,865
5,001 – 10,000	120	884,395
10,001 – 100,000	201	6,370,160
100,001 and over	39	66,388,361
	1,355	**74,801,618**
The number of shareholders holding less than a marketable parcel of shares are:	**722**	**370,982**

(b) Twenty largest shareholders

The names of the twenty largest holders of quoted shares are:

		ORDINARY SHARES	
		Number of Shares	Percentage of Ordinary Shares
1	Asia Mark Development Limited	28,792,625	38.49
2	Mr John Cheadle	13,639,918	18.23
3	Randell Management Services Pty Ltd <Timms Super Fund Account>	5,449,996	7.29
4	Rubicon Family Office Pty Limited	4,195,088	5.61
5	Bundaberg Sugar Group Ltd	2,974,098	3.98
6	Shane Templeton	1,573,451	2.10
7	J P Morgan Nominees Australia Limited	1,136,293	1.52
8	Roger Masters	823,000	1.10
9	Ace Property Holdings Pty Ltd	800,000	1.07
10	Mr Andrew Paul Bond + Mrs Karen Michelle Bond <The Karand Family A/C>	757,130	1.01
11	Bickfords (Australia) Pty Ltd	603,261	0.81
12	The Genuine Snake Oil Company Pty Ltd <Morson Group Super Fund A/C>	525,000	0.70
13	James Moffat	453,956	0.61
14	National Nominees Limited	399,604	0.53
15	Mr Gerald Francis Pauley + Mr Michael James Pauley <Pauley Super Fund A/C>	361,982	0.48
16	Ms Linlin Li	317,572	0.42
17	Homewood Property Holdings Pty Ltd	300,000	0.40
18	Somersby Springs Pty Ltd <Penn Super Fund A/C>	300,000	0.40
19	Winpar Holdings Limited	300,000	0.40
20	Mr Mariano Ariel Jenik	262,650	0.35
	Report Total	**63,965,624**	**85.51**
	Remainder	**10,835,994**	**14.49**
	Grand Total	**74,801,618**	**100.00**

(c) Substantial shareholders

The names of the substantial shareholders are:

	Number of Shares
Asia Mark Development Limited	28,792,625
Mr John Cheadle	13,639,918
Randell Management Services Pty Ltd <Timms Super Fund Account>	5,449,996
Rubicon Family Office Pty Limited	4,195,088

All ordinary shares (all fully paid) carry one vote per share without restriction.

CORPORATE INFORMATION

ABN 68 010 978 800
ASX Code: BUG

Directors
Stephen Morrow (Chairman)
Christina Chen
Peter O'Keeffe
Albert Tse
Yigang Yang

Chief Executive
Roger Masters

Company Secretary
Andrew Bond

Senior Management
Andrew Bond (Chief Financial Officer)
Ray Hall (Chief Operations Officer)
Mark Henderson (Group Marketing Manager)

Auditors
BDO Audit Pty Ltd

Solicitors
Thomson Geer Lawyers

Bankers
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Westpac Banking Corporation
Bank of Hawaii

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Group

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