Buderim Ginger™

ANNUAL REPORT 2014

CONTENTS

CHAIRMAN'S MESSAGE AND CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholders,

Restructuring for profit

The 2014 financial year commenced with the aim of restructuring for profit. The Board continues to ensure the business has a competent, skilled and motivated management team, with the capabilities to fit a diversified strategy and set of businesses. There were key changes made in the areas of finance and operations to ensure we could meet the new challenges.

The structure established in 2008 of General Managers in charge of each business unit was changed to recognise our two main product streams and the cooperation required to leverage competitive advantage in a global market. A head office has been established for centralised functions to reduce cost. Agrimac/MacFarms and Buderim Ginger/Frespac need to work together in their respective Ginger and Macadamia businesses to mix and match to meet customer demands. Our aim is to develop a profitable and competitively sustainable product mix.

Following the sale of the baking business in 2013 we have consolidated our financial position with a successful rights issue which was oversubscribed and raised over $11.3 million. Our balance sheet at year end held $12.6 million in cash and some repayment of debt has occurred since year end.

The group's net loss after tax of $(1.5) million for year ended 30 June 2014 compares with last period's result of $(4.6) million but still contains items which might be considered as a legacy of an earlier period. These are considered below in the CEO's review.

We have specific plans to help us achieve a low cost manufacturing platform and also to deal with the volatility of supply in Ginger and Macadamias. Our growers in both areas are important to us and we are doing our best to improve our relationship with them.

Shareholders have been very patient following the results of the past two periods and we are committed to providing better outcomes through increased profit to benefit the shareholder through both dividend and improvement in traded share price.

These outcomes can only be obtained through the Buderim Ginger (BUG) team working hard and co-operatively to achieve the strategic targets we set ourselves. The board of Buderim Ginger offers it's thanks to the Buderim Ginger team for their hard work over this period.

Chief Executive Officer's Review

The restructuring for profit continues as we change our business model from independently operating satellite subsidiaries to a coordinated approach to our supply and marketing.

The past structure of General Managers in each business unit was meant to allow a clear line of responsibility and accountability for profit. However, the lack of an integrated operating plan meant that our four companies Agrimac, MacFarms, BGL and Frespac were competing in the space of the two main product groups, Ginger and Macadamia, with little thought to co-operation in a group direction. A costly management structure results with duplication of resources in areas such as human resource management, web based services, payroll, accounting services, marketing and sales. Senior management with long terms of employment within the business units or subsidiaries under their areas of control or in the holding company, without experiencing other industries or management environments, can become anchored in the past and ideas become entrenched.

Our direction:

- Recapitalise the business
- Changing business model from satellites operating alone to a coordinated effort
- Take out duplicated costs
- Reduce cost structure
- Focus on core business
- New product development

After completing the sale of the baking business by September 2013 we needed to re-capitalise the group's finances. We undertook a successful capital raising in BUG commencing in May 2014 which was oversubscribed and raised more than $11.3 million.

We have implemented the Head Office structure outlined in the 2013 Annual Report to remove duplicated costs and integrate shared services while leaving operational matters decentralised. A new Chief Financial Officer and Group Operations Manager were recruited in January 2014 to address the key issues of replacing an inadequate financial reporting system which was preventing proper management of the business, and also to introduce an integrated sales and operations planning process to allow effective inventory control.

We are focusing on the core businesses of Macadamias, Ginger and our Tourist facility. A production driven culture is changing to a market driven outlook with a coordinated approach to global markets. We are proceeding to establish low cost structures with better automation and more vertical integration. The focus on our brands and products has commenced. Our achievement in these market segments is discussed later in this review.

Profitability

The Buderim Ginger group net loss before tax for year ended 30 June 2014 is $(2.96) million compared with $(6.43) million last year. Net Loss after Tax was $(1.49) million, a 68 percent improvement on last financial period. A poor Ginger result included a number of one off expenses, whilst the Macadamia segments were impacted by lower crops which resulted in higher processing costs. Tourism benefited from an increase in visitor numbers, while the sale of Baking has a self-evident outcome. We will examine the segment results later.

The segment results for the year ended 30 June 2014 are:

$'000's	Ginger	Baking	Tourism	Macadamias	Total
Revenue (external)	26,691	3,252	3,748	32,721	**66,412**
Revenue Consolidated					**70,067**
EBITDA	(416)	5	296	240	**125**
EBIT	(1,608)	(142)	110	(304)	**(1,944)**
Net Profit/ (Loss) before Tax	(2,426)	(215)	82	(397)	**(2,956)**
Net Profit/(Loss) after Tax	**(765)**	**(168)**	**40**	**(600)**	**(1,493)**
Includes:					
Inventory Write downs	(588)				**(588)**
Redundancies	(248)			(15)	**(263)**
Voluntary Product withdrawal	(100)				**(100)**
Discontinued Operations		(168)			**(168)**

Baking

The $(168k) result for the Baking business relates primarily to the period from 1 July 2013 up to 30 September 2013 being the date of completion of sale of the business.

Ginger

Ginger revenues of $26.7 million declined from the $28.1 million from 12 months calendar 2012. The result was affected by a reduced Australian crop intake. Standard Cost Recovery rates based on projected crop intake rather than on production throughput can lead to a significant under-recovery of overhead if crop intake is low. It then understates the standard cost of products and leads to unfavourable standard cost variances. The system has now been changed to reflect production rather than crop and standard costs have risen while standard margins have fallen as a result. These low standard margins now have to be addressed by our sales team.

In the 2013 Annual Report I advised of the need to improve our manufacturing capability in order to reduce costs and to find funding for it. Since then a business improvement program in manufacturing has been established which has specific changes to be made in equipment and processing in our Ginger operations. A capital raising has been completed. A new Factory Manager has been appointed to implement the operational and equipment improvements in the program under the guidance of our Group Operations Manager. The recent appearance of a number of product claims for poor quality and a voluntary product withdrawal due to poor manufacturing leading to stock returns and write-offs of $100k. It has shown the need for a culture of caring about quality to be imbedded in our production facilities.

A significant build up in ginger inventories had occurred over time in both Frespac and BGL and the past forecasting of our ginger requirement was rudimentary. It seems a systemic overproduction of 'fingers, ends & knobs' was occurring with the stock being brined, and then stored, often after being freighted to Australia. If not sold before its useful life of about 12 months, it was written off. These results include such write-offs of $370k relating to unsaleable material from the 2012 and 2013 crops. Obsolete packaging write offs amounted to $218k. A proper sales & operations planning process has now been introduced for more accurate raw material purchasing and inventory planning. Ginger raw material inventories have been reduced by 40 percent in the last five months.

A revival of the Buderim Ginger brand commenced after independent surveys confirmed many knew the words 'Buderim Ginger' but most did not recall the logo. The colors were changed to get some cut-through on the supermarket shelf while a stylized font was used to appeal to a younger audience. The cover of the Annual Report shows the new brand look which began its roll-out in January 2014.

New product development has commenced and a number of new products are planned for release soon.

Macadamias

Early forecasts for the 2014 Australia crop were at 40,000 tonnes of NIS (nut in shell). A higher level of Chinese interest in the local crop saw larger volumes of NIS exported. The price offered by Agrimac in April 2014 was at an average A$3.80/kg compared with A$3.30/kg the previous year. Agrimac's crop intake forecast of 4200 tonnes in March 2014 came under pressure as some suppliers took other offers. The terms of payment offered by others in the market was difficult to match since group liquidity was fairly tight. As we consolidate our financial position after the capital raising, we should be able to meet the market for terms of payment in the future. As noted last year, at least MacFarms has the support of its own orchard in Hawaii in respect of supply. The latter orchard had a below average crop to 30 June but reasonable rainfall for its location should see prospects enhanced post June 2014. Our supply strategy in this macadamia business is being reviewed to ensure long term profitability.

We have participated in sales to the NIS market to China, the export kernel market and also in value added branded product. It is a challenge in getting the right sales mix, which is a balance of using kernel recovery to maximise profit in the NIS market and alternatively diversifying into value added branded product at reasonable margins. In that respect we have launched a few new products under the MacFarms brand into the North American market, writing over $3 million of new business since March 2014.

Separate entity results shown in this report reflect a change where certain sales previously made by MacFarms have now been made by Agrimac, as our branding strategy in industrial and retail products takes effect. The performance of macadamias is best considered as a whole.

There were also personnel changes in the Macadamia division, some redundancies occurred in the Agrimac administration as part of the labour rationalisation of the group as we reduce costs. If we are to compete effectively in today's market, either to pay the right price for supply or offer a competitive selling price, we must be a low cost manufacturer.

Tourism

Foreign currency rates still make overseas destinations look more attractive to locals while overseas visitors see us a relatively expensive. The rates are falling which should help with overseas visitors. Visitor numbers are marginally up by one percent on last year with the VIP cards helping bring return local visitors. The children's playground is proving to be a big draw card with parents and children also enjoying their food from the café. Trip Advisor rating of the Ginger Factory is 4/5 star and reviews are very positive. The maintenance of the park remains relatively high, with new safety compliance issues for the train and the simple replacement of worn out areas. There has been a lot of work done in the last few years in establishing the ambience of the park and now we are shifting to an emphasis on attracting more visitors.

Balance Sheet and Cash Flow

The successful capital raising during the year raised approximately $11.3 million dollars and reflected in a stronger balance sheet at 30 June 2014. The Current Ratio although improved by the capital raising continued to be impacted by the classification of bank debt as a current liability.

The anomaly of classifying all bank debt as current is due to the accounting standards requirement for non-current debt not to fall due for payment within 12 months. Since the bank has a 12 month review period for all debt and the balance date falls within that period, all debt is considered current. Some banks issue a letter to provide that such debt is long term.

	2014	2013
Current Ratio (current asserts/current liabilities)	**1.3**	1.0
Debt Ratio (Total Liabilities/Total Assets)	**49.5%**	59.4%
Working Capital ($'000's)	**18,825**	21,316
Net Assets ($'000's)	**39,520**	29,770

Cash generated from operating activities was a $462k inflow compared with the previous 6 month period of a $(1,812)k outflow.

Working capital (excluding cash and cash equivalents) has decreased by $2.5 million as inventories have reduced by $3.5 million, debtors by $1.4 million and trade payables by $2.5 million. A re-classification of what constitutes WIP to Raw Material sees a reduction of around $12.7 million in WIP to $949k this year. Stock that is brined for preservation is classified as raw material until it is actually used in a process to become a finished good with a sales destination.

Outlook

This year's result was a shift in the right direction and we are now in the phase of establishing ourselves as a low cost structure with better automation and more vertical integration.

We are also strengthening our brand position with a communication strategy designed to connect to a younger consumer and we aim to build both our local and export markets using relevant products.

Our relationship with our macadamia and ginger grower suppliers remains a priority if we are to build new markets and products.

The senior management team and employees have worked very hard to make the changes to the business in a difficult year and I thank them for their diligence and effort.

Steve Morrow
Chairman

Roger Masters
Chief Executive Officer

FINANCIAL STATEMENTS

DIRECTORS' REPORT

Your directors present their report on the consolidated entity consisting of Buderim Ginger Limited and the entities it controlled at the end of or during the year which commenced on 1 July 2013 and ended on 30 June 2014.

DIRECTORS

The names and details of the company's directors in office during the financial period under review and at the date of this report are as follows:

Names, qualifications, experience and special responsibilities

CURRENT DIRECTORS

Stephen John Morrow
B.Ag Econ, UNE, MAICD

(Non-executive Chairman and Chairman of Remuneration Committee)

Mr Morrow joined the Board in February 2010. He has had 35 years' experience in Agribusiness in the grain, wool, pastoral, banking and food processing industries. Over the past 18 years he has held the positions of Managing Director ConAgra Wool Australia, Managing Director Primac Holdings, General Manager Agribusiness, Suncorp and Chief Executive Golden Circle Limited. He presently holds directorships with Horticulture Australia Ltd, Cefn Pty Ltd, and Priestley's Gourmet Holding Ltd. Mr Morrow is 60 years of age. Mr Morrow has not held any other listed company directorships in the past 3 years.

Shane Tyson Templeton
B.Bus, FAICD

(Non-executive Director and Member of the Audit & Compliance Committee)

Mr Templeton has been a director since 21 February 2002. He is a third generation ginger grower and is professionally qualified with a business degree. He has been growing ginger since 1991 and has held the position of Honorary Secretary of the Australian Ginger Growers Association for 5 years. Mr Templeton is a director of Templeton Ginger Pty Ltd, Redarea Pty Ltd and the Victory COC (Gympie) school board. Mr Templeton is 42 years of age. Mr Templeton has not held any other listed company directorships in the past 3 years.

George Vasili

(Non-executive Director and Member of the Remuneration Committee)

Mr Vasili was appointed a director on 1 July 2011. Mr Vasili has had over 30 years' experience in the food industry and is the founder, shareholder and Managing Director of Global Foods Group Pty Ltd, an importer, wholesaler, distributor and manufacturer of food products. Mr Vasili is also a proprietor and beneficiary of several private companies and trusts which hold a portfolio in retail, commercial and industrial property investments and investments in private and publicly listed securities. Mr Vasili is 66 years of age. Mr Vasili has not held any other listed company directorships in the past 3 years.

Margaret Patricia Walker
B.Com. CPA, GAICD.

(Non-executive Director and Chairman of the Audit & Compliance Committee)

Ms Walker was appointed a director on 22 October 2012. Ms Walker has held a number of executive financial roles within the financial services industry including 10 years as CFO and Executive Director of marketing, business development, finance, risk and compliance for Tactical Global Management (TGM), a pre-eminent global macro hedge fund firm with offices in Brisbane and London. She is currently a Non-Executive Director of Defence Housing Australia (DHA), the Chairman of the DHA audit committee and a member of the DHA remuneration and nominations committee. She also holds a Non-Executive Director position with Cystic Fibrosis Australia. Ms Walker is 53 years of age. Ms Walker has not held any other listed company directorships in the past 3 years.

COMPANY SECRETARY

Andrew Paul Bond
B.Bus (Acc), GAICD, CA.
Period from 31 January 2014 to current

Mr Bond was appointed Company Secretary of all group companies in January 2014. Mr Bond has over twenty five 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 Holdings Pty Ltd, and most recently Village National Limited.

As at the date of this report, the interests of the directors in the shares of Buderim Ginger Limited were:

	Ordinary Shares
S.T. Templeton [1]	56,209
S.J. Morrow [2]	-
G. Vasili [3]	-
M.P. Walker [4]	-

(1) S.T. Templeton holds a relevant interest in 13,297 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, 1,503,945 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

(2) S.J. Morrow holds relevant interest in 79,348 shares registered in the name of Morrow Family Super Pty Ltd.

(3) G. Vasili holds a relevant interest in 13,639,918 shares registered in the name of The John Cheadle Trust.

(4) M.P. Walker holds no shares in the company and has no relevant interest in shares.

EARNINGS PER SHARE	Cents
Basic and Diluted earnings per share	(7.1)
Continuing Operations earnings per share	(6.3)
Discontinued Operations earnings per share	(0.8)

There were no options issued or exercised during the period.

DISTRIBUTIONS

Dividends paid in the year:

There was no dividend paid during the 2014 year for the transitional period ended 30 June 2013.

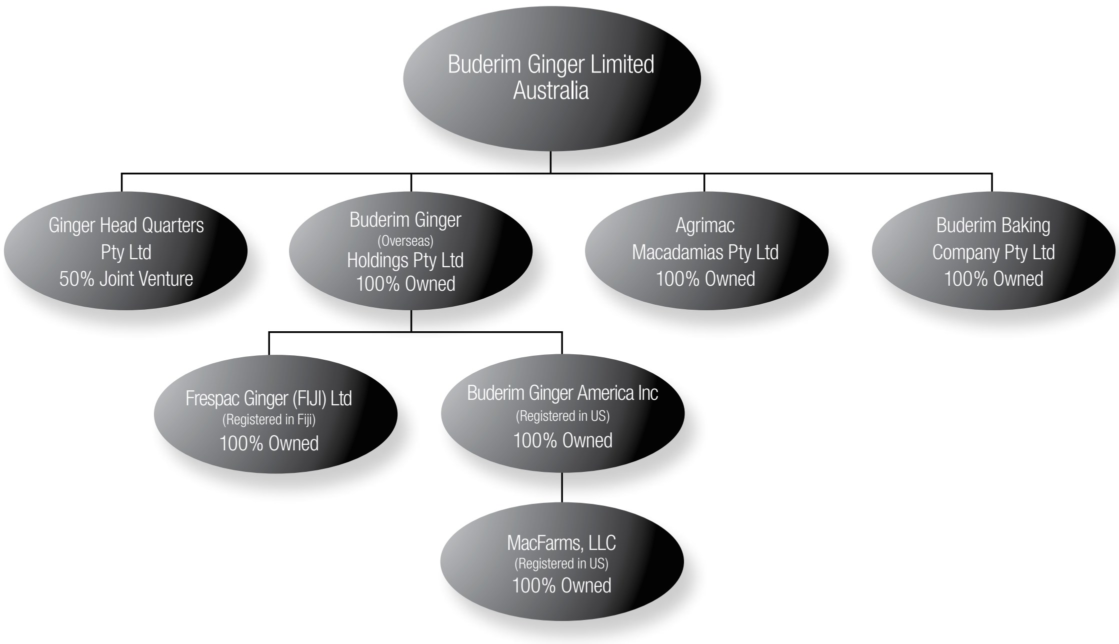
Dividends declared for current period:

A dividend has not been declared for the year which commenced on 1 July 2013 and ended on 30 June 2014.

CORPORATE INFORMATION

Corporate structure

Buderim Ginger 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 period of entities within the consolidated entity 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 - Australia -** processing of macadamia products and marketing to wholesale and retail customers throughout the world;
- **Macadamias - Hawaii -** production and processing in the USA of macadamia products and marketing to wholesale and retail customers throughout the world;
- **Baking -** manufacture of a variety of frozen bakery products and marketing to both food service and retail customers throughout Australia. The baking segment was disposed of on 30 September 2013; 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 period other than the disposal of the baking business.

EMPLOYEES

The consolidated entity employed 386 employees as at 30 June 2014 (June 2013: 394 employees). The number of employees will vary from year to year, and during each year, due to seasonal factors. The Australian and Fijian ginger segments employed 118 and 153 employees respectively (2013: 120 and 91). The Australian ginger segment includes tourism and corporate staff members. The increase in Fijian employees over last year is due to additional casual processing staff being required at 30 June 2014. Employees engaged within the baking segment at June year-end were nil (June 2013: 41). Employees employed within the Australian macadamia segment were 19 (June 2013: 72). The Hawaiian macadamia segment (including the orchard operation which engages a large proportion of seasonal labour) had 96 employees at June 2014 year-end (June 2013: 70).

OPERATING AND FINANCIAL REVIEW

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

	2014 (12 months)		2013 (6 months)	
	Revenues $'000	**Results* $'000**	Revenues $'000	Results* $'000
Business segments				
Ginger processing and distribution	**29,663**	**(2,023)**	14,689	(110)
Baking operations	**3,713**	**(166)**	4,279	(6,154)
Macadamia operations - Australia	**23,682**	**(134)**	8,066	(724)
Macadamia operations – Hawaii	**14,168**	**231**	9,561	1,439
Tourism operations	**3,994**	**112**	1,857	(132)
Total	**75,220**	**(1,980)**	38,452	(5,681)
Consolidated entity adjustments	**(5,153)**		(3,475)	
Corporate overhead expenses		**(1,003)**	-	(772)
Share of profit/(losses) of joint controlled entities and associates	**-**	**27**	-	23
Consolidated entity income and profit/(loss) from ordinary activities before income tax expense	**70,067**	**(2,956)**	34,977	(6,430)
Geographic segments - revenue				
Australia	**54,417**		22,554	
United States	**16,326**		11,887	
Fiji	**4,477**		4,011	
	75,220		38,452	
Consolidated entity adjustments	**(5,153)**		(3,475)	
Consolidated entity income	**70,067**		34,977	

* Business segment results represent profit before corporate interest and tax.

The 2014 results are for the first full twelve months of trading since the transition from a December year end to a June year end. The 2014 Baking segment results include the sale of the segment's assets on 30 September 2013.

In Summary

On 27 May 2013, Directors advised the market of a change in the financial year for reporting purposes from 31 December to 30 June each year, with a transitional period of six months to 30 June 2013. This decision was taken to synchronise the Company with common Australian practice and with other companies in the food industry.

In accordance with accounting standard requirements, the comparatives in the financial statements for the 12 month financial year ended 30 June 2014 are the transitional period financial results for the six months ended 30 June 2013.

On 26 September 2013 Directors informed the market that a contract of sale for the Baking's business assets had been signed with a completion date of 30 September 2013.

The Group has recorded a before tax loss of $2.96m and an after tax loss of $1.49m for the year ended 30 June 2014, compared to the before tax loss of $6.43m and an after tax loss of $4.60m recorded for the six month period ended 30 June 2013. The 30 June 2014 result included a net after tax loss of $168k attributable to the Baking segment and one off expenses relating to inventory write downs of $588k, redundancies $263k and product withdrawal $100k.

In May 2014 the Group commenced a successful capital raising providing equity of $11.3m. At 30 June 2014 the company had an excess of current assets over current liabilities. Following year end the company has repaid $4.4m bank debt.

As at 30 June 2014, the Group did not meet two of its banking covenants with Rabobank Australia due to the 2014 financial results and the covenants remaining unchanged from those established in relation to a December year end. Discussions are continuing with Rabobank regarding revision of covenants to fit a June year-end timing when inventory and debt peak due to harvest activity. Because the current bank facilities include an Annual Review clause, and a waiver in respect of the breaches was not received before 30 June 2014 from Rabobank applicable accounting standards require all such debt to be classified as current liabilities in the Group's financial statements. Based on the Group's current banking facilities being extended in May 2014 and ongoing discussions with Rabobank, the Directors believe that the group will continue to have the support of Rabobank.

DIRECTORS' REPORT (continued)

Shareholder Returns and Performance measurements

For the year ended		2014	2013 6 Months	2012	2011	2010	2009
		Post Consolidation			**Pre Consolidation**		
EBIT ($'000)	(a)	**(1,944)**	(5,940)	4,181	3,137	(1,922)	(1,962)
EBITDA ($'000)	(a)	**125**	(4,602)	6,858	5,710	752	841
Basic earning per share (cents)		**(7.10)**	(22.28)	8.91	2.20	(4.80)	(4.26)
Dividend per share (cents)	(b)	**-**	-	3.00	0.50	-	-
Dividend payout ratio (%)	(b)	**-**	-	33.7	22.7	-	-
Return on assets (%)	(c)	**(1.91)**	(6.28)	2.67	2.23	(3.64)	(3.45)
Return on equity (%)	(d)	**(3.78)**	(15.46)	5.34	4.49	(9.19)	(8.79)
Debt / equity ratio (%)	(e)	**57.2**	77.9	57.2	65.1	111.6	113.6
Gearing ratio (%)	(f)	**68.9**	59.4	50.0	50.3	60.4	60.7
Current ratio (%)	(g)	**130**	103	156	102	80	91
Shares on issue (millions)		**43.36**	20.65	20.65	82.60	41.30	40.90
Net tangible asset backing per share (cents)	(h)	**78**	122	148	37	59	66

(a) EBIT and EBITDA are used as measures of profitability and reflect earnings attributable to equity holders of Buderim Ginger 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 5).

(b) These figures reflect the dividend amounts declared per share subsequent to reporting dates (refer note 9). The dividend declared subsequent to reporting date of 31 December 2012, has been shown post share consolidation. 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. Note that all Rabobank borrowings are classified as current. Refer Note 2 (a).

(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 20), 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 22, and on the face of the 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.

Liquidity and Capital Resources

The consolidated statement of cash flows shows an increase in cash and cash equivalents for the year ended 30 June 2014 of $11.6m.

Net cash flow from operating activities was a positive $462k. It should be noted that comparative figures are for a six month period ended 30 June 2013.

Net cash outflow from Investment activities included capital expenditure of $1.7m largely offset by proceeds from the sale of the baking segment assets of $1.4m and a dividend of $50k from Ginger Head Quarters Pty Ltd.

Financing activities show drawdowns under the extended Rabobank Australia crop funding facilities and borrowings under insurance premium funding arrangements. Outflows include loan amortisation payments to Rabobank Australia, loan repayments to other financiers and insurance premium repayments to Westpac Banking Corporation. Capital raising proceeds of $11.3m were partially offset by capital raising costs of $129k.

Asset and capital structure

	JUN-14 TOTAL OPERATIONS $'000	JUN-13 TOTAL OPERATIONS $'000	DEC-12 TOTAL OPERATIONS $'000
NET GEARING			
Debts:			
Interest bearing loans and borrowings	**21,458**	21,624	17,403
Cash and cash equivalents	**(12,813)**	(1,443)	(1,230)
Net debt	**8,645**	20,181	16,173
Total equity	**39,520**	29,770	34,483
Total capital employed	**48,165**	49,951	50,656
	17.9%	40.4%	31.9%
ASSETS FUNDED BY EXTERNAL STAKEHOLDERS			
Total assets	**78,678**	73,300	68,898
Total liabilities	**39,158**	43,530	34,415
	49.8%	59.4%	50.0%
DEBT/EQUITY			
Total equity	**39,520**	29,770	34,483
Intangibles	**(2,023)**	(2,029)	(4,033)
	37,497	27,741	30,450
Interest bearing loans and borrowings	**21,458**	21,624	17,403
	57.2%	77.9%	57.2%

The Group's banking facilities with its senior debt provider Rabobank Australia Limited are subject to annual review. All amounts owed to Rabobank Australia Limited under bill facilities were classified as current as at 30 June 2014 and 30 June 2013 in accordance with the accounting standard AASB101 due to the short term nature of the facilities and the breach of two covenants.

REVIEW OF FINANCIAL CONDITION (CONTINUED)

Shares issued during the period

During the twelve months ended 30 June 2014, there were 22,714,396 shares issued as a result of a 1:1 rights issue and a share placement in June 2014.

Profile of Debts

The profile of the Group's debt finance below reflects the classification of the bill facilities as current as at 30 June 2014.

As at 31 December 2012, bill facilities were classified as both current and long-term on re-establishment of borrowing facilities with Rabobank. However as at 30 June 2013 and 30 June 2014 all debt has been classified as current as mentioned above.

	JUN-14 $'000	JUN-13 $'000	DEC-12 $'000
CURRENT			
Bank overdraft	**179**	425	288
Bank bill facility	**20,695**	20,283	8,061
Bank loans	**468**	690	422
	21,342	21,398	8,771
NON-CURRENT			
Bank bill facility	**-**	-	8,331
Bank loans	**116**	226	301
	116	226	8,632
	21,458	21,624	17,403

TREASURY POLICY

The Group's treasury function is co-ordinated by the parent entity which is responsible for managing the Group's currency risks and finance facilities under the supervision of the Audit & Compliance Committee. The treasury function operates within policies set by the Board. The Audit & Compliance Committee is directly responsible for ensuring that management's actions are in line with Group policy.

Hedging may be undertaken through the use of borrowings in overseas currency, interest rate swap contracts and foreign exchange contracts. No speculative trading in derivatives is undertaken. All derivatives have underlying commercial transactions.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 30 September 2013 the consolidated entity sold the assets (being primary plant and equipment and inventory) of Buderim Baking Company Pty Ltd.

On 3 December 2013 Buderim Ginger (UK) Limited was deregistered as all market activity in the UK market is undertaken by an agent on the Group's behalf.

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

Subsequent to the end of the reporting period, the company has continued to consider opportunities for vertical integration in the Macadamia segment.

There is at the date of this report no matter or circumstance which has arisen since 30 June 2014 that has significantly affected or may significantly affect:-

(i) the operations of the consolidated entity;
(ii) the results of those operations; or
(iii) the state of affairs of the consolidated entity in financial years subsequent to 30 June 2014.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Likely future developments in the consolidated entity includes strengthening the Buderim Ginger brand position with a communication strategy designed to connect to a younger consumer using relevant products.

The phase of establishing ourselves as a low cost structure with better automation and more vertical integration will commence. The introduction of new products and packaging together with implementation of a business improvement program is expected to improve revenues and reduce the costs of processing. Our relationship with our macadamia and ginger grower suppliers remains a priority if we are to build new markets and products.

Further disclosure on likely developments in the operations of the consolidated entity are considered commercial-in-confidence and the expected results of operations have not been included in this financial report because directors believe it would be likely to result in prejudice to the consolidated entity.

ENVIRONMENTAL REGULATION AND PERFORMANCE

In Australia, the consolidated entity holds licenses issued by the relevant government agencies which specify limits for discharges to the environment which are due to the consolidated entity'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 consolidated entity is also subject to local environmental laws and controls in respect of its overseas operations. There have been no known reportable breaches of the consolidated entity's license conditions.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Buderim Ginger 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 period, the company has paid premiums in respect of a contract insuring all the directors and officers of Buderim Ginger 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.

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.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Buderim Ginger Limited (the Company).

Remuneration philosophy

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

To this end, the company 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.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Salary packages are measured by the company as Total Employment Cost (TEC). TEC includes all costs associated with employment, including 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.

REMUNERATION REPORT (AUDITED) (continued)

Non- executive director remuneration

Objective

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.

Structure

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 20 April 2000 when shareholders approved an aggregate remuneration of $250,000 per year, effective from 1 January 2000.

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.

Each director receives a fee for being a director of the company. Additional fees are not currently paid for any board 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 period ended 30 June 2014 is detailed in Table 1 overpage.

Senior manager and executive director remuneration

Objective

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

- Reward executives for the company 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 company; and
- Ensure total remuneration is competitive by market standards.

Structure

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 Committee makes its recommendations to the Board.

It is the Remuneration Committee's policy that employment contracts are entered into with executives to protect the interest of both the company and the employee. Unless otherwise stated, employment contracts are generally unlimited in term but capable of termination on one to three month's notice, depending upon the seniority of the role.

Unless otherwise stated, on termination, directors and executives are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. No other termination benefits are payable.

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy outlined below. The manner of payment is determined on a case by case basis and may be a mix of cash and non-cash benefits. Depending upon the particular role undertaken by executives, remuneration consists of one or all of the following key elements:

- Fixed Remuneration; and
- Variable Remuneration - Bonus Incentive.

The proportion of fixed remuneration and variable remuneration (potential incentives) is established for each senior manager by the Remuneration Committee. Table 2 on page 16 details the fixed and variable remuneration components of senior executives who have the major influence on business decisions.

Fixed Remuneration

Objective

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. As noted above, the Committee makes reference to external advice/surveys independent of management.

Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient whilst remaining in accordance with the executives TEC approved by the Remuneration Committee. The fixed remuneration component of senior executives who have the major influence on business decisions is detailed in Table 2 on page 16.

Variable Remuneration

Objective

The objective of the incentive program 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 company is reasonable in the circumstances. At this stage, the Remuneration Committee has determined that this variable remuneration component is only offered to selected senior management staff where direct performance linkages can be established. This policy is reviewed annually.

Structure

Actual incentive payments granted to relevant 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 covering both revenue and profitability of their areas of responsibility.

The company has predetermined benchmarks (generally based on year-on-year improvement) which must be met in order to trigger payments under the incentive scheme. The achievement of revenue targets does not warrant a bonus payment unless a minimum level of profitability target has also been achieved. These performance conditions were chosen because they directly align the individual's reward to the KPI's of the Group and to its strategy and performance. Bonuses payable are capped at a maximum of 20% for all executives except the Chief Executive Officer whose incentive is capped at a maximum of 30% of the fixed component of salary.

On an annual basis, consideration is given to the actual performance of the individual executive against KPIs, and the overall performance of the company. These factors are taken into account when determining the amount, if any, of incentive to be paid to each executive.

Shareholder Wealth

	30 JUNE 2014	30 JUNE 2013	31 DECEMBER 2012	31 DECEMBER 2011	31 DECEMBER 2010	31 DECEMBER 2009
Share price (cents)						
Pre-consolidation	**-**	-	17	13	20	32
Post- consolidation	**53****	67	67*	-	-	-
Dividend paid per share (cents)	**-**	-	0.3	0.5	-	-

* A 4:1 share consolidation was undertaken in May 2012 reducing the number of ordinary shares on issue from 82,592,707 to 20,648,694.

** A 1:1 renounceable entitlement offer was undertaken in June 2013 increasing the number of ordinary shares on issue from 20,648,694 to 41,297,388. A placement of shares undertaken immediately after the renounceable entitlement offer increased the number of ordinary shares on issue from 41,297,388 to 43,363,090.

Employment contracts

Executives employed under contracts provide a level of security to both the company and the individual. All employment contracts are for no fixed term and subject to up to three month's notice. However, the company may terminate contracts at any time without prior notice if serious misconduct has occurred.

Details of Remuneration of Directors and Executives

Details of the nature and amount of each element of the remuneration of each director of the company and other key management personnel of the Group are as follows:

Table 1 - Remuneration of Directors of Buderim Ginger Limited

Name	Position Held	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Share Based Payments	Termination Benefits	Total Employment Benefits	Proportion of remuneration that is performance based
		Cash salary and fees	Cash bonus	Non Monetary	Super					
Morrow, S	Chairman (Non-executive)	51,900	-	-	30,038	-	-	-	81,938	-
Templeton, S	Director (Non-executive)	45,000	-	-	4,162	-	-	-	49,162	-
Vasili, G	Director (Non-executive)	45,000	-	-	4,162	-	-	-	49,162	-
Walker, M	Director (Non-executive)	45,000	-	-	4,162	-	-	-	49,162	-
Total Directors	**for the period ended 30 June 2014**	186,900	-	-	42,524	-	-	-	229,424	-

Name	Position Held	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Share Based Payments	Termination Benefits	Total Employment Benefits	Proportion of remuneration that is performance based
		Cash salary and fees	Cash bonus	Non Monetary	Super					
Morrow, S	Chairman (Non- executive)	37,500	-	-	3,375	-	-	-	40,875	-
Templeton, S	Director (Non- executive)	22,500	-	-	2,025	-	-	-	24,525	-
Vasili, G	Director (Non- executive)	22,500	-	-	2,025	-	-	-	24,525	-
Walker, M	Director (Non- executive)	22,500	-	-	2,025	-	-	-	24,525	-
Total Directors	**for the period ended 30 June 2013**	105,000	-	-	9,450	-	-	-	114,450	-

REMUNERATION REPORT (AUDITED) (continued)

Table 2 - Remuneration of other senior executive officers

Name	Position Held	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Share Based Payments	Termination Benefits	Total Employment Benefits	Proportion of remuneration that is performance based
		Cash salary and fees	Cash bonus	Non Monetary	Super					
Masters, R	*Chief Executive Officer*	351,333	-	-	-	-	-	-	351,333	-
Rogers, K	*Company Secretary/CFO to 31 January 2014*	77,875	-	30,318	12,358	-	-	252,852	373,403	-
Bond, A	*Company Secretary/CFO from 13 January 2014*	86,611	-	635	-	-	-	-	87,246	-
Christiansen, H	*Group Operations Manager from 20 January 2014*	75,908	-	2,361	6,743	130	-	-	85,142	
Price, J	*Group Marketing Manager*	86,258	-	28,442	7,658	455			122,813	
Dipplesman, D	*General Manager - Baking to 30 September 2013*	30,722	-	10,614	5,683	-	-	189,998	237,017	-
Burton, D	*General Manager - Agrimac to 31 March 2014*	134,212	-	24,871	10,081	-	-	-	169,164	-
Mikkelsen, C	*General manager - Tourism*	118,092	-	649	10,367	630	-	-	129,738	-
Todd, C	*Sales Director - Ginger*	123,950	-	23,792	17,309	889	-	-	165,940	-
Total Managers	**for the period ended 30 June 2014**	1,084,961	-	121,682	70,199	2,104	-	442,850	1,721,796	-

Name	Position Held	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Share Based Payments	Termination Benefits	Total Employment Benefits	Proportion of remuneration that is performance based
		Cash salary and fees	Cash bonus	Non Monetary	Super					
Richardson, M	*Chief Executive Officer to 5 April 2013*	95,059	-	-	8,238	-	-	-	103,297	-
Masters, R	*Chief Executive Officer from 18 March 2013*	85,000	-	-	-	-	-	-	85,000	-
Rogers, K	*Company Secretary/ CFO*	70,114	-	18,011	6,987	3,033	-	-	98,145	-
Wilkie, J	*General Manager - MacFarms*	16,162	-	1,918	226	177	-	-	18,483	-
Dipplesman, D	*General Manager - Baking*	63,516	-	17,682	5,530	806	-	-	87,534	-
Burton, D	*General Manager - Agrimac*	64,852	-	27,048	5,800	2,616	-	-	100,316	-
Mikklesen, C	*General manager - Tourism*	56,462	-	325	4,965	1,288	-	-	63,040	-
Todd ,C	*Sales Director - Ginger*	66,005	-	11,540	5,794	1,384	-	-	84,723	-
Knight, P	*Operations Manager - Ginger*	59,708	-	16,586	6,468	1,848	-	-	84,610	-
Total Managers	**for the period ended 30 June 2013**	576,878	-	93,110	44,008	11,152	-	-	725,148	-

Notes

- Tables 1 and 2 above show remuneration for Directors and Key Management Personnel for the 12 month period ended 30 June 2014 compared to the 6 month period ended 30 June 2013;
- All elements of remuneration have been determined on the basis of the cost to the company and the consolidated entity.
- 'Cash salary and fees' includes annual leave entitlements accrued during the reporting period.
- The category 'Non-Monetary' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, insurance and/or professional membership subscriptions.
- The Group's insider trading policy prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. The Group requires all executives and directors to sign annual declarations of compliance with this policy throughout the period. There are currently no share-based payment arrangements agreed with employees as part of their remuneration structure.

Shareholdings during the period ended 30 June 2014

Ordinary Shares held in Buderim Ginger Limited	Balance 1 July 2013	Renounceable Entitlements	Placement	Market Acqui-sition / (Sale)	Other Movements	Balance 30 June 2014
	Ordinary No.	Ordinary No.	Ordinary No.	Ordinary No.	Ordinary No.	Ordinary No.
Current Directors						
Templeton, S	1,048,951*	524,500	-	-	-	1,573,451
Morrow, S	39,674	39,674	-	-	-	79,348
Vasili, G	6,819,959	6,819,959	-	-	-	13,639,918
Walker, M	-	-	-	-	-	-
Executives						
Masters, R	91,418	341,418	-	250,000	-	682,836
Bond, A	-	368,241	134,136	2,376	-	504,753
Christiansen, H	-	-	-	-	-	-
Mikkelsen, C	-	-	-	-	-	-
Todd, C	1,634	-	-	-	-	1,634
Rogers, K	827	-	-	-	(827)	-
Price, J	-	-	-	-	-	-

(1) S. Templeton holds a relevant interest in 13,297 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, and 1,503,945 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

(2) S. Morrow holds relevant interest in 79,348 shares registered in the name of Morrow Family Super Pty Ltd.

(3) G. Vasili holds a relevant interest in 13,190,728 shares registered in the name of The John Cheadle Trust and 449,190 shares registered in the name of Mr John Cheadle.

(4) M. Walker does not hold shares or relevant interests.

(5) A. Bond holds a relevant interest in 504,753 shares registered in the name of Andrew Paul Bond and Karen Michelle Bond (The Karand Family Account).

(6) K. Rogers ceased employment as at 31 January 2014 and 827 shares were held at this date.

* Shares held nominally by directors include 56,209 held by S Templeton.

Executive shareholdings are all nominally held other than those related to A. Bond. All equity transactions with directors and executives have been entered into under terms and conditions no more favourable than those the entity would have adopted if dealing at arm's length.

Other transactions and balances with directors and executives

Ginger Supplies

S. Templeton is a director of Templeton Ginger Pty Ltd. Ginger supplies were purchased during the year from Templeton Ginger Pty Ltd to the value of $816,281 (2013: $724,300) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers.

Loans

There were no loans made to key management personnel during the year or prior period and there are no loans outstanding as at 30 June 2014.

END OF AUDITED REMUNERATION REPORT

DIRECTORS' MEETINGS

The number of meetings of directors (including meetings of committees of directors) held during the period 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	13	13	-	-	1	1
S Templeton	13	13	3	3	-	-
G Vasili	13	12	-	-	1	1
M Walker	13	13	3	3	-	-

Notes

- S.J. Morrow, Chairman was in attendance at the August 2013 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 during the period were:

AUDIT & COMPLIANCE COMMITTEE	REMUNERATION COMMITTEE
M Walker	S Morrow
S Templeton	G Vasili

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 Class Order 98/100. The company is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the directors of Buderim Ginger Limited support and strive to achieve the highest principles of corporate governance. The company's corporate governance statement is contained in the annual report.

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 20.

NON-AUDIT SERVICES

The following non-audit services were provided by entity's associated with the entity'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. 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	$116,151

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.

S. Morrow
Director

Brisbane, 29 August 2014

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DECLARATION OF INDEPENDENCE BY PAUL GALLAGHER TO THE DIRECTORS OF BUDERIM GINGER LIMITED

As lead auditor of Buderim Ginger Limited for the period ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect Buderim Ginger Limited and the entities it controlled during the period.

P A Gallagher

Director

BDO Audit Pty Ltd

Brisbane: 29 August 2014

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

Buderim Ginger 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.

This statement is provided to inform shareholders and other stakeholders of the governance arrangements in the company. Unless otherwise stated, the policies, practices and structures referred to in this Statement, have been in place for the whole of the reporting period. The company applies these arrangements to its operations both in Australia and internationally.

It is based on the requirements of the Corporations Law, the Listing Rules of the ASX, the recommendations of the ASX Corporate Governance Council, and other Australian and international guidelines. It is structured with reference to the Corporate Governance Council's principles and recommendations which are as follows:

Principle 1
Lay solid foundations for management and oversight

Principle 2
Structure the board to add value

Principle 3
Act ethically and responsibly

Principle 4
Safeguard integrity in corporate reporting

Principle 5
Make timely and balanced disclosure

Principle 6
Respect the rights of security holders

Principle 7
Recognise and manage risk

Principle 8
Remunerate fairly and responsibly

The directors have unanimously adopted these corporate governance principles. However this does not infer that the directors endorse all the recommended guidelines as being appropriate to the particular circumstances of the company. The directors are firmly of the opinion that these represent a transparent and comprehensive regime that provides a high level of assurance to all stakeholders.

NON COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS OF ASX CORPORATE GOVERNANCE COUNCIL

Where practical, the Group has complied with the Best Practice Recommendations suggested by the ASX Corporate Governance Council. However, there are some instances whereby due to the limited size of the Board, it is not considered economical or practical to implement some Recommendations. The Best Practice Recommendations that have not been complied with are disclosed below.

DISCLOSURE

This governance statement should be read in conjunction with the disclosures included in the Directors' Report.

This statement is published on the company's website (www.buderimginger.com), and is available in hard copy on request to the Company Secretary.

MANAGEMENT AND BOARD OVERSIGHT (PRINCIPLE 1)

Role of the Board

The board has the ultimate responsibility to shareholders for the profitable and proper conduct of the company's operations. In fulfilling its functions, the board has formally delegated specific authorities to management. These delegations are reviewed periodically. The specific responsibilities of the board include:

- approval of a strategic plan designed to meet stakeholders' needs and manage business risk. Each year the board considers, and if appropriate, approves annual budgets, proposed capital expenditure and operating plans and strategies against which technical and financial performance is regularly reported;
- involvement in developing and approving initiatives and strategies designed to maintain the currency of the strategic plan and ensure the continued growth and success of the entity;
- continual review of the operational and financial performance of the consolidated entity and each operational unit against key performance indicators (both financial and non-financial);
- establishment of management committees to report on occupational health and safety and environment. The board receives and considers reports on the group's performance in the areas of occupational health and safety, food safety and environmental control;
- review and approval of acquisitions and disposals of businesses and assets, and the approval of financing arrangements within defined limits;
- monitoring of the entity's liquidity, credit policies and exposures, and management's actions to ensure they are in line with company policy; and
- disclosure of any real or potential conflict of interest which is to be recorded in the minutes of meetings. Where a conflict of interest arises, directors are to withdraw from discussion and deliberation. Participation is only available in such situations with the consent of other directors.

Role of the Chairman

The Chairman of the board has the responsibility for the conduct of the general meetings of the company, and of the meetings of the directors of the company.

The Chairman also has the role of interfacing with the CEO, and to conduct their performance appraisal.

The Chairman acts as an interface of the organisation with relevant external stakeholders (such as shareholders, government/funding bodies, local organisations and media when necessary).

The Chairman does not have a casting vote at any meeting.

Directors

Directors are elected by the shareholders for a term of three years, or appointed by the board to fill a casual vacancy until the next Annual General Meeting of the company.

On election, directors receive a comprehensive letter of appointment from the Chairman outlining their rights and responsibilities, remuneration and benefits, expectations of commitment, and access to professional advice, documents and insurance.

CORPORATE GOVERNANCE STATEMENT (continued)

A Deed of Indemnity, Insurance and Access is entered into between the company and its subsidiaries, and each director. The deed provides that the company indemnify all directors in accordance with the provisions of the Corporations Act 2001, and with access to the company books and records for a period of 7 years after they cease to be a director of the company. During the financial year, no payment was made by the company under the indemnities.

Directors of the company hold the majority of directorships in all subsidiary companies, except in MacFarms, LLC dba MacFarms of Hawaii which is a member run limited liability company in which Buderim Ginger America, Inc is the sole member. A further exception is the joint venture entity, Ginger Head Quarters Pty Ltd in which joint venture partners have two director representatives each on the board.

In accordance with the Fiji Corporations Act, which requires at least one resident director, Mr Satish Kumar, the General Manager of the Company's Fiji operations, has been appointed as a director of Frespac Ginger (Fiji) Limited.

Delegation to Management

The Board is responsible for the management of the Group. The Board delegates the responsibility for day-to-day management of the Group to the CEO, who operates under strict limits on operational and capital expenditure and the ability to commit the Group to financial obligations. The CEO in turn delegates these limits to the management team subject to the approval of the Board.

The CEO is appointed by the board. He is accountable for delivery of strategic outcomes and reports to the whole board on the delivery or non-delivery of those outcomes. He also assumes responsibility as the principal spokesperson for the company on operational matters.

The Company Secretary is appointed as the secretary to the board as a whole. He/she relates one-to-one with the chairman who represents the views of the board.

The CEO and the Company Secretary enter into a Deed of Indemnity, Insurance and Access with the company and its subsidiaries on identical terms to the Directors' Deed.

Senior managers are appointed to specific positions within the company with the approval of the board. The CEO and senior managers all receive letters of appointment and have formal position descriptions.

During the financial year, no payment was made by the company under the indemnities.

BOARD STRUCTURE (Principle 2)

Directors

The Board is currently comprised of four non-executive directors. Details of those directors serving at year-end are outlined in the Directors' Report. The maximum number of directors permitted by the Constitution is seven directors.

Retirement and Re-election of Directors

The Constitution requires that an election of directors must occur in each year and that, at any rate, directors cannot retain office for the longer of 3 years or until the third AGM following their re-election, without submitting themselves for re-election.

Director Independence

ASX Best Practice Recommendation 2.4 states "A majority of the board of a listed entity should be independent directors". Of the four non-executive directors, two are considered independent.

Mr Steve Morrow, the Chairman, was appointed as a director on 26 February 2010 and Chairman on 29 April 2011. Mr Morrow is considered to be an independent non-executive director as he is not a substantial shareholder nor a major supplier of the company.

Mr Templeton may not be regarded as independent as a director and as a member of the Audit and Compliance Committee by virtue of his substantial shareholding and major ginger supplier status with the company. However, he provides significant industry experience to the board and the company from his own and his family's extensive experience in the cultivation and marketing of this specialised crop. This is of undoubted value in the company's core business and is pivotal to the success of the Australian ginger industry at large. Mr Templeton would be regarded as financially qualified for Audit & Compliance Committee membership purposes.

Mr George Vasili was appointed on 1 July 2011. Mr Vasili has had over 30 years experience in the food industry and is the founder, shareholder and Managing Director of Global Foods Group Pty Ltd, an importer, wholesaler, distributor and manufacturer of food products. Mr Vasili may not be regarded as independent as he is a substantial shareholder. However, his international food industry experience is valuable to all Group businesses.

Ms Margaret Walker was appointed on 22 October, 2012. She is considered to be an independent non-executive director as she is not a substantial shareholder nor a major supplier of the company.

The board is diligent in ensuring that a conflict of interest does not interfere with Directors' obligations towards the company.

Chair

The chair is elected by the directors at the first meeting after each Annual General Meeting.

Director Nomination Committee

The function of a Director Nomination Committee is performed by the whole of the board. The board reviews the company's succession plan, and assesses the necessary and desirable competencies of directors. External advice is sought in sourcing new directors.

The composition of the board is regularly reviewed to ensure that it continues to have the mix of skills and experience necessary for the conduct of the company's activities. Whether filling a vacancy or expanding the board, the procedures applied include the selection of a panel of nominees. In compiling the panel of nominees, the board draws on advice from external consultants and internal industry experience. Potential directors are approached and their interest in joining the board, together with the responsibilities such an appointment entail, are discussed.

Terms and conditions of the appointment, including the level of remuneration, are also communicated to the nominee.

The board may appoint the new director(s) during the year, and that person(s) will then stand for election by shareholders at the next Annual General Meeting. When appointed to the board, all new directors are briefed by the chair and senior management and receive a package of documentation to assist them in familiarising themselves with matters relating to our business, our strategy and current issues.

ETHICAL AND RESPONSIBLE DECISION MAKING (Principle 3)

Corporate Code of Conduct

The company has developed a Code of Conduct to ensure the entity acts in a lawful, highly-principled and socially responsible manner in all of its business practices. Under this Code of Conduct, directors, executives and staff are expected to:

- have an overriding responsibility to all stakeholders of the business and not to any sectional or personal interests;
- display the highest standards of personal behaviour at all times;
- use every opportunity to promote the interests of the group in the community at large;
- act honestly and with the utmost integrity, and comply with the letter and spirit of any laws, rules and policies of the company and this Code of Conduct;
- receive no benefit from their position other than approved remuneration and conditions of employment, and to use the assets of the company economically and efficiently for business purposes only;
- respect all people with whom they come into contact in their work;
- bring to their work all the skills and experience they possess and diligently apply themselves to their duties;
- participate freely in all discussions and will always be allowed to express their opinions;
- conduct business in the strictest confidence, and avoid any discussion of the information received in their duties unless it is approved for distribution;
- consider binding, all decisions of the board, without public dissent from such decisions; maintain good relations within the group;
- consistently and effectively comply with all established policies and procedures; act within delegated authorities
- uphold the concept of a competitive economic environment, abstaining from price fixing, misleading or false representations regarding our products or those of our competitors.

Directors & Executive Securities Trading Policy

The company has established the Directors and Executive Securities Trading policy to control the trading in the company's securities by directors and senior executives. This policy is included in the company's Corporate Governance policy manual which is issued to Directors and officers on their engagement.

A signed acknowledgement is obtained from each Director and officer that they have read and understood all policies.

Insider Trading

Directors and other officers of Buderim Ginger Limited are subject to restrictions under the Corporations Law relating to dealings in securities.

As required by law and in line with its Insider Trading Policy, buying or selling Buderim Ginger securities is not permitted at any time by any person who possesses price-sensitive information not available to the market in relation to those securities. Closed periods in which Directors and Executives are prohibited from trading in the company's securities are the 2 months immediately preceding the company's half year and full year financial results announcements.

In addition to these restrictions, the board's policy is that directors and officers may only buy or sell Buderim Ginger securities, after notifying the Chairman, in the six weeks immediately following our half year and full year financial results announcements and any General Meeting.

At all other times directors and officers require the prior written consent of the board to buy or sell Buderim Ginger securities, with the board examining each request for a proposed security transaction prior to approval to ensure it is not related to insider trading. Exceptional circumstances whereby the entity's Directors and Executives are permitted to trade during a prohibited period include:

- Off-market transactions within a Director's or Executive's various security holding accounts through which no change in beneficial interest occurs;
- Transactions through a Director's or Executive's estate after death when the restricted person has no control or influence with respect to the trading decision;
- Trading through a fund or other scheme where the assets of the fund or scheme are invested at the discretion of a third party;
- Undertakings to accept, or the acceptance of, a takeover offer;
- Trading under an offer or invitation made to all or most of the security holders, such as a Rights Issue, a Share Purchase Plan, a Dividend Reinvestment Plan, a Dividend Share Issue Plan and an Equal Access Buy-Back where the plan that determines the timing and structure of the offer has been approved by the board. This includes decisions relating to whether or not to take up the entitlements and the sale of entitlements required to provide for the take up of the balance of entitlements under a renounceable pro rata issue;
- A disposal of securities that is the result of a secured lender exercising their rights, subject to the Director or Executive having previously obtained written approval from the Board to enter into an agreement with the lender through which the Director or Executive provides the lender with rights over their interest in the company's securities; and
- Where written board approval has been given to the Director or Executive to sell or otherwise dispose of the company's securities during a prohibited period where the Director or Executive is in severe financial hardship or there are other exceptional circumstances such as pressing financial commitments that cannot be satisfied otherwise than selling the relevant securities of the company. In such cases, the Chairman or the Chief Executive Officer is designated to determine what constitutes an exceptional circumstance and whether or not written approval is to be granted to permit trading in the company's securities during a prohibited period.

Where written approval has been provided to Directors and Executives to trade during prohibited periods, the period is specified in each individual case. Written approvals may be provided in either email or paper format.

The Australian Stock Exchange has granted Buderim Ginger Limited a waiver from Listing Rule 10.11 to the extent necessary to permit the company to issue up to $15,000 worth of securities to each of its directors under the Share Purchase Plan, without obtaining shareholder approval, on condition that directors are offered securities under the plan on the same terms as other security holders.

In order to prevent the unfair use of information, directors and officers are generally prohibited from short-term trading at all times. Short-term trading is a purchase and sale of the same securities within a six month period.

Disclosure of Directors' Security Transactions

Directors must enter into agreements with the company regarding disclosure of directors' securities transactions. Under these agreements, directors are obliged to provide the necessary information to the company, to allow the company to comply with the ASX Listing Rule requiring disclosure of details of directors' interests in securities.

Details of an initial investment and on-going transactions are to include the transaction date, the number and class of securities held before and after the change, the nature of the change, and consideration payable in connection with the change, or if a market consideration is not payable, the value of the securities the subject of the change.

Details of changes in securities not registered in the director's name but in which the director has a relevant interest within the meaning of section 9 of the Corporations Act, must also be provided.

Directors are to provide the required information within three business days after the date of the change.

Directors also agree to provide appropriate information on securities held at the date of ceasing to be a director.

Directors have advised that no securities controlled by them are the subject of margin loans.

Stakeholders Interests

The company recognises that there are many stakeholders in the business in addition to the shareholders. The company endeavours to relate openly, fairly and equitably with all shareholders in terms of their relationship with the company.

Among the stakeholders are:

- staff;
- customers;
- suppliers;
- communities in the countries where we operate;
- local, state and national governments;
- other participants in the food industry.

Stakeholder interests are protected and recognised through the company's policies and procedures and the adoption of a Code of Conduct. The policies cover matters such as accounting and reporting, employment conditions, employee safety and welfare, customer privacy, and legal compliance.

INTEGRITY OF FINANCIAL REPORTING (Principle 4)

Audit & Compliance Committee

The company has established an Audit & Compliance Committee in order to:

- assist the board in discharging its responsibilities relative to financial reporting and regulatory conformance;
- give additional assurance regarding compliance with directors' statutory responsibilities, the quality and reliability of financial information used by the board and financial statements issued by the company;
- oversee the economic entity's risk management strategies, policies and processes that have the potential to impact significantly on earnings performance;
- monitor performance and advice on selection and retention of external auditors.

The primary responsibilities of the Audit & Compliance Committee are to:

- assist the board to exercise due care in reviewing the financial statements and assistance in fulfilling their legal responsibilities;
- oversee and appraise the quality of audits conducted by external auditor;
- perform an independent review of financial information prepared by management for external parties;
- assess the adequacy and effectiveness of the internal controls to ensure the integrity of the company's accounting records and to safeguard its assets;
- monitor compliance with Australian Accounting Standards, Taxation and Corporations Law, Australian Stock Exchange Listings Rules, and Australian Investment and Securities Commission regulations;
- ensure adherence to accepted standards of ethical conduct, laws and regulations (e.g. Industrial Relations, Industry Codes, Trade Practices, Consumer Protection, Occupational Health & Safety, Environmental Regulations);
- monitor corporate risk assessment and the internal controls instituted;
- supervise special investigations when requested by the board.

The committee does not include the Chairman of the board, with the two members comprising non-executive directors. The chair of the committee is an independent director. The members of the committee are financially literate, and the chairman of the committee has financial expertise.

The committee has standing invitations to the following attendees:

- Chairman of the Board,
- Chief Executive (CEO),
- Chief Financial Officer (CFO).

Meetings are held regularly and at times to best manage the audit processes and ensure compliance with statutory time frames. Minutes of all meetings are provided to the full board.

The committee regularly reviews the work and independence of the external auditor and recommends any change, selection and appointment to the main board.

CEO and CFO Certification

In accordance with section 295A of the Corporations Act, the Chief Executive Officer and the Chief Financial Officer have provided a written statement to the Board that:

- Their view provided of the Group's financial report is founded on a sound system of risk management and internal compliance and control which implements financial policies adopted by the Board.
- That the Group's risk management and internal compliance and control system is operating effectively in all material respects.

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute.

This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

In addition to the above certification, the CEO and CFO, provide the board with a comprehensive letter of representation prior to the acceptance of the annual accounts by the board. This letter not only certifies the correctness and integrity of the financial and risk management systems, but also covers compliance with legal and regulatory requirements in relation to trade practices, employment, workplace health and safety, quality assurance and environmental factors.

As part of the process of certifying the annual accounts, the directors and management provide a letter of representation to the external auditors, in similar terms to the letter provided by management to the directors.

TIMELY AND BALANCED DISCLOSURE
(Principle 5)

Policies and procedures to comply with continuous disclosure and other statutory requirements have been developed by the company.

Under its Continuous Disclosure Policy, Buderim Ginger Limited is committed to providing shareholders with comprehensive information about the company and its activities, and to fulfilling its obligations to the broader market for continuous disclosure.

Consistent with best practice disclosure and continuous disclosure requirements, all market-sensitive data, periodic financial reports (Appendix 4 - end of year and half-year) and addresses by the Chairman and/or CEO to shareholder meetings are released to the stock exchange via ASX On-Line prior to release to the market via press release and posting on Buderim Ginger's internet site.

Similarly, annual reports and notices of meetings, dividend re-investment and share plan documentation are released through ASX On-Line prior to being distributed to shareholders via the website or through the mail.

Detailed commentary on financial results is included in the Annual Report, and in the Chairman's Address at the Annual General Meeting. This address is circulated to shareholders with the annual dividend payment.

Further commentary on half-yearly results is included in the press release announcing those results, and circulated to shareholders with the interim dividend payment.

As part of its Continuous Disclosure Policy the Company has processes in place to provide balanced response to market rumours or speculation of which it is made aware.

RESPECT FOR SECURITY HOLDERS
(Principle 6)

Effective Communication

Buderim Ginger Limited is committed to providing shareholders with comprehensive information about the company and its activities, and to fulfilling its obligations to the broader market for continuous disclosure.

Shareholders are now able to receive their shareholder information electronically in preference to mail. Notification via email of company announcements, annual and half year reports and other company information is available by registering for this service through the company's website.

Access to Information

The company publishes a comprehensive Annual Report incorporating financial and other information. This is sent to all shareholders on request and is available to the public, as well as being posted on the company's website. A Half-Yearly Report incorporating abbreviated financial data and market commentary is also made available on the same basis.

The company maintains a comprehensive web site www.buderimginger.com that contains extensive shareholder and stakeholder information in addition to information about the company's products. The past three years' Annual and Half-Yearly Reports and a corporate governance section are contained within the website.

The company's offices maintain supplies of shareholder information for public access; and the Company Secretary's office is responsible for the distribution of material and responding to requests for information from shareholders and the public.

Under the company's Investor Communication Policy the board, and in particular the Chairman, bear particular responsibility for communication with shareholders and members. This occurs formally through the Annual Report and the Annual General Meeting. At other times, senior management and Chairman liaise between the board and key shareholders and analysts.

Any company announcement is published on the company's website at www.buderimginger.com/investor.

Annual General Meeting

The company conducts its Annual General Meetings at its corporate headquarters and factory site at Yandina.

Notice of the meeting is sent to every shareholder and advertised publicly.

The company's auditor attends the Annual General Meeting and is invited to answer relevant questions and make statements to the meeting.

The directors and senior management attend all General Meetings and are available to shareholders and other stakeholders.

The Chairman accepts written questions and pre-submitted questions at a General Meeting and responds appropriately to all questions.

The public and the media are welcome to attend General Meetings as observers.

RISK MANAGEMENT
(Principle 7)

Systems

The company has well established systems for the conduct of its business. These extend to the major functions of the company (food processing and tourism operations) and to the administrative systems to support its operations.

Policies

The company has documented policies and procedures for all principal areas of its operations.

Policies are approved by the board and procedures developed by management to give effect to the policies.

Review

The company's policies are reviewed periodically by the board.

The Audit Committee also has responsibility for oversight of risk management in the company.

Internal Audit

The company does not maintain a separate internal audit function. It does have a series of independent checking processes that are approved and supervised by the Audit Committee, and co-ordinated with the external audit function. These processes extend to non-financial risk areas such as food safety.

Insurance

The company maintains a program of insurance where insurable risks are identified. The level of self-insurance and exposure to deductibles in insurance policies is not material.

During the financial year, the company paid premiums in respect of a directors' and officers' liability insurance policy. The policy insures each person who is or has been a director or executive officer against certain liabilities arising in the course of their duties to the company and its controlled entities. The insurance policy prohibits disclosure of the nature of the liabilities or the amount of the premium.

IMPROVING PERFORMANCE THROUGH FAIR & RESPONSIBLE REMUNERATION
(Principle 8)

A structured process is currently being established to review and evaluate the performance of the board and board sub committees and to identify areas where improvement can be made. The review process will include assessment of board composition, governance relations and internal processes to ensure continuing corporate governance improvement. The performance and contribution of non-executive directors is to be assessed against pre-determined criteria.

Senior executive performance review is conducted annually, and as a preliminary to annual remuneration review. The CEO conducts senior executive performance reviews and reports on these to the board. The CEO's performance review is conducted by the Chairman of the board and reported to the board. This evaluation is based on specific criteria, including the group's business performance, whether strategic objectives are being achieved and the development of management and personnel.

While there is no formal program of director education, directors and senior executives attend industry and other related seminars and conferences under relevant professional development programs for which the company has made a budget provision.

Directors are entitled to seek independent professional advice in the performance of their duties. The company will pay for this advice on the approval of the chairman.

The board has appointed a Company Secretary, who also fulfils the role of Chief Financial Officer. The Company Secretary reports directly to the board on all secretarial matters. The Company Secretary's employment may not be terminated without the concurrence of the board.

REMUNERATION

Remuneration Committee

The company has established a Remuneration Committee to ensure that the remuneration policies and practices of the company are consistent with its strategic goals and human-resource objectives.

The committee comprises the Chairman and one non-executive director. It is chaired by the Chairman of the board.

The role of the Remuneration Committee is to:

- recommend aggregate director's remuneration and entitlements to the shareholders for approval;
- establish and approve the remuneration and entitlements of the Chief Executive;
- establish remuneration policies and guidelines for senior executives and staff.

Independent external advice is sought on the quantum of remuneration and entitlements for directors and senior staff to enable alignment with market conditions in similar businesses. A formal review of remuneration is conducted annually.

Directors and Senior Management

Directors receive director's fees and associated minimum statutory superannuation payments. Fees payable to individual directors are established by the directors within the aggregate approved by the shareholders.

Directors are not entitled to any retirement allowances nor any bonuses or share options.

Details of the nature and amount of directors' remuneration are outlined in the Directors' Report.

Senior management (including the CEO) are engaged on contracts with no fixed term, with remuneration comprising three possible elements:

- fixed component - comprising salary, superannuation, motor vehicle and other standard industry benefits;
- performance component - comprising cash bonus for performance above pre-agreed objective hurdles. The maximum bonus payable is 30% of the fixed component.

The company does not issue options over shares as part of any remuneration arrangements.

Details of the nature and amount of senior executives' remuneration are outlined in the Directors' Report.

Diversity at Buderim Ginger Limited

Buderim Ginger Limited considers a gender-balanced diverse and inclusive workforce, where employee differences in areas of gender, age, culture, disability and lifestyle choice are valued, and in which everyone has the opportunity to fully participate and is valued for their individual inputs, a strategic asset for its business. The Group's Diversity Policy encapsulates and complements the principles incorporated in its many human resource management policies, such as Affirmative Action, Equal Opportunity and Anti-Discrimination, Workplace Bullying, Sexual Harassment, and Rehabilitation policy.

Valuing and managing diversity means that Buderim Ginger:

- Facilitates equal employment opportunities based on relative ability, performance or potential;
- Builds and maintains a safe work environment by taking action against inappropriate workplace and business behaviour;
- Develops flexible work practices to meet the differing needs of our employees at different stages of their life cycle;
- Attracts and retains a skilled and diverse workforce;
- Enhances customer service and market reputation through a workforce that respects and reflects the diversity of our customers and partners;
- Improves productivity and teamwork;
- Meets the relevant requirements of legislation and human resource policies; and
- Creates an inclusive workplace culture.

Gender Balance at Buderim Ginger

Buderim Ginger's Board currently comprises four non-executive Directors. Although it is not the Board's current intention to make any new Board appointments to increase the size of the Board in the short term, other than as part of the succession planning process, skill gaps are regularly assessed to determine if additional experience is required at Board level.

Directors are elected by shareholders for a term of three years, or appointed by the Board to fill a casual vacancy until the next Annual General Meeting of the company. Directors have the opportunity to retire at the end of their three year term, or offer themselves for re-election.

There is currently one woman representation on the Board. The opportunity to appoint a female Director is considered whenever Board appointments are made. It is the Board's objective to maintain 25% female representation on the Board. Irrespective appointments are based on merit and a matching of skills required at Board level to those of applicants.

It is the Board's objective to maintain at least 25% women representation throughout the Group. With respect to the total number of women across the Group's businesses, this percentage currently approximates 57%, while management level representation is approximately 32%.

In accordance with the requirements of the Australian Workplace Gender Equality Act 2012, Buderim Ginger Limited lodged it's annual public report with the Workplace Gender Equality Agency on 31 May 2014.

Progression and Development Practices

Buderim Ginger aims to achieve gender balance in its training and development programs throughout the Group. These programs are aimed at ensuring every individual has access to learning to assist in the performance of their roles and to provide growth potential within the group when succession opportunities arise.

Flexible Arrangements and Parental Leave

Buderim Ginger offers flexible work arrangements and support in special circumstances to help balance life priorities with work and to manage careers. These include flexible start and finish times, part-time work arrangements, working from home, job sharing, telecommuting, transitional arrangements for new parents returning to work after parental leave, and unpaid leave as required.

Further details of the Group's Diversity Policy can be accessed at buderimginger.com

CONTENTS TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	NOTES	CONSOLIDATED	
		30/06/14 $'000	30/06/13 $'000
CURRENT ASSETS			
Cash and cash equivalents	11	**12,813**	1,443
Trade and other receivables	12	**8,268**	9,678
Inventories	13	**25,139**	28,682
Current tax assets		**446**	684
Other current assets	14	**873**	1,008
Derivatives		**-**	44
TOTAL CURRENT ASSETS		**47,539**	41,539
NON-CURRENT ASSETS			
Investment accounted for using the equity method	16	**1,186**	1,209
Property, plant and equipment	17	**22,063**	23,203
Deferred tax assets	7	**5,867**	5,320
Intangible assets	18	**2,023**	2,029
TOTAL NON-CURRENT ASSETS		**31,139**	31,761
TOTAL ASSETS		**78,678**	73,300
CURRENT LIABILITIES			
Trade and other payables	19	**14,583**	17,044
Interest-bearing liabilities	20	**21,342**	21,398
Short-term provisions	21	**706**	2,002
Current tax liabilities		**-**	5
Derivatives		**-**	25
TOTAL CURRENT LIABILITIES		**36,631**	40,474
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	20	**116**	226
Deferred tax liabilities	7	**2,362**	2,786
Long-term provisions	21	**49**	44
TOTAL NON-CURRENT LIABILITIES		**2,527**	3,056
TOTAL LIABILITIES		**39,158**	43,530
NET ASSETS		**39,520**	29,770
EQUITY			
Contributed equity	22	**39,272**	28,044
Reserves		**4,053**	4,038
Retained earnings/accumulated losses		**(3,805)**	(2,312)
TOTAL EQUITY		**39,520**	29,770

The above 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 2014

	NOTES	CONSOLIDATED	
		30/06/14 12 months $'000	30/06/13 6 months $'000
INCOME			
Sale of goods		**63,160**	29,450
Cost of sales		**(54,311)**	(22,121)
Gross profit		**8,849**	7,329
Rental revenue		**246**	112
Other income	6 (a)	**2,923**	1,127
Finance revenue		**24**	9
Total		**12,042**	8,577
Share of profit accounted for using the equity method		**27**	23
Selling and distribution expenses		**(4,617)**	(3,298)
Marketing expenses		**(807)**	(161)
Tourism expenses		**(2,260)**	(1,192)
Administration expenses		**(5,714)**	(3,072)
Other expenses	6 (b)	**(450)**	(780)
PROFIT/(LOSS) BEFORE TAX AND FINANCE COSTS		**(1,779)**	97
Finance costs	6 (c)	**(962)**	(373)
PROFIT/(LOSS) BEFORE INCOME TAX		**(2,741)**	(276)
Income tax (expense)/benefit	7	**1,416**	160
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS		**(1,325)**	(116)
Discontinuing operations			
Profit/(loss) from discontinued operations, net of tax	10	**(168)**	(4,485)
NET PROFIT/(LOSS) FROM THE PERIOD		**(1,493)**	(4,601)
OTHER COMPREHENSIVE INCOME/(LOSS) **Items that will not be reclassified subsequently to profit or loss**			
Changes in fair value of land, net of tax		**46**	-
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations, net of tax		**(12)**	480
Changes in fair value of cash flow hedges, net of tax		**(19)**	27
Total other comprehensive income/(loss), net of tax		**15**	507
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		**(1,478)**	(4,094)
Total net profit/(loss) is attributable to:			
Equity holders of Buderim Ginger Limited		**(1,493)**	(4,601)
		(1,493)	(4,601)
Total comprehensive income is attributed to:			
Equity holders of Buderim Ginger Limited		**(1,478)**	(4,094)
		(1,478)	(4,094)
Basic and diluted earnings/(loss) per share (cents)	8	**(7.1)**	(22.3)
Basic and diluted earnings/(loss) per share from continuing operations (cents)	8	**(6.3)**	(0.6)
Basic and diluted earnings/(loss) per share from discontinued operations (cents)	8	**(0.8)**	(21.7)

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2014

	Notes	CONSOLIDATED	
		30/06/14 12 months $'000	30/06/13 6 months $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**69,508**	34,354
Payments to suppliers and employees (inclusive of GST)		**(70,692)**	(35,825)
Other receipts		**1,927**	1,313
Interest received		**30**	21
Interest and other finance costs paid		**(1,015)**	(511)
Income tax received/(paid)		**704**	(1,164)
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	11	**462**	(1,812)
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,735)**	(1,090)
Purchase of intangible assets		**(9)**	-
Proceeds from sale of business		**1,452**	-
Proceeds from sale of equipment		**36**	-
Dividend received from joint venture		**50**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(206)**	(1,090)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from borrowings		**4,605**	4,721
Repayments of borrowings		**(4,473)**	(1,124)
Proceeds from rights issue and placement		**11,357**	-
Capital raising costs		**(129)**	-
Payment of equity dividend (net of dividend reinvestment)		**-**	(619)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**11,360**	2,978
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**11,616**	76
Cash and cash equivalents at beginning of period		**1,018**	942
CASH AND CASH EQUIVALENTS AT END OF PERIOD	11	**12,634**	1,018

The above 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 2014

CONSOLIDATED	Contributed Equity $'000	RESERVES Asset Revaluation $'000	RESERVES Foreign Currency Translation $'000	RESERVES Cash Flow Hedges $'000	Retained Earnings/ Accumulated Losses $'000	Total Equity $'000
As at 1 January 2013	28,044	4,507	(968)	(8)	2,908	**34,483**
Total comprehensive income/(loss) for the period						
Net profit/(loss) for period	-	-	-	-	(4,601)	**(4,601)**
Other comprehensive income/(loss)						
Exchange difference on translation of foreign operations	-	-	480	-	-	**480**
Change in fair value of cash flow hedges	-	-	-	27	-	**27**
Income tax on other comprehensive income items	-	-	-	-	-	**-**
Total comprehensive income/(loss) for the period	-	-	480	27	(4,601)	**(4,094)**
Transactions with owners in their capacity as owners						
Equity dividend	-	-	-	-	(619)	**(619)**
As at 30 June 2013	28,044	4,507	(488)	19	(2,312)	**29,770**
As at 1 July 2013						
Total comprehensive income/(loss) for the period						
Net profit/(loss) for period	-	-	-	-	(1,493)	**(1,493)**
Other comprehensive income/(loss)						
Exchange difference on translation of foreign operations	-	-	(12)	-	-	**(12)**
Change in fair value of cash flow hedges	-	-	-	(19)	-	**(19)**
Change in fair value of land	-	46	-	-	-	**46**
Shares issued under rights issue	10,324	-	-	-	-	**10,324**
Shares issued on placement of rights issue oversubscription	1,033	-	-	-	-	**1,033**
Transaction costs on rights issue	(129)	-	-	-	-	**(129)**
Income tax on other comprehensive income items	-	-	-	-	-	**-**
Total comprehensive income/(loss) for the period	39,272	4,553	(500)	-	(3,805)	**39,520**
Transactions with owners in their capacity as owners						
Equity dividend	-	-	-	-	-	**-**
As at 30 June 2014	39,272	4,553	(500)	-	(3,805)	**39,520**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014

1. CORPORATE INFORMATION

The financial report of Buderim Ginger Limited for the period ended 30 June 2014 was authorised for issue in accordance with a resolution of the directors on 29 August 2014. Buderim Ginger 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 financial report covers the consolidated group of Buderim Ginger Limited and its controlled entities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(a) Basis of preparation

The 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 financial statements have also been prepared on a historical cost basis, except land and derivative financial instruments that have been measured at fair value. The financial statements have been prepared adopting the same accounting policies as those adopted in the annual financial statements for the period ended 30 June 2013, except for the adoption of new and revised Australian Accounting Standards and Interpretations.

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

Any significant impact on the accounting policies of the Group from the adoption of these Accounting Standards and AASB Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The classification of bill finance facilities provided by Rabobank Australia Limited remained current as at 30 June 2014 due to the short term nature of the facilities and the breach of two banking covenants.

The Group continues to operate under facilities established with Rabobank in May 2013 and varied in June 2014. The consolidated financial statements have been prepared on a going-concern basis. Based on discussions with Rabobank, the directors believe that the group will continue to have the support of Rabobank and the banking facilities will be amended to take into account the change in year end.

The 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 Class Order 98/100. The company is an entity to which the class order applies.

On 27 May 2013, Directors advised the market of a change in the financial year for reporting purposes from 31 December to 30 June each year, with a transitional period of six months to 30 June 2013. This decision was taken to synchronise the Company with common Australian practice and with other companies in the food industry.

The consolidated financial statements comprise the financial statements of Buderim Ginger Limited and its subsidiaries (the 'Group') for the year ended 30 June 2014. The comparative period is for the transitional year which commenced on 1 January 2013 and ended 30 June 2013. Thus, amounts presented in the financial statements are not entirely comparable.

(b) Statement of compliance

The consolidated financial statements of Buderim Ginger 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 financial statements comply with International Financial Reporting Standards ('IFRS').

(c) Basis of consolidation

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, 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 Ginger 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.

(d) Business combinations

The acquisition method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(e) 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.

(f) 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.

(g) Foreign currency translation

Both the functional and presentation currency of Buderim Ginger Limited and its Australian subsidiaries is Australian dollars (AUD) or ($). Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

The functional currency of the overseas subsidiary, Buderim Ginger (UK) Limited, is pound sterling (GBP). The functional currency of the overseas subsidiaries, Buderim Ginger America, Inc, and MacFarms, LLC is US dollars (USD). The functional currency of the overseas subsidiary, Frespac Ginger (Fiji) Limited, is Fijian dollars (FJD).

Transactions in foreign currencies are initially recorded in the functional currency of the Group member at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of overseas subsidiaries are translated into the presentation currency of Buderim Ginger Limited at the rate of exchange ruling at the reporting date and the income and expenses are translated at the weighted average exchange rates for the period.

The exchange differences arising on the translation are recognised in other comprehensive income.

On disposal of a foreign entity, the cumulative amount recognised in equity relating to that particular foreign operation is reclassified from equity to profit or loss.

(h) Cash and cash equivalents

Cash and short-term deposits in the 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 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 borrowings in current liabilities in the statement of financial position.

(i) Trade and other receivables

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

An allowance for doubtful debts is made where there is objective evidence that the Group will not be able to collect the debts. Bad debts are written off when identified.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Inventories

Inventories are valued at the lower of cost and net realisable value.

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

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.

(k) 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 freehold land, over the estimated useful life of the assets as follows:

Major depreciation periods are:

Tourism buildings	**15 years**
Freehold buildings	**50 years**
Plant and equipment	**3 – 10 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 2014 are consistent with those used in the prior year.

Following initial recognition at cost, land is carried at fair value.

Fair value is determined by what the asset can be exchanged for in an orderly transaction between market participants to sell the asset at the measurement date under current market conditions.

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 same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss.

Upon disposal, any revaluation reserve relating to the particular asset 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 asset's 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.

(l) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

Goodwill is tested for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired (note 2(n)).

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

Impairment losses recognised for goodwill are not subsequently reversed.

(m) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and developments costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet available for use, or more frequently when an indicator of impairment arises during the reporting period indicating that the carrying value may not be recoverable.

A summary of the policies applied to the Group's intangible assets is as follows:

	Goodwill	Trademarks
Useful lives	Indefinite	Indefinite
Method used	Not amortised	Not amortised
Internally generated / Acquired	Acquired	Acquired
Impairment test / Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

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.

(n) Impairment of 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 to sell 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. 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.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired assets unless the asset is carried at revalued amount (in which case the impairment loss is treated as a revaluation decrease).

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. 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.

(p) 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.

(q) 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Employee benefits

(i) 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.

(ii) 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 market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(s) Share-based payment transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance vesting conditions, other than conditions linked to the price of the shares of Buderim Ginger Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the vesting period.

(t) 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.

(u) 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.

(v) 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 instalments. A clean technology grant of $99,475 was received during the financial period ended 30 June 2014. However, grant funds are brought to account in accordance with reporting requirements for the recognition of deferred income.

(w) 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.

(x) Other taxes

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

(a) 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
(b) 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 statement of financial position.

Cash flows are included in the 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.

(y) Derecognition of financial instruments

The derecognition of a financial assets 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.

(z) Derivative financial instruments and hedging

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with foreign currency fluctuations and interest rates. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value at each reporting date. Derivatives are carried as assets when their fair value is positive and liabilities when their fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives, except for those that qualify as cash flow hedges, are taken directly to net profit or loss for the year.

The fair value of forward exchange contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

For the purposes of hedge accounting, hedges are classified as either fair value hedges when they hedge the exposure to changes in the fair value of a recognised asset or liability; or cash flow hedges where they hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a forecast transaction.

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured to fair value and gains and losses from both are taken to profit or loss.

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Derivative financial instruments and hedging (continued)

(ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income and accumulated in reserves in equity, while the ineffective portion is recognised in profit or loss. Amounts accumulated in equity are reclassified to profit or loss when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts accumulated in equity are reclassified to the initial carrying amount of the non-financial asset or liability. If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are reclassified to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is reclassified to profit or loss.

(aa) 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 and 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.

(ab) 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.

(ac) 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. As there are no dilutive potential ordinary shares, diluted earnings per share is the same as basic earnings per share.

(ad) 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.

(ae) Accounting standards issued not effective

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were issued but not yet effective. They have not been applied in preparing this Financial Report. The Group has not yet determined the potential effect of these standards on the Group's future Financial Reports.

- AASB 9 Financial Instruments (December 2009), AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments effective on a modified retrospective basis to annual periods beginning on or after 1 January 2017;
- AASB 9 Financial Instruments (December 2010), AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010), AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 8 and Transition Disclosure, AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments effective on a modified retrospective basis to annual periods beginning on or after 1 January 2017;
- AASB 2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets effective for annual periods beginning on or after 1 January 2014; (The standard is not expected to impact the Group)

- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments effective for annual periods beginning on or after 1 January 2018;
- AASB 2014-1 Amendments to Australian Accounting Standards [Part A] effective for annual reporting periods commencing on or after 1 Jul 2014; (The standard is not expected to impact the Group)
- AASB 2014-1 Amendments to Australian Accounting Standards [Part B] effective for annual reporting periods commencing on or after 1 Jul 2014; and
- IFRS 14 Regulatory Deferral Accounts effective for annual periods beginning on or after 1 July 2014; and
- IFRS 15 Revenue from Contracts with Customers effective for annual periods beginning on or after 1 January 2017.

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 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 Group generally uses derivative financial instruments such as foreign exchange contracts and interest rate swap contracts to hedge these risks. 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 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, other than derivatives, comprise bank loans, overdraft, bills of exchange, payables, cash and short-term deposits and receivables.

The main purpose of these financial instruments is to raise finance for the Group's operations.

The Group also enters into derivative transactions, principally forward currency contracts and interest rate swaps. The purpose is to manage the interest rate and currency risks arising from the Group's operations and its sources of finance.

It is, and has been throughout the period under review, 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 also monitors the market price risk arising from all financial instruments. The magnitude of this risk that has arisen over the period is discussed in note 23.

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 entity'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 enters 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 30 June 2014, there were no Group borrowings at a fixed rate of interest (2013: Nil). Interest rate risk sensitivity is disclosed in note 23.

(b) Foreign currency risk

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

The Group seeks to mitigate the effect of its structural currency exposure by borrowing a portion of its facility in overseas currency loans. The Group has designated entry and exit points for converting between AUD and other currencies, in order to maximize the benefit of the hedging philosophy. In addition, maximum levels of foreign currency borrowings have been restricted to the lowest historical monthly net asset level, denominated in a particular overseas currency.

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 6% (2013: 7%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 94% (2013: 82%) of costs are denominated in the unit's functional currency.

The Group requires all its operating units to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of $15,000 where the opportunity to utilise natural hedges is not available. Contracts are not to exceed $100,000 in value, nor a maximum of 12 month duration unless approved on an individual case basis.

The forward currency contracts must be in the same currency as the hedged item.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

Further information relating to currency risk is disclosed in Note 23.

(c) Commodity price risk

The Group is exposed to commodity price risk in the ginger, baking and macadamia segments. Processes are in place to monitor the price movements 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.

Credit risk

Credit risk is the risk of financial loss to the entity 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 entity is to minimise risk of loss from credit risk exposure.

The entity 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 consolidated entity'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 statement of financial position.

Liquidity risk

Liquidity risk is the risk that the entity 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 entity 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 (refer note 20)
- 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.

Liquidity risk is measured using liquidity ratios such as working capital. Despite the establishment of revised banking facilities all amounts owed to Rabobank Australia Limited have been classified as current under the requirements of AASB 101 as these facilities are for less than 12 months. As at 30 June 2014 the company was in breach of two of its covenants.

Summary of quantitative data	**2014 $'000**	2013 $'000
Current assets	**47,539**	41,539
Current liabilities	**36,631**	40,474
Surplus / (deficit)	**10,908**	1,065

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 – 2014

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						
Bank loans and bills	21,458	22,372	5,317	16,935	120	-
Trade and other payables	14,583	14,583	14,583	-	-	-
Total Non-derivatives	36,041	36,955	19,900	16,935	120	-

Maturity Analysis – Group - 2013

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						
Bank loans and bills	21,624	22,553	11,661	10,642	250	-
Trade and other payables	17,044	17,044	17,044	-	-	-
Total Non-derivatives	38,688	39,597	28,705	10,642	250	-

Refer to note 20 Interest-Bearing Liabilities for further details.

The Group has committed borrowing facilities and other lines of credit that it can access to meet liquidity needs. Due to the breach of the banking covenants detailed in note 2(a), the banking facilities are available to be called by the bank at their option.

Hierarchy

The Group has no listed equity securities, material financial derivatives or financial instruments recognised at fair value.

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 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

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences based on future budgeted performance.

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 25.

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.

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 period ended 30 June 2014 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 - Australia - processing in Australia of macadamia products and marketing to wholesale and retail customers throughout the world;

Macadamias - Hawaii - production and processing in the USA of macadamia products and marketing to wholesale and retail customers throughout North America;

Baking - manufacture of a variety of frozen bakery products and marketing to both food service and retail customers throughout Australia. The baking segment assets were sold on 30 September 2013; and

Tourism - the sale of ginger 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 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 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 arms 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. During the financial period, there were no changes in segment accounting policies that had a material effect on the segment information.

5. SEGMENT INFORMATION (continued)

Reportable segments

Segment information provided to the Board and executive management committee for the 12 month period ended 30 June 2014 and the 6 month period ended June 2013 is as follows:

REPORTABLE SEGMENTS	Ginger		Baking		Tourism		Macadamias Australia		Macadamias Hawaii		Total	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Income												
Sales of goods to external customers	**26,691**	11,981	**3,252**	4,215	**3,748**	1,745	**23,679**	8,009	**9,042**	7,715	**66,412**	33,665
Sales of goods to internal customers	**2,812**	2,302	**-**	-	**-**	-	**-**	-	**2,341**	1,173	**5,153**	3,475
Other revenue / income	**160**	406	**461**	64	**246**	112	**3**	57	**2,785**	673	**3,655**	1,312
Total segment revenue	**29,663**	14,689	**3,713**	4,279	**3,994**	1,857	**23,682**	8,066	**14,168**	9,561	**75,220**	38,452
Consolidated entity adjustments	**(2,812)**	(2,302)	**-**	-	**-**	-	**-**	-	**(2,341)**	(1,173)	**(5,153)**	(3,475)
Total Income											**70,067**	34,977
Results												
Segment result	**(2,023)**	(110)	**(166)**	(6,154)	**112**	(132)	**(134)**	(724)	**231**	1,439	**(1,980)**	(5,681)
Share of profit/(loss) of jointly controlled entities'	**-**	-	**-**	-	**27**	23	**-**	-	**-**	-	**27**	23
Corporate overhead expenses	**(403)**	(261)	**(49)**	(110)	**(57)**	(40)	**(358)**	(178)	**(136)**	(183)	**(1,003)**	(772)
Contribution to group profit/(loss)	**(2,426)**	(371)	**(215)**	(6,264)	**82**	(149)	**(492)**	(902)	**95**	1,256	**(2,956)**	(6,430)
Finance costs	**841**	266	**79**	138	**28**	20	**(27)**	-	**120**	87	**1,041**	511
Finance revenue	**(24)**	(15)	**(6)**	-	**-**	-	**-**	(6)	**-**	-	**(30)**	(21)
Depreciation & amortisation	**1,193**	545	**147**	301	**186**	107	**291**	159	**253**	226	**2,070**	1,338
EBITDA	**(416)**	425	**5**	(5,825)	**296**	(22)	**(228)**	(749)	**468**	1,569	**125**	(4,602)
Profit/(loss) before income tax											**(2,956)**	(6,430)
Income tax (expense)/ benefit	**1,660**	353	**47**	1,669	**(42)**	45	**(298)**	216	**96**	(454)	**1,463**	1,829
Net profit/(loss) for the period											**(1,493)**	(4,601)
Inventory write-downs	**588**	116	**-**	-	**-**	-	**-**	149	**-**	228	**588**	493

5. SEGMENT INFORMATION (continued)

REPORTABLE SEGMENTS	Ginger		Baking		Tourism		Macadamias Australia		Macadamias Hawaii		Total	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Material abnormal items												
Impairment expense	**-**	-	**-**	4,389	**-**	-	**-**	-	**-**	-	**-**	4,389
Provision for onerous contracts	**-**	-	**-**	532	**-**	-	**-**	-	**-**	-	**-**	532
Loss from discontinuing operations	**-**	-	**168**	-	**-**	-	**-**	-	**-**	-	**168**	-
Redundancies	**248**	-	**-**	-	**-**	-	**-**	-	**-**	-	**248**	-
Product withdrawal	**100**	-	**-**	-	**-**	-	**-**	-	**-**	-	**100**	-
Loss on disposal of plant and equipment	**-**	-	**-**	-	**-**	107	**-**	198	**-**	475	**-**	780
Total segment revenue	**348**	-	**168**	4,921	**-**	107	**-**	198	**-**	475	**516**	5,701

GEOGRAPHIC LOCATION	Australia		Fiji		USA		Total	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Sales of goods to external customers	**51,984**	21,072	**3,233**	2,595	**11,195**	9,998	**66,412**	33,665
Sales of goods to internal customers	**1,582**	904	**1,230**	1,398	**2,341**	1,173	**5,153**	3,475
Other revenue / income	**851**	578	**14**	18	**2,790**	716	**3,655**	1,312
Total segment revenue	**54,417**	22,554	**4,477**	4,011	**16,326**	11,887	**75,220**	38,452
Consolidated entity adjustments							**(5,153)**	(3,475)
Total Income							**70,067**	34,977
Non-Current Assets (excluding deferred tax)	**21,302**	23,109	**1,614**	1,225	**2,356**	2,107	**25,272**	26,441

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

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

During the period ended 30 June 2014, revenues of $8,715,318 (2013: $3,861,000) were derived from sales to Woolworths through the ginger, baking and Australian macadamia segment. In total, the 2014 revenue recorded through sales to Woolworths amounted to more than 10% of the Group's revenues from external customers. Similarly revenues of $8,182,493 (2013: $3,818,000) were derived from sales to Coles through the ginger and Australian macadamia segment. In total the 2014 revenue recorded through sales to Coles amounted to more than 10% of the Group's revenue from external customers.

6. INCOME AND EXPENSES

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
(a) Other income		
Crop insurance	**1,124**	476
Foreign exchange gains/(losses)	**47**	261
Sundry income	**1,653**	365
Government grants	**99**	25
Total other income	**2,923**	1,127
(b) Other expenses		
Loss on disposal of plant and equipment	**-**	780
Net foreign currency losses/(gains) realised	**315**	-
Net foreign currency losses/(gains) unrealised	**2**	-
Sundry expenses	**133**	-
Total other expenses	**450**	780
(c) Finance costs		
Bill facility	**859**	327
Bank loans and overdraft	**103**	46
Total finance costs	**962**	373
(d) Depreciation and amortisation		
Depreciation of non-current assets		
Plant and equipment	**1,702**	852
Buildings	**368**	186
Total depreciation and amortisation	**2,070**	1,038
(e) Operating lease payments		
Minimum lease payments on operating leases	**954**	457
(f) Employee benefits expense		
Wages and salaries	**12,288**	7,554
Workers compensation costs	**403**	276
Superannuation costs – defined contribution	**957**	459
Cost of redundancies and terminations	**263**	4
	13,911	8,293
(g) Inventory write-downs		
Finished goods	**588**	493

7. INCOME TAX

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Major components of income tax expense/(benefit) for the periods ended 30 June 2014 are:		
Statement of Comprehensive Income		
Current income tax		
Current income tax expense/(benefit)	**(442)**	802
Adjustments in respect of current income tax of previous years	**-**	27
Deferred income tax		
Relating to origination and reversal of temporary differences	**(974)**	(989)
	(1,416)	(160)

A reconciliation of income tax expense/(benefit) to accounting profit/(loss) before income tax at the statutory income tax rate for the periods ended 30 June 2014 and 30 June 2013 is as follows:

Accounting profit/(loss) before tax and non-controlling interest	**(2,741)**	(276)
At the statutory income tax rate of 30% (2013: 30%)	**(822)**	(83)
Adjustments in respect on current income tax of previous years	**-**	27
Research and development deductions	**-**	(39)
Depreciation of buildings	**15**	24
Tax adjustment due to tax in foreign jurisdictions	**(576)**	(32)
Other	**(33)**	(57)
	(1,416)	(160)

Deferred tax benefits have accumulated in recognition of losses incurred in both the Ginger and the Macadamia segments in the current and preceding period due to either legacy or environmental factors. Utilisation of deferred tax assets is anticipated through future taxable profits anticipated in both segments over the next few years as a result of improved climatic conditions and the application of revised supply strategies.

At 30 June 2014, there is no recognised or unrecognised deferred income tax liability (2013: $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

Income tax on other comprehensive income items	**-**	-
Income tax on exchange difference on translation of foreign operations	**-**	-
Income tax on changes in fair value of cash flow hedges	**-**	-
	-	-

TAX CONSOLIDATION

Buderim Ginger 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 Ginger Limited.

7. INCOME TAX (continued)

Movement in deferred tax for the period ended 30 June 2014

	CONSOLIDATED				
	Revaluation of Land $'000	Accelerated Depreciation $'000	Employment Benefits $'000	Tax Losses to Offset / Other $'000	Consolidated Total $'000
Deferred tax liabilities					
Opening Balance	(2,132)	(907)	-	253	(2,786)
Recognition in equity	-	-	-	-	-
Recognition in profit	46	743	-	(365)	424
Closing Balance	(2,086)	(164)	-	(112)	(2,362)
Deferred tax assets					
Opening Balance	-	-	(519)	5,839	5,320
Recognition in equity	-	-	-	-	-
Recognition in profit	-	-	1,610	(1,063)	547
Closing Balance	-	-	1,091	4,776	5,867

Movement in deferred tax for the period ended 30 June 2013

	CONSOLIDATED				
	Revaluation of Land $'000	Accelerated Depreciation $'000	Employment Benefits $'000	Tax Losses to Offset / Other $'000	Consolidated Total $'000
Deferred tax liabilities					
Opening Balance	(2,132)	(480)	-	(966)	(3,578)
Recognition in equity	-	-	-	-	-
Recognition in profit	-	(427)	-	1,219	792
Closing Balance	(2,132)	(907)	-	253	(2,786)
Deferred tax assets					
Opening Balance	-	-	(543)	3,998	3,455
Recognition in equity	-	-	-	-	-
Recognition in profit	-	-	24	1,841	1,865
Closing Balance	-	-	(519)	5,839	5,320

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the period. As Buderim Ginger Limited does not have preference shares or other dilutive potential ordinary shares, the diluted earnings per share is the same as the basic earnings per share. The following reflects the income and share data used in the basic earnings per share computations:

	CONSOLIDATED	
	30/06/14	30/06/13
Net profit/(loss) after tax attributable to ordinary shareholders of parent ($'000)	**(1,493)**	(4,601)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	**21,016,422**	20,648,694
Basic and diluted earnings per share (cents per share)	**(7.1)**	(22.3)
Earnings/(loss) from continuing operations (cents per share)	**(6.3)**	(0.6)
Earnings/(loss) from discontinued operations (cents per share)	**(0.8)**	(21.7)

There are no issued preference shares and therefore no adjustment to profit for the cost of equity. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

9. DIVIDENDS PAID OR PROPOSED

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Declared and paid during the period:		
Dividends on ordinary shares of $Nil cents (2013: 3 cents) per ordinary share.	**-**	619
Dividend proposed subsequent to period end:		
Dividends on ordinary shares $Nil (2013: Nil)	**-**	-
Franking credit balance		
The amount of franking credits available for future reporting periods are:		
- franking account balance as at the end of the financial period at 30% (2013: 30%)	**-**	-
- franking credits that will arise from the refund of income tax paid as at the end of the financial period	**-**	-
- franking debits that will arise from the payment of dividends proposed prior to period end.	**-**	-
	-	-

10. DISCONTINUED OPERATIONS

On 26 September 2013, Buderim Ginger Limited publicly announced it had entered into a contract to dispose of the baking business. This discontinuing operation forms part of the baking division. The baking business was disposed effective 30 September 2013.

Financial information relating to the baking business for the periods ended 30 June 2014 and 30 June 2013 is set out below:

	30/06/14 12 months $'000	30/06/13 6 months $'000
Financial performance		
Revenue	**3,252**	4,279
Total expenses	**(3,618)**	(10,433)
Gross profit	**(366)**	(6,154)
Income tax expense	**92**	1,669
Net profit/(loss) attributable to discontinued operations	**(274)**	(4,485)
Gain on sale of baking business	**151**	-
Income tax expense	**(45)**	-
Gain on sale of division after income tax	**106**	-
Profit/(loss) from discontinued operation	**(168)**	**(4,485)**

10. DISCONTINUED OPERATIONS (continued)

Information relating to the finanical position of the baking business on 30 June 2013 and 30 June 2014 are as set out below:

	30/06/14 12 months $'000	30/06/13 6 months $'000
Carrying amounts of assets and liabilities		
Cash	6	22
Property, plant and equipment	-	935
Trade Debtors	16	1,418
Other receivables	-	20
Prepayments	-	103
Inventories	-	1,469
Future income tax benefits	-	2,110
Total assets	22	6,077
Trade creditors	2	1,362
Other payable	-	286
Provision for onerous contracts & make good	-	1,119
Provisions for employee entitlements	-	92
Provision for long service leave	-	87
Loan	955	3,217
Deferred tax	-	730
Total liabilities	957	6,893
Net assets	(935)	(816)
Cash flow information		
Net cash from operating activities	(1,468)	144
Net cash from investing activities	1,452	(63)
Net cash from financing activities	-	(104)
Net increase/(decrease) in cash generated by the baking business	(16)	(23)
Detail of sale of the baking business division are as follows:		
Consideration received	1,452	-
Carrying amount of net assets sold	(1,301)	-
Gain on sale before income tax	151	-
Income tax expense	(45)	-
Gain on sale after income tax	106	-

11. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Reconciliation of cash and cash equivalents		
Cash balance comprises:		
- cash at bank and on hand	**12,813**	1,443
- overdraft	**(179)**	(425)
Closing cash balance	**12,634**	1,018

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

Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. There was an amount of $9,959,952 in short-term deposits as at 30 June 2014.

Reconciliation of the profit/(loss) after tax to the net cash flows from operations

Net profit/(loss)	**(1,493)**	(4,601)
Adjustments for:		
Depreciation of non-current assets	**2,070**	1,338
Impairment of goodwill and fixed assets	**-**	4,389
Net (profit)/loss on disposal of property, plant and equipment	**(177)**	780
Share of profit of jointly controlled entities	**(26)**	(23)
Other	**135**	-
Changes in assets and liabilities		
(Increase)/decrease in trade receivables	**1,410**	334
(Increase)/decrease in inventory	**2,737**	(6,488)
(Increase)/decrease in deferred tax assets	**(548)**	(1,866)
(Increase)/decrease in prepayments and other receivables	**135**	(162)
(Decrease)/increase in trade and other creditors	**(3,306)**	4,621
(Decrease)/increase in tax provision	**212**	(492)
(Decrease)/increase in deferred income tax liability	**(423)**	(792)
(Decrease)/increase in employee benefits	**-**	31
(Decrease)/increase in other provisions	**(264)**	1,119
Net cash flow from operating activities	**462**	(1,812)

Disclosure of financing facilities

Refer to note 20.

Disclosure of non-cash financing and investing activities

There has been no plant and equipment acquired by way of lease during 2014 or 2013.

12. TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Trade receivables [(i)]	**6,662**	8,483
Deposits and other loans	**37**	20
Other receivables [(ii)]	**1,496**	1,113
	8,195	9,616
Related party receivables [(iii)]		
Jointly controlled entities	**73**	62
	73	62
Carrying amount of trade and other receivables	**8,268**	9,678

(i) Trade receivables are non-interest bearing and are generally on 30-60 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of an allowance 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 allowance has been recognised as an expense for the current period as no evidence of a doubtful debt exists.

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.

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

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
61 - 90 days	**285**	598
> 90 days	**166**	83
Total	**451**	681

(ii) Other receivables include an amount outstanding for a crop insurance refund associated with the 2013/2014 crop year.

(iii) For items and conditions relating to related party receivables refer to note 29.

13. INVENTORIES (CURRENT)

Raw materials (at cost)	**15,644**	2,658
Work-in-progress (at cost)	**949**	13,616
Finished goods (at cost)	**8,546**	12,408
	25,139	28,682

14. OTHER CURRENT ASSETS

Prepayments	**873**	1,008
	873	1,008

15. INVESTMENT IN CONTROLLED ENTITIES

Name		Country of incorporation	Percentage of equity interest held by the Group		
			30/06/14 %	30/06/13 %	
Australian Golden Ginger Pty Ltd	(i)	Australia	**-**	-	Voluntarily deregistered in 2013
Gingertown Pty Ltd	(i)	Australia	**-**	-	Voluntarily deregistered in 2013
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	
Buderim Ginger (UK) Ltd	(ii)	United Kingdom	**-**	100	Voluntarily deregistered in 2013
Frespac Ginger (Fiji) Ltd	(ii)	Fiji	**100**	100	
Agrimac Macadamias Pty Ltd *	(i)	Australia	**100**	100	
MacFarms, LLC **	(iii)	United States	**100**	100	
Buderim Ginger America, LLC	(iii)	United States	**-**	-	Voluntarily deregistered in 2013

(i) Investment by Buderim Ginger Limited. Australian Golden Ginger Pty Ltd and Gingertown Pty Ltd had been dormant for some time and were voluntarily deregistered in May 2013.

(ii) Investment by Buderim Ginger (Overseas) Holdings Pty Ltd. Buderim Ginger (UK) Ltd was voluntarily deregistered in December 2013.

(iii) Investment by Buderim Ginger America, Inc. Buderim Ginger America, LLC had been dormant for a number of years and was voluntarily deregistered in May 2013.

* During the year Buderim Macadamias Pty Ltd changed its name to Agrimac Macadamias Pty Ltd.

** During the year Buderim Macadamias of Hawaii, LLC changed its name to MacFarms LLC.

Acquisition of controlled entity

No acquisitions occurred during the year ended 30 June 2014.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name		Country of incorporation	Percentage of equity interest held by the entity		Investment Consolidated	
			30/06/14 %	30/06/13 %	**30/06/14 $'000**	30/06/13 $'000
Ginger Head Quarters Pty Ltd	(i)	Australia	**50**	50	**1,186**	1,209
					1,186	1,209

(i) Buderim Ginger 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 with the Ginger Factory tourism complex at Yandina.

The reporting date of Ginger Head Quarters Pty Ltd is the same as Buderim Ginger 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	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Share of jointly venture's balance sheet:		
Current assets	**121**	113
Non-current assets	**1,042**	1,102
Current liabilities	**(25)**	(54)
Net assets	**1,138**	1,161
Share of joint venture's revenues and profit:		
Revenue	**364**	172
Expenses	**(334)**	(155)
Profit before income tax	**30**	17
Income tax expense	**(3)**	6
Profit after income tax	**27**	23
Other comprehensive income	**-**	-
Total comprehensive income for the period	**27**	23
Reconciliation of movement in investment		
Opening balance	**1,209**	1,186
Dividend paid	**(50)**	-
Profit/(loss) after tax	**27**	23
Closing balance	**1,186**	1,209

Major components included in joint venture financial statements

Balance sheet		
Cash at bank and on hand	**92**	66
Buildings and plant and equipment	**946**	1,007
Goodwill	**95**	95
Revenues and expenses		
Depreciation and amortisation	**66**	31

17. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Land		
Leasehold land at fair value	**436**	433
Freehold land at fair value	**7,250**	7,250
Total land	**7,686**	7,683
Buildings on leasehold land		
At cost	**1,041**	954
Accumulated depreciation	**(781)**	(716)
	260	238
Buildings on freehold land		
At cost	**10,245**	10,245
Accumulated depreciation	**(6,127)**	(5,806)
	4,118	4,439
Total land and buildings	**12,064**	12,360
Plant and equipment		
At cost	**28,757**	34,397
Accumulated depreciation	**(18,800)**	(21,790)
Impairment	**-**	(2,373)
Total plant and equipment	**9,957**	10,234
Capital works in progress at cost	**42**	609
Total property, plant and equipment		
Fair value	**7,686**	7,683
Cost	**40,085**	46,205
	47,771	53,888
Accumulated depreciation and amortisation	**(25,708)**	(28,312)
Impairment	**-**	(2,373)
Total written down amount	**22,063**	23,203

(a) Assets pledged as security

Rabobank Australia Limited holds a registered equitable 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.

(b) Valuations

Fair value of land is determined by what the asset can be exchanged for in an orderly transaction between market participants to sell the asset at the measurement date under current market conditions. The Directors have determined that the fair value as at 30 June 2014 is consistent with the value as recorded as at 30 June 2013. The Directors fair value adjustments as at 31 December 2012 were based on an independent valuer's assessment undertaken as at 31 December 2012.

The independent fair value assessments of the group's land at 31 December 2012 were performed by Colliers International (Australia) and Rolle Associates (Fiji). The fair value of land was determined based on the market comparable approach that reflects recent transaction prices.

17. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Fair value hierarchy

The following tables detail the consolidated entity'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

Land and buildings have been valued based on similar assets, location and market conditions.

Consolidated 2014	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair Value $'000
Leasehold land	-	436	-	436
Freehold land	-	7,250	-	7,250
Total	-	7,686	-	7,686

Consolidated 2013	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair Value $'000
Leasehold land	-	433	-	433
Freehold land	-	7,250	-	7,250
Total	-	7,683	-	7,683

There were no Level 1 or Level 3 assets or liabilities and there no transfers occurred between levels during the financial year.

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

	30/06/14 12 months $'000	30/06/13 6 months $'000
Freehold Land		
Cost	295	295
Accumulated Depreciation	-	-
Net book amount	295	295
Leasehold Land		
Cost	94	94
Accumulated depreciation	-	-
Net book amount	94	94

(d) Impairment loss

The impairment loss in the prior year related to assets in the Baking segment for which the future cash flows indicated an impairment. In September 2013 the baking business was sold and the assets subject to impairment were disposed of.

(e) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial period.

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Leasehold land		
Carrying amount at beginning	**433**	409
Revaluation to fair value	**3**	24
Net foreign currency movements	**-**	-
	436	433
Freehold land		
Carrying amount at beginning	**7,250**	7,250
Devaluation to fair value	**-**	-
Disposals	**-**	-
	7,250	7,250
Buildings on Leasehold land		
Carrying amount at beginning	**238**	249
Disposal	**-**	-
Net foreign currency movements	**81**	15
Depreciation expense	**(59)**	(26)
	260	238
Buildings on freehold land		
Carrying amount at beginning	**4,439**	4,589
Transfers	**(12)**	34
Disposals	**-**	(24)
Depreciation expense	**(309)**	(160)
	4,118	4,439
Plant and equipment (including leasehold improvements)		
Carrying amount at beginning	**10,234**	12,866
Additions	**2,234**	742
Make-good on premises lease	**-**	587
Transfers	**-**	320
Disposals	**(810)**	(756)
Impairment	**-**	(2,373)
Net foreign currency movements	**-**	-
Depreciation expense	**(1,701)**	(1,152)
	9,957	10,234
Capital Works in progress at cost		
Carrying amount at beginning	**609**	364
Additions	**1,828**	599
Transfers	**(2,395)**	(354)
	42	609

18. INTANGIBLE ASSETS

		CONSOLIDATED		
		Goodwill $'000	Trade marks $'000	Total $'000
At 1 July 2013				
Cost (gross carrying amount)		3,960	220	**4,180**
Accumulated amortisation and impairment		(2,075)	(76)	**(2,151)**
Net carrying amount		1,885	144	**2,029**
Period ended 30 June 2014				
At 1 July 2013, net of accumulated amortisation		1,885	144	**2,029**
Additions		-	9	**9**
Disposal	(a)	(2,016)	-	**(2,016)**
Impairment reversal	(a)	2,016	-	**2,016**
Foreign exchange movement / other		-	(15)	**(15)**
At 30 June 2014, net of accumulated amortisation		1,885	138	**2,023**
At 30 June 2014				
Cost (gross carrying amount)		1,916	208	**2,124**
Accumulated amortisation and impairment		(31)	(70)	**(101)**
Net carrying amount		1,885	138	**2,023**

		Goodwill $'000	Trade marks $'000	Total $'000
At 1 January 2013				
Cost (gross carrying amount)		3,948	220	**4,168**
Accumulated amortisation and impairment		(59)	(76)	**(135)**
Net carrying amount		3,889	144	**4,033**
Period ended 30 June 2013				
At 1 January 2013, net of accumulated amortisation		3,889	144	**4,033**
Additions		-	-	**-**
Less impairment	(a)	(2,016)	-	**(2,016)**
Foreign exchange movement / other		12	-	**12**
At 30 June 2013, net of accumulated amortisation		1,885	144	**2,029**
At 30 June 2013				
Cost (gross carrying amount)		3,960	220	**4,180**
Accumulated amortisation and impairment		(2,075)	(76)	**(2,151)**
Net carrying amount		1,885	144	**2,029**

(a) Goodwill relating to the Baking business was disposed of as part of the sale of the business in September 2013. At 30 June 2013 this goodwill was impaired by $2,016,000 due to the business's delay in returning to profitability and as a result of the loss of a major customer at the end of 2011.

Assets pledged as security

Refer note 17.

Impairment testing

Refer note 25.

19. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
CURRENT		
Trade payables (i)	**10,515**	6,032
Other payables (i)	**3,989**	10,909
Interest payable (ii)	**26**	36
	14,530	16,977
Related party payables (iii)		
Joint venture entities	**53**	67
	53	67
Carrying amount of trade and other payables	**14,583**	17,044

(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, except for Buderim Baking Company Pty Ltd who remits the net GST payable on a quarterly 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 period.

(iv) For terms and conditions relating to related parties refer to note 29.

20. INTEREST-BEARING LIABILITIES

	Effective Interest rate %	Maturity	CONSOLIDATED 30/06/14 $'000	30/06/13 $'000
CURRENT				
Secured				
Bank overdraft (i)	8.44	-	**179**	425
Bank bill facility (i)	5.23	rolling	**20,695**	20,283
Bank loans (ii)				
- Frespac Ginger (Fiji) Pty Ltd	11.49	-	**-**	7
- Buderim Ginger Limited	6.95	2014/15	**359**	537
- Agrimac Macadamias Pty Ltd	6.45	2014/15	**109**	146
			21,342	21,398
NON-CURRENT				
Secured				
Bank bill facility (i)	5.23	rolling	**-**	-
Bank loans (ii)				
- Frespac Ginger (Fiji) Pty Ltd	11.49	-	**-**	1
- Agrimac Macadamias Pty Ltd	6.45	2015/16	**116**	225
			116	226

(i) Bank overdraft and bill facilities

The bank overdraft and bill finance facilities are secured by a registered equitable mortgage over the group's assets. The effective interest rate on the bill facilities is currently 5.23% (2013: 5.09%). The interest rate on the overdraft facilities is approximately 8.44% (2013: 9.08%).

(ii) Bank loans

Bank loans are secured over the plant and equipment of the subsidiaries subject to the loan. Frespac Ginger (Fiji) Limited loan facilities are at an average interest rate of 11.49% (2013: 11.49%) which are supported by a guarantee from the parent entity. Buderim Ginger Limited's loan is at an average interest rate of 5.23% (2013: 6.79%). This loan represents funding of general insurance premiums. Agrimac Macadamias Pty Ltd's loan is at an interest rate of 6.45% (2013: 6.82%) and is secured over the plant and equipment subject to the loan.

(iii) Working Capital Facility

In accordance with the terms of facilities established with Rabobank Australia Limited during the financial year ended 30 June 2014, bills were classified as current. Banking arrangements were revised in June 2014 to incorporate working capital facilities of $12.34m. As at 30 June 2014 debt owed to Rabobank Australia has been classified as current due to the short term nature of the facilities and a breach of two banking covenants (the debt service ratio and the EBITDA covenant). Discussions with Rabobank are being held regarding the revision of covenants to fit a June year-end timing when inventory and debt peak due to harvest activity.

Included in the working capital facility at balance date, are overseas currency loans held as part of the company's hedge management strategy, combined with working capital requirements for its Hawaiian macadamia processing facility. The working capital facility is on 30 – 90 rollover terms with variable interest rates linked to BBSY rates.

Financing facilities available

Financiers

Rabobank Australia Limited are the company's principal financiers, whilst Westpac Banking Corporation supply retail banking facilities such as overdraft, dividend, share purchase plan accounts, business and corporate on-line facilities, to group entities.

At reporting date, the following financial facilities had been negotiated and were available:

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Total facilities		
- bank overdraft	**1,000**	1,000
- working capital facility	**20,734**	21,583
- bank loans	**585**	916
Facilities used at reporting date		
- bank overdraft	**179**	425
- working capital facility	**20,694**	20,283
- bank loans	**585**	916
Facilities unused at reporting date		
- bank overdraft	**821**	575
- working capital facility	**40**	1,300

Bank Guarantee Facility

Rabobank Australia Limited provides for the issue of a $1million guarantee(s) in favour of the Group's nominated banks in Australia and Fiji in connection with overdraft and transactional facilities.

21. PROVISIONS

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
CURRENT		
Employee benefits	**706**	883
Onerous contracts	**-**	532
Make-good	**-**	587
	706	2,002
NON-CURRENT		
Employee benefits	**49**	44
	49	44
	755	2,046

Nature of Provisions

Provision for Onerous Contracts

A provision for onerous contracts was included in the financial statements for the reporting period ended 30 June 2013 to allow for unavoidable costs of meeting financial obligations under baking contracts which exceeded the economic benefits expected to be received under them. Subsequent to the sale of the Baking business in September 2013 these provisions have been reversed.

Provision for Make Good

A provision was made in the reporting period ended 30 June 2013 for anticipated costs for future restoration of leased premises on which a new lease was executed during the period. The provision includes future estimated costs associated with the Baking segment premises. Subsequent to the sale of the Baking business in September 2013 these provisions have been reversed.

21. PROVISIONS (continued)
Movement in provisions

	Onerous Contracts $'000	Lease make-good $'000
Carrying amount as at 1 January 2013	-	-
Amounts recognised	532	587
Amounts used	-	-
Unused amounts reversed	-	-
Carrying amount as at 30 June 2013	**532**	**587**
Carrying amount as at 1 July 2013	532	587
Amounts recognised	-	-
Amounts used	-	(50)
Unused amounts reversed	(532)	(537)
Carrying amount as at 30 June 2014	-	-

22. CONTRIBUTED EQUITY AND RESERVES

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Issued and paid up capital		
43,363,090 ordinary shares fully paid (2013: 20,648,694)	**39,272**	28,044

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 January 2013			20,648,694	28,044
Issued during the period				
share issue			-	-
Balance as at 30 June 2013			20,648,694	28,044
Balance as at 1 July 2013				
Issued during the period				
renounceable rights issue (i)	25 June 2014	$0.50	20,648,694	10,324
share placement	26 June 2014	$0.50	2,065,702	1,033
share issue transaction costs, net of tax				(129)
Balance as at 30 June 2014			43,363,090	39,272

(i) A 1:1 renounceable rights offer at an issue price of $0.50 resulted in the issue of 20,648,694 shares.

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.

Cash flow hedge

This reserve records the portion of the gain or loss on a hedging instrument in a cash flow hedge that is determined to be an effective hedge.

Dividend

A dividend for the period ended 30 June 2014 has not been declared.

23. MARKET RISKS

(a) Interest rate/foreign exchange risk

Refer to note 20 for disclosure on effective interest rates. The analysis in the following tables assumes all other variables remain constant.

Summarised Sensitivity Analysis as at 30 June 2014

	INTEREST RATE RISK				FOREIGN EXCHANGE RISK			
	-1%		1%		-10%		10%	
	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets								
Cash & cash equivalents	(128)	(128)	128	128	151	151	(124)	(124)
Trade and other receivable	-	-	-	-	161	161	(132)	(132)
Derivatives - cash flow hedges	-	-	-	-	-	-	-	-
Financial Liabilities								
Derivatives - cash flow hedges	-	-	-	-	-	-	-	-
Trade and other payables	-	-	-	-	(14)	(14)	11	11
Bank overdraft	2	2	(2)	(2)	-	-	-	-
Borrowings	209	209	(209)	(209)	(383)	(383)	383	383
Total Increase/(decrease)	83	83	(83)	(83)	(85)	(85)	138	138

Summarised Sensitivity Analysis as at 30 June 2013

	INTEREST RATE RISK				FOREIGN EXCHANGE RISK			
	-1%		1%		-10%		10%	
	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets								
Cash & cash equivalents	(15)	(15)	15	15	45	45	(37)	(37)
Trade and other receivable	-	-	-	-	59	59	(49)	(49)
Derivatives - cash flow hedges	-	-	-	-	-	69	-	(56)
Financial Liabilities								
Derivatives - cash flow hedges	-	-	-	-	-	(76)	-	62
Trade and other payables	-	-	-	-	(120)	(120)	99	99
Bank overdraft	5	5	(5)	(5)	-	-	-	-
Borrowings	204	204	(204)	(204)	(461)	(461)	461	461
Total Increase/(decrease)	194	194	(194)	(194)	(477)	(484)	474	480

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

23. MARKET RISKS (continued)

(b) Hedging risk

Cash flow hedges – foreign currency

At 30 June 2014, the Group held no foreign exchange contracts designated as hedges of expected future sales to customers in the United States of America (2013: Nil). Funds to be received from expected future sales to customers in the United States of America are to facilitate natural hedges on payment for future purchases from overseas ginger suppliers.

At 30 June 2014, the Group held no foreign exchange contracts designated as hedges of expected futures sales to customers in Europe (2013: $532,000 – AUD/EUR: $0.7137)

At 30 June 2014 the Group did not hold any foreign exchange contracts designated as hedges of future purchases from overseas suppliers (2013: AUD $619,000 – AUD/USD $0.9698) .

At 30 June 2014 the Group held no foreign exchange contracts designated as hedges of future intra-group debt reductions. (2013: Nil)

The terms of all foreign exchange contracts are negotiated to match the terms of the commitments.

Hedge on investments in foreign entities

Included in the bill facility at 30 June 2014, are borrowings of USD $3,250,000 (AUD $3,445,328). As at 30 June 2013, these borrowings were USD $3,850,000 (AUD $4,144,687). These loans are being used to reduce the exposure to foreign exchange risk and to support the working capital requirements for MacFarms of Hawaii in the local currency. Exchange differences at balance date have been brought to account in profit or loss.

24. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain motor vehicles, office equipment and office space where it is not in the best interest of the Group to purchase these assets. These leases have an average life of 3 years. The Group entered into a 20 year lease of the Hawaiian orchard and processing facilities commencing on 11 August 2008 and ending on 10 August 2028. The term may be extended for successive additional two (2) year renewal terms, which renewal terms shall be deemed to be exercised on the same terms and conditions (other than the length of the Term), unless either party provides to the other party at least twelve (12) months' prior written notice of non-renewal, or the lease is terminated or not renewed prior to the expiration of the Term or any renewal term. The lease includes buildings, improvements and the nut storage and husking facilities, together with all macadamia nut trees and other plants thereon for an annual lease payment of $US 250,000. In September 2013 the lease for the baking factory was transferred as part of the sale of that business.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2014 are as follows:

	CONSOLIDATED	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Within one year	**778**	1,174
After one year and not more than five years	**2,513**	3,999
In excess of five years	**2,428**	2,458
	5,719	7,631

Finance lease commitments – Group as lessee

The Group has no remaining finance leases or hire purchase contracts.

Other commitments

At 30 June 2014 the Group has commitments of $740,000 (2013: $338,000) principally relating to supply of manufacturing inputs. Commitments contracted at reporting date, but not recognised as liabilities are as follows:

Within one year		
- Consumables use in production processes	**740**	338
	740	338

25. IMPAIRMENT TESTING

Management assess the appropriateness of the discount rates applied within impairment testing models and engage external consultants from time to time to review these assessments. The identified cash generating units comprise the Australian and Fijian Ginger divisions, the Tourism division and the Australian and Hawaiian Macadamia divisions. The Baking division was sold during the year. The assessed discount rates are based on the cash generating unit's weighted average cost of capital which reflects a rate of return that is required to provide both debt and equity holders with a return that is commensurate with the level of risk inherent in the cash generating unit. The assessment of appropriate weighted average cost of capital rates involved the determination of appropriate costs of equity and debt and appropriate assumptions in relation to the debt-equity mix. Goodwill acquired through business combinations is allocated to individual cash generating units for impairment testing as follows:

- Tourism cash generating unit
- Macadamia Australian cash generating unit

Discount rates applicable to cash generating units

The recoverable amount of each cash generating unit has been determined based on a value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by the board of directors. The budget for the forthcoming year is then used as a basis for projecting performance over a five year period. Growth averaging 3% (2013: 3%) has been applied to cash forecasts including the period beyond 5 years which does not exceed the long-term average growth rate in any of the locations, markets or industry in which operations are conducted. The pre-tax discount rate applied to the cash flow projections for each unit are as follows:

- Ginger Australia 9.2% (2013: 10.4%)
- Ginger Fijian 12.7% (2013: 15.5%)
- Tourism 10.8% (2013: 12.0%)
- Macadamias – Australia 9.2% (2013: 10.4%)

Key assumptions used in cashflow forecasts include:

- Revenue – Current sales forecasts based on expected macadamia and ginger intakes.
- Gross Margins – Current percentage achievements assumed going forward.
- Overheads – Inflation increase applied along with known contract revisions.

These values have been determined via the following means:

- Revenue – Volume of supply and demand in each segment evaluated, combined with anticipated price increases.
- Gross Margins – Culmination of revised product standards, supply contracts and anticipated labour rate increases.
- Overheads – Individually assessed by segment and department.
- Currency cross rate and interest rate forecasts applied throughout group.

Carrying amount of goodwill, brand name and trademarks allocated to each of the cash generating units

CONSOLIDATED	Ginger Australia		Ginger Fijian		Baking		Tourism		Macadamia Australia		Total	
	2014 $'000	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000	**2014 $'000**	2013 $'000
Carrying amount of goodwill	**48**	48	**102**	102	**-**	-	**218**	218	**1,517**	1,517	**1,885**	1,885
Trademarks	**137**	143	**1**	1	**-**	-	**-**	-	**-**	-	**138**	144
	185	191	**103**	103	**-**	-	**218**	218	**1,517**	1,517	**2,023**	2,029

26. EVENTS AFTER THE BALANCE SHEET DATE

Subsequent to the end of the reporting period, the company has continued to consider opportunities for vertical integration in the macadmia segment. The Directors are not aware of any other significant events since the end of the reporting period.

27. 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 period can be found in the remuneration report in the director's report.

	CONSOLIDATED	
	30/06/14 12 months $	30/06/13 6 months $
Short-term employee benefits		
Cash salary and fees	**1,271,860**	681,878
Non-Monetary	**121,682**	93,110
Post-employment benefits		
Superannuation	**112,723**	53,458
Other long term employee benefits		
Long service leave	**2,104**	11,152
Termination benefits	**442,850**	-
	1,951,219	839,598

28. AUDITORS' REMUNERATION

	30/06/14 12 months $	30/06/13 6 months $
Amounts received or due and receivable by BDO Audit Pty Ltd and associated entities for:		
– an audit or review of the financial report of the parent entity and any other entity in the consolidated group	**163,206**	121,550
– tax advice in relation to the entity and any other entity in the consolidated entity	**16,322**	22,295
– other assurance services in relation to the entity and any other entity in the consolidated entity	**61,202**	13,570
	240,730	157,415
Amounts received or due and receivable by internationally related practices of BDO for:		
– an audit or review of the financial report of subsidiaries	**-**	10,843
– tax advice in relation to subsidiaries	**38,627**	19,078
	38,627	29,921
	279,357	187,336

29. RELATED PARTY DISCLOSURES

Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to certain controlled entities of Buderim Ginger Limited from the Corporations Act 2001 requirements for preparation, audit, publication and lodgement of their financial reports. As a condition of the Class Order, Buderim Ginger Limited and the controlled entities, subject to the Class Order 98/1418, 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 Ginger 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 Ginger Limited is wound up. The consolidated statement of comprehensive income and statement of financial position of the entities which are members of the "Closed Group" are as follows:

	CLOSED GROUP	
	30/06/14 12 months $'000	30/06/13 6 months $'000
INCOME		
Sale of goods	**50,314**	20,329
Cost of sales	**(43,059)**	(16,736)
Gross profit	**7,255**	3,593
Rental revenue	**246**	112
Dividend income	**50**	-
Other income	**1,514**	392
Finance revenue	**22**	3
Total income	**9,087**	4,100
Share of profit accounted for using the equity method	**27**	23
Selling and distribution expenses	**(3,174)**	(2,360)
Marketing expenses	**(785)**	(161)
Tourism expenses	**(2,260)**	(1,191)
Administration expenses	**(3,675)**	(1,960)
Other expenses	**(330)**	(368)
PROFIT/(LOSS) BEFORE TAX AND FINANCE COSTS	**(1,110)**	(1,917)
Finance costs	**(602)**	(290)
PROFIT/(LOSS) BEFORE INCOME TAX	**(1,712)**	(2,207)
Income tax (expense) / benefit	**500**	672
NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS	**(1,212)**	(1,535)
Profit/(loss) from discontinued operations	**(168)**	(4,485)
NET PROFIT/(LOSS) FROM THE PERIOD	**(1,380)**	(6,020)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Currency translation	**-**	-
Cash flow hedges	**(19)**	27
Total other comprehensive income/(loss) net of tax	**(19)**	27
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	**(1,399)**	(5,993)
Total net profit/(loss) is attributable to:		
Equity holders of Buderim Ginger Limited	**(1,380)**	(6,020)
	(1,380)	(6,020)
Total comprehensive income/(loss) is attributed to:		
Equity holders of Buderim Ginger Limited	**(1,399)**	(5,993)
	(1,399)	(5,993)

29. RELATED PARTY DISCLOSURES (continued)

(ii) Consolidated Statement of Financial Position

	CLOSED GROUP	
	30/06/14 12 months $'000	30/06/13 6 months $'000
CURRENT ASSETS		
Cash and cash equivalents	**11,485**	566
Trade and other receivables	**7,429**	6,569
Inventories	**20,425**	23,776
Current tax assets	**-**	-
Other current assets	**420**	643
Derivatives	**-**	44
TOTAL CURRENT ASSETS	**39,759**	31,598
NON-CURRENT ASSETS		
Receivables	**5,681**	6,840
Investments	**1,298**	1,298
Investments accounted for using equity method	**1,186**	1,209
Property, plant and equipment	**19,437**	20,806
Deferred tax assets	**5,295**	4,710
Intangible assets	**1,872**	1,878
TOTAL NON-CURRENT ASSETS	**34,769**	36,741
TOTAL ASSETS	**74,528**	68,339
CURRENT LIABILITIES		
Trade and other payables	**15,181**	17,620
Interest-bearing liabilities	**21,315**	21,096
Short-term provisions	**707**	1,871
Current tax liabilities	**-**	-
Derivatives	**-**	25
TOTAL CURRENT LIABILITIES	**37,203**	40,612
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	**116**	225
Deferred tax liabilities	**2,359**	2,485
Long-term provisions	**49**	44
TOTAL NON-CURRENT LIABILITIES	**2,524**	2,754
TOTAL LIABILITIES	**39,727**	43,366
NET ASSETS	**34,801**	24,973
EQUITY		
Contributed equity	**39,272**	28,044
Reserves	**4,213**	4,233
Retained earnings	**(8,684)**	(7,304)
TOTAL EQUITY	**34,801**	24,973

	CLOSED GROUP	
	30/06/14 12 months $'000	30/06/13 6 months $'000
Movement in retained earnings		
Opening balance	**(7,304)**	(666)
Net profit/(loss) for the period	**(1,380)**	(6,019)
Equity dividend	**-**	(619)
Closing balance	**(8,684)**	(7,304)

Transactions and balances

Sales and purchases are made under normal commercial terms and conditions. Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided for any related party except for the $300,000 guarantee provided by the parent to Westpac Banking Corporation, Fiji in relation to the overdraft and loan facilities in place for Frespac Ginger (Fiji) Ltd, and except for the conditions provided under Class Order 98/1418, whereby the parent entity has guaranteed to pay any deficiency in the event of winding up of the 100% controlled entities.

The following table provides the total amount of transactions which have been entered into with the joint venture entity.

Related party	% equity interest	Year	Sales to related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed to related parties $
Joint venture entities						
Ginger Head Quarters Pty Ltd	**50**	**2014**	**522,320**	**816,281**	**73,266**	**53,464**
	50	2013	266,348	343,600	62,410	67,138

Director

Shane Templeton is a Director of Templeton Ginger Pty Ltd. The following table provides the total value of transactions which have been entered into with this related party for the relevant financial year and amount owing at year end.

Templeton Ginger Pty Ltd	**-**	**2014**	**-**	**816,281**	**-**	**62,872**
	-	2013	-	724,300	-	155,398

For the period ended 30 June 2014, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties. (2013: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

30. 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 20, 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 22 and on the face of the 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.

Consistently 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 minority interest) plus net debt.

Asset and capital structure

	TOTAL OPERATIONS	
	30/06/14 $'000	30/06/13 $'000
Net Gearing		
Debts:		
Interest bearing loans and borrowings	**21,458**	21,624
Cash and cash equivalents	**(12,813)**	(1,443)
Net debt	**8,645**	20,181
Total equity	**39,520**	29,770
Total capital employed	**48,165**	49,951
	17.95%	40.4%
Assets funded by external stakeholders		
Total assets	**78,678**	73,300
Total liabilities	**39,158**	43,530
	49.77%	59.4%

31. PARENT ENTITY INFORMATION

The *Corporations Act* 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 Ginger 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(c).

PARENT ENTITY	30/06/14 $'000	30/06/13 $'000
Current assets	**26,331**	15,654
Non-current assets	**30,896**	35,713
Total assets	**57,227**	51,367
Current liabilities	**26,868**	28,685
Non-current liabilities	**2,407**	3,992
Total liabilities	**29,275**	32,677
Net assets	**27,952**	18,690
Issued Capital	**39,272**	28,044
Asset Revaluation Reserve	**4,213**	4,213
Hedging Reserve	**-**	20
Retained earnings/(accumulated losses)	**(15,533)**	(13,587)
Total shareholder's equity	**27,952**	18,690
Net Profit/(loss) for the period	**(1,946)**	(8,393)
Total comprehensive income/(loss) for the period	**(1,966)**	(8,366)

Guarantees

The parent company has guaranteed under the terms of an ASIC Class Order 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 company 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 2014 the parent entity has commitments of $740,000 (2013: $338,000) 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 (2013: $nil).

Provision for Impairment

The parent entity had impaired its investment in the Baking business of $4.18m, as well as the loan receivable from Baking by $2.20m due to the entity's reduced net asset position.

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 consolidated entity's financial position as at 30 June 2014 and of the performance for the period 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 period ended 30 June 2014;

(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 29 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 29.

Signed in accordance with a resolution of the directors.

S. Morrow
Director

Brisbane, 29 August 2014

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INDEPENDENT AUDITOR'S REPORT

To the members of Buderim Ginger Limited

Report on the Financial Report

We have audited the accompanying financial report of Buderim Ginger Limited, which comprises the consolidated statement of financial position as at 30 June 2014, 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, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility 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 Note 2(b) the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Stat*ements, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Buderim Ginger Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Buderim Ginger Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(b).

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the Remuneration Report of Buderim Ginger Limited for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

P A Gallagher
Director

Brisbane, 29 August 2014

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 18 August 2014.

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	658	254,385
1,001 – 5,000	455	1,043,768
5,001 – 10,000	136	999,858
10,001 – 100,000	189	5,261,491
100,001 and over	29	35,803,588
	1,467	43,363,090
The number of shareholders holding less than a marketable parcel of shares are:	630	227,099

Twenty largest shareholders

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

		LISTED ORDINARY SHARES	
		Number of Shares	**Percentage of Ordinary Shares**
1	Mr John Cheadle	13,639,918	31.46
2	Randell Management Services Pty Ltd <Timms Super Fund Account>	5,449,996	12.57
3	Bundaberg Sugar Group Ltd	4,388,650	10.12
4	Rubicon Family Office Pty Limited	4,195,088	9.67
5	Shane Templeton	1,573,451	3.63
6	Rathvale Pty Limited	1,069,060	2.47
7	Roger Masters	682,836	1.57
8	Bickfords (Australia) Pty Ltd	673,882	1.55
9	CVC Limited	505,845	1.17
10	Mr Andrew Paul Bond + Mrs Karen Michelle Bond <The Karand Family A/C>	504,753	1.16
11	Hsbc Custody Nominees (Australia) Limited - A/C 2	414,313	0.96
12	Mr Mariano Ariel Jenik	390,000	0.90
13	Mr James Gordon Maxwell Moffatt	307,841	0.71
14	Mr Gerald Francis Pauley + Mr Michael James Pauley <Pauley Super Fund A/C>	213,782	0.49
15	Clowes Investments Pty Ltd	201,984	0.47
16	Mrs Felicity Ruth Benoit + Mr Ashley Laurence Benoit	181,578	0.42
17	Winpar Holdings Limited	180,000	0.42
18	Mrs Stacey-Lee Segal	150,000	0.35
19	Janie Ella Matheson	143,293	0.33
20	Mr John Barr <Barr Family A/C>	140,787	0.32
	Report Total	**35,007,057**	**80.73**
	Remainder	**8,356,033**	**19.27**
	Grand Total	**43,363,090**	**100.00**

(c) Substantial shareholders

The name of the substantial shareholder who has notified the Company in accordance with section 671B of the Corporations Act 2001 is:

	Number of Shares
Mr John Cheadle	13,639,918
Randell Management Services Pty Ltd <Timms Super Fund Account>	5,449,996
Bundaberg Sugar Group Ltd	4,388,650
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
Steve Morrow (Chairman)
Shane Templeton
George Vasili
Margaret Walker

Chief Executive
Roger Masters

Company Secretary
Andrew Bond

Senior Management
Andrew Bond
(Chief Financial Officer)
Henrik Christiansen
(Group Operations Manager)
Corinne Mikkelsen
(General Manager – Tourism)
Jacqui Price
(Group Marketing Manager)

Auditors
BDO Audit Pty Ltd

Solicitors
Thomson Geer Lawyers

Bankers
Rabobank Australia Limited
Westpac Banking Corporation

Share Register
Computershare Investor Services Pty Limited
117 Victoria Street
West End Queensland 4101
Telephone: 1300 850 5050 (within AUS)
+61 3 9415 4000 (outside AUS)
Facsimile: (03) 9473 2500
www.investorcentre.com/contact

Australian Head Office & Registered Office
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Telephone: (07) 5446 7100
Facsimile: (07) 5446 7520
Email: buderimg@buderimginger.com
www.buderimginger.com

Fiji Office
Frespac Ginger (Fiji) Limited
Lot 14 Wailada Estate, Lami
PO Box 15128
Suva, Fiji
Telephone: 679 3362 863
Facsimile: 679 3361 225
Email: frespac@is.com.fj

Australian Macadamia Office
Agimac Macadamias Pty Ltd t/a Agrimac Macadamias
1 Northcott Crescent
Alstonville, New South Wales 2477
Telephone: (02) 6628 6185
Facsimile: (02) 6628 6183
Email: mdonnelly@agrimac.com.au

Hawaiian Macadamia Office
MacFarms, LLC dba MacFarms of Hawaii
89-406 Mamalahoa Highway
Captain Cook, Hawaii, 96704
Telephone: 1 808 328 2435
Facsimile: 1 808 328 2080
Email: mcrawford@macfarms.com

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