

Buderim Ginger Limited

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ABN 68 010 978 800

ASX Code: BUG

Appendix 4D

For the six months ended 31 December 2014.

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Appendix 4D

Half year report

Introduced 1/1/2003.

Name of entity

Buderim Ginger Limited

ABN or equivalent company reference

68 010 978 800

Half year ended ('current period')

31 December 2014

Results for announcement to the market

			\$A'000
Revenue from continuing activities	Up 10% (from \$36,962k)	to	40,633
Profit (Loss) after tax from continuing operations	Up (from \$775k)	to	2,235
Profit (Loss) from discontinued operations	Up (from loss of \$853k)	to	-
Net profit (Loss) for the period attributable to members	Up (from loss of \$78k)	to	2,235
Dividends (distributions)	Amount per security	Franked amount per security	
Current period			
Final dividend declared and paid	Nil ¢		Nil ¢
Interim dividend declared and paid <i>(It is not proposed to pay an interim dividend)</i>	Nil ¢		Nil ¢
Previous corresponding period			
Final dividend declared and paid	Nil ¢		Nil ¢
Interim dividend declared and paid <i>(An interim dividend was not proposed)</i>	Nil ¢		Nil ¢
Record date for determining entitlements to the dividend	N/A		

Further details on dividends are included in Note 5 of the Financial Statements.

Equity movements during this half-year are detailed in Note 6 of the Financial Statements following this appendix.

A brief explanation of figures reported is below. Further detail is included in the Review of Operations

The prior period comparatives are from the six month period ending 31 December 2013.

The Group has recorded an after tax profit of \$2.24m for the half-year ended 31 December 2014 compared to a loss of \$0.08m in the comparative period (being the six month period ended 31 December 2013, including discontinued operations).

Before-tax profit from continuing operations of \$3.65m represented an improvement of \$4.00m on the loss of \$0.35m reported in the comparative period.

Earnings per share moved from (0.38) cents in the comparative period to 5.15 cents. EBITDA increased by \$3.96m from \$1.18m in the comparative period to \$5.14m.

The profit improvement, from continued operations was achieved primarily due to the following key drivers:-

- a ten percent or \$3.67m increase in revenues from \$36.96m in the comparative period to \$40.63m;
- following an independent valuation of the Kapua Orchard and in accordance with Australian Accounting Standard AASB141 Agriculture, a fair value adjustment amounting to \$3.61m in relation to biological assets (trees and the growing nuts) was made;
- net foreign exchange gains reflective of the lower Australian dollar.

The main factors affecting trading performance in this half-year included:

(Note: the below profit disclosures refer to profits per segments excluding any corporate overhead expense allocation, refer to Note 7 in the financial statements):

- Ginger segment profits increased by \$454k, despite revenues declining \$2.5m predominately in export markets. Operational profits were improved through cost reductions following commencement of business improvement initiatives. Profits were further benefited by favourable movement in the Australian dollar. Revenue decreased from \$17.8m in the comparative period to \$15.3m while profit increased from a loss of \$362k to a profit of \$92k.
- The Baking business was discontinued during the comparative period. As a result revenue decreased by \$3.5m from \$3.5m in the comparative period to nil. Loss from the segment reduced from \$17k to \$nil.
- Tourism's revenue was up on the comparative period by \$23k due to an increase in visitor numbers. Profits were down \$81k (after inclusion of joint venture results) on the back of increased costs, primarily due to increased group overhead expense allocation.
- The Macadamia business increased its profit by \$3.3m based on revenue growth of \$4.6m from \$20.7m to \$25.2m, attributable mainly to the fair value adjustment of \$3.6m for biological assets acquired as part of the Kapua Orchard, Hawaii.

The half-year accounts should be read in conjunction with the annual financial report for the financial period ended 30 June 2014.

Net tangible asset backing	Current year	Previous year
Net tangible asset backing per ordinary security	97 cents	78 cents
Note: (i) The number of ordinary shares on issue as at 31 December 2014 was 43,363,090 (June 2014: 43,363,090). Refer Note 6 - Contributed Equity; (ii) The net tangible asset backing excludes net deferred tax assets.		

Change in composition of entity

During the reporting period, there was no change in the composition of the entity.

Details of associates and joint venture entities

On 21 December 2004, Ginger Head Quarters Pty Ltd, ABN 54 112 289 988 was incorporated as a joint venture company through which the tourism attraction, Overboard, commenced operations on 28 May 2005. The reporting entity holds 50% equity in Ginger Head Quarters Pty Ltd. The investment in Ginger Head Quarters Pty Ltd is accounted for using the equity method. The share of the entity's before tax profit included in the consolidated entity's financial statements for the period ended 31 December 2014 is \$9k (Comparative period: \$17k).

The reporting entity does not hold any equity in an associate or other joint venture entity, other than the entity mentioned above.

Compliance statement

1. Accounting standards and policies


This report has been prepared in accordance with Australian Accounting Standard AASB 134 “Interim Financial Reporting”, Australian Accounting Interpretations and other authoritative pronouncements of the Accounting Standards Board.

This report has been prepared in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (‘AIFRS’). Compliance with AIFRS ensures that the end of year financial report, comprising the financial statements and notes, thereto, complies with International Financial Standards (‘IFRS’). This report, and the accounts upon which the report is based, use the same accounting policies.

2. Independent Review

This report is based on accounts which have been subject to a review. An independent review certificate is provided as part of this report. The Auditor’s Independence Declaration is also included in the Directors’ Report. The half-year accounts are not subject to any audit dispute or qualification. The entity has a formally constituted audit committee.

Sign here:

.....
(Company Secretary)

Date: 26 February 2015

Print name: Andrew Bond

Corporate Information

ABN 68 010 978 800

ASX Code: BUG

Directors

Stephen Morrow (Chairman)

Shane Templeton

Margaret Walker

Peter O'Keeffe

William (Lewis) Timms

Company Secretary

Andrew Bond

Senior Management

Roger Masters (Chief Executive Officer)

Andrew Bond (Chief Financial Officer)

Henrik Christiansen (Group Operations Manager)

Jacqui Price (Group Marketing Manager)

Corinne Mikkelsen (General Manager – Tourism)

Auditors

BDO Audit Pty Ltd

Solicitors

Thomsons Lawyers

Bankers

Rabobank Australia Limited

Westpac Banking Corporation

Share Register

Computershare Investor Services Pty Limited

117 Victoria Street,

West End, Queensland, 4101

Telephone: 1300 787 272 (within AUS)

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Telephone: (07) 5446 7100

Facsimile: (07) 5446 7520

Email: buderimg@buderimginger.com

Fiji Ginger 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

Agrimac Macadamias Pty Ltd t/a Agrimac Macadamias

1 Northcott Crescent

Alstonville, New South Wales, 2477

Telephone: (02) 6628 6185

Facsimile: (02) 6628 6183

Email: info@agrimac.com.au

Hawaiian Macadamia Office

MacFarms, LLC dba MacFarms of Hawaii

89-406 Mamalahoa Highway

Captain Cook, Hawaii, 96704

Telephone: (808) 328 2435

Facsimile: (808) 328 2080

Email: info@macfarms.com

Buderim Ginger Limited

ABN 68 010 978 800

ASX Code: BUG

Half Year Report

For the six months ended 31 December 2014

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 half-year ended 31 December 2014.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated:

Stephen John Morrow, B.Ag Econ. (UNE), MAICD

(Non-executive Chairman and Chairman of the Remuneration Committee)

Shane Tyson Templeton, B.Bus., FAICD

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

George Vasili (up to 31 October 2014)

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

Margaret Patricia Walker, B.Com., CPA, GAICD

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

Peter Francis O'Keeffe (effective from 31 October 2014)

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

William Lewis Timms, B.Bus. (effective from 30 January 2015)

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

Chief Executive Officer

Roger David Masters B.Com., CA, MBA, FAICD

Company Secretary

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

Earnings per share

	Cents
Basic & diluted earnings per share from continued operations	5.15
Basic & diluted earnings per share from discontinued operations	-
There were no options issued or exercised during the period.	

Dividends

There were no dividends paid during the six months ended 31 December 2014.

Review and results of operations

The Group has recorded an after tax profit of \$2.24m for the half-year ended 31 December 2014 compared to a loss of \$0.08m in the comparative period (being the six month period ended 31 December 2013, including discontinued operations).

Before-tax profit from continuing operations of \$3.65m represented an improvement of \$4.00m on the loss of \$0.35m reported in the comparative period.

Earnings per share moved from (0.38) cents in the comparative period to 5.15 cents. EBITDA increased by \$3.96m from \$1.18m in the comparative period to \$5.14m.

The profit improvement, from continued operations was achieved primarily due to the following key drivers:-

- a ten percent or \$3.67m increase in revenues from \$36.96m in the comparative period to \$40.63m;
- following an independent valuation of the Kapua Orchard and in accordance with Australian Accounting Standard AASB141 Agriculture, a fair value adjustment amounting to \$3.61m in relation to biological assets (trees and the growing nuts) was made;
- net foreign exchange gains reflective of the lower Australian dollar.

Directors' Report (continued)

Review and results of operations (continued)

The main factors affecting trading performance in this half-year included:

(Note: the below profit disclosures refer to profits per segments excluding any corporate overhead expense allocation, refer to Note 5 in the financial statements):

- Ginger segment profits increased by \$454k, despite revenues declining \$2.5m predominately in export markets. Operational profits were improved through cost reductions following commencement of business improvement initiatives. Profits were further benefited by favourable movement in the Australian dollar. Revenue decreased from \$17.8m in the comparative period to \$15.3m while profit increased from a loss of \$362k to a profit of \$92k.
- The Baking business was discontinued during the comparative period. As a result revenue decreased by \$3.5m from \$3.5m in the comparative period to nil. Loss from the segment reduced from \$17k to \$nil.
- Tourism's revenue was up on the comparative period by \$23k due to an increase in visitor numbers. Profits were down \$81k (after inclusion of joint venture results) on the back of increased costs, primarily due to increased group overhead expense allocation.
- The Macadamia business increased its profit by \$3.3m based on revenue growth of \$4.6m from \$20.7m to \$25.2m, attributable mainly to the fair value adjustment of \$3.6m for biological assets acquired as part of the Kapua Orchard, Hawaii.

The Asset & Capital Structure table on the following page, evidences continuing strengthening of the Group's balance sheet. Whilst Net Debt increased following the purchase of the Kapua Orchard in December 2014, overall interest bearing borrowings declined by \$2.0m over the last 6 month period and the debt to equity ratio improved from 57.2% to 45.5%.

Cash declined from \$12.6m to \$3.5m during the six months ended 31 December 2014 primarily as a result of the following outflows :

- Kapua Orchard purchase outflow \$5.6m,
- Debt repayments \$5.3m,
- Business Improvement Program asset purchases \$0.4m.
- Net Operational cash outflows \$0.6m

The above outflows were partially offset by the following inflow:

- Debt drawdowns \$2.8m.

Summarised operating results are as follows:

	Segment Revenues		Segment Results	
	Dec 14 6 mths \$'000	Dec 13 6 mths \$'000	Dec 14 6 mths \$'000	Dec 13 6 mths \$'000
<i>Business segments</i>				
Ginger processing and distribution	15,302	17,764	92	(362)
Baking operations	-	3,524	-	(17)
Tourism operations	2,194	2,172	204	285
Macadamia operations	25,254	20,685	3,949	641
	42,750	44,145	4,245	547
Consolidated entity adjustments	(2,116)	(3,659)	-	-
Share of profit/(losses) of jointly controlled entities	-	-	9	17
Unallocated expenses	-	-	(603)	(990)
Consolidated entity income and profit before income tax expense	40,634	40,486	3,651	(426)

Directors' Report (continued)

Asset & Capital Structure:

	Dec-14 \$'000	Jun-14 \$'000
Net Gearing		
Debts:		
Interest bearing loans and borrowings	19,437	21,458
Cash and cash equivalents	(3,465)	(12,813)
Net debt	15,972	8,645
Total equity	44,813	39,520
Total capital employed	60,785	48,165
	26.3%	17.9%
Assets funded by external stakeholders		
Total assets	79,056	78,678
Total liabilities	34,243	39,158
	43.3%	49.8%
Debt/equity		
Total equity	44,813	39,520
Intangibles	(2,045)	(2,023)
	42,768	37,497
Interest bearing loans and borrowings	19,437	21,458
	45.5%	57.2%

Shareholder returns and performance measurements on half-year accounts

	Dec 14	Dec 13	Jun 13(ii)	Jun 12	Jun 11	Jun 10
Profit before tax / revenue (%)	10.17	(1.1)	(19.1)	4.0	0.2	(2.1)
Profit after tax / revenue (%)	6.23	(0.2)	(13.7)	2.5	0.4	(1.8)
EBIT (\$'000)	4,066	105	(5,940)	1,954	864	(11)
EBITDA (\$'000)	5,140	1,177	(213)	3,250	2,138	1,329
Basic earnings per share (cents) (i)	5.15	(0.38)	(22.3)	4.27	0.17	(1.34)
Current Ratio (%)	299	105	103	103	97	88
Net tangible asset backing (cents)	97	122	122	152	35	65

- (i) Basic earnings per share are shown on a post-consolidated basis for the years 2012 to 2014 and on a pre-consolidated basis for the years 2009 to 2011.
- (ii) Transitional financial year for the six month period ended 30 June 2013.

Rounding of Amounts to the Nearest Thousand Dollars

The company satisfies the requirements of Class Order 98/100 issued by the Australian Securities and Investments Commission relating to "rounding off" of amounts in the directors' report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the directors' report and financial statements in accordance with that Class Order.

Auditor's Independence Declaration

A copy of the Independence Declaration by the lead auditor under Section 307c is included on page 11 to this half-year financial report.

Signed in accordance with a resolution of the directors.

S Morrow, Director
Brisbane, 26 February 2015



Auditor's Independence Declaration



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GPO Box 457 Brisbane QLD 4001
Australia

DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF BUDERIM GINGER LIMITED

As lead auditor for the review of Buderim Ginger Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink, appearing to read 'P A Gallagher', with a long horizontal flourish extending to the right.

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 26 February 2015

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Notes	CONSOLIDATED	
		Dec 14 6 mths \$'000	Dec 13 6 mths \$'000
Continuing operations			
Sale of goods		35,886	36,644
Cost of sales		(29,088)	(28,880)
Gross profit		6,798	7,764
Rental revenue		116	135
Other income	2(a) (i)	4,586	168
Finance revenue		45	13
Total Income	7	11,545	8,080
Share of profit of jointly controlled entities		9	17
Selling and distribution expenses		(2,438)	(3,195)
Marketing expenses		(571)	(210)
Tourism expenses		(1,133)	(1,140)
Administration expenses		(3,163)	(3,104)
Other expenses	2(a) (ii)	(138)	(330)
Profit/(loss) before tax, and finance costs		4,111	118
Finance costs	2 (a) (iii)	(460)	(466)
Profit/(loss) before income tax		3,651	(348)
Income tax (expense)/benefit		(1,416)	1,123
Net Profit/(loss) from continuing operations		2,235	775
Discontinuing operations			
Profit/(loss) from discontinued operation (net of tax)	8	-	(853)
Net profit/(loss) from the period		2,235	(78)
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		611	34
Changes in fair value of Assets		2,447	-
Changes in fair value of cash flow hedges		-	(10)
Total other comprehensive income/(loss)net of tax		3,058	24
Total comprehensive income		5,293	(54)
Total net profit/(loss) is attributable to:			
Equity holders of Buderim Ginger Limited		2,235	(78)
Total comprehensive income/(loss) is attributable to:			
Equity holders of Buderim Ginger Limited		5,293	(54)
Basic & diluted earnings per share from continued operations (cent/share)		5.15	3.75
Basic & diluted earnings per share from discontinued operations (cents/share)		-	(4.13)

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

Consolidated Statement of Financial Position

As at 31 December 2014

Notes

CONSOLIDATED

31 December 2014

30 June 2014

\$'000

\$'000

Current assets

Cash and cash equivalents		3,465	12,813
Trade and other receivables		9,960	8,268
Inventories		20,592	25,139
Prepayments		782	873
Current tax asset		353	446
Derivatives		-	-

Total current assets

35,152 47,539

Non-current assets

Investment accounted for using the equity method		1,194	1,186
Property, plant and equipment	3	29,184	22,063
Biological Assets	3	5,572	-
Deferred tax asset		5,909	5,867
Intangible assets		2,045	2,023

Total non-current assets

43,904 31,139

Total assets

79,056 78,678

Current liabilities

Trade and other payables		8,904	14,583
Interest-bearing liabilities	4	2,186	21,342
Current tax liabilities		-	-
Short-term provisions		655	706
Derivatives		-	-

Total current liabilities

11,745 36,631

Non-current liabilities

Interest-bearing liabilities	4	17,251	116
Deferred tax liabilities		5,198	2,362
Long-term provisions		49	49

Total non-current liabilities

22,498 2,527

Total liabilities

34,243 39,158

Net assets

44,813 39,520

Equity

Contributed capital	6	39,272	39,272
Reserves		7,111	4,053
Retained earnings/accumulated losses		(1,570)	(3,805)

Total equity

44,813 39,520

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

Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	CONSOLIDATED	
	Dec 14	Dec 13
	6 mths	6 mths
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers	34,750	42,083
Payments to suppliers and employees	(35,658)	(38,887)
Other receipts	534	-
Interest received	45	13
Interest and other costs of finance paid	(435)	(466)
Income tax refunded/(paid)	177	538
Net cash flows from operating activities	(587)	3,281
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,052)	(1,327)
Proceeds from sale of property, plant and equipment	16	36
Purchase of Biological Assets	(2,067)	-
Purchase of trademarks	(9)	-
Proceeds from sale of business	-	1,452
Net cash flows from/(used in) investing activities	(6,112)	161
Cash flows from financing activities		
Proceeds from borrowings	2,825	-
Repayments of borrowings	(5,295)	(1,440)
Payment of equity dividend (net of dividend reinvestment)	-	-
Net cash flows (used in) financing activities	(2,470)	(1,440)
Net increase/(decrease) in cash held	(9,169)	2,002
Add opening cash brought forward	12,634	1,018
Closing cash carried forward	3,465	3,020

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

Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

CONSOLIDATED	Contributed Capital	Reserves			Retained Profits	Total
		Asset Revaluation	Foreign Currency Translation	Cash Flow Hedges		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2013	28,044	4,507	(488)	19	(2,312)	29,770
Total comprehensive income/(loss) for the half-year ended 31 December 2013						
Net profit/(loss) for half-year	-	-	-	-	(78)	(78)
Other comprehensive income/(loss)						
Exchange difference on translation of foreign operations	-	-	34	-	-	34
Change in fair value of cash flow hedges	-	-	-	(10)	-	(10)
Total comprehensive income/(loss) for the period	-	-	34	(10)	(78)	(54)
As at 31 December 2013	28,044	4,507	(454)	9	(2,390)	29,716

As at 30 June 2014	39,272	4,553	(500)	-	(3,805)	39,520
Total comprehensive income/(loss) for the half- year ended 31 December 2014						
Net profit/(loss) for half-year	-	-	-	-	2,235	2,235
Other comprehensive income/(loss)						
Exchange difference on translation of foreign operations	-	-	611	-	-	611
Change in fair value of Assets	-	2,447	-	-	-	2,447
Total comprehensive income/(loss) for the half-year	-	2,447	611	-	2,235	5,293
As at 31 December 2014	39,272	7,000	111	-	(1,570)	44,813

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

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2014

1. Basis of Preparation of Half-Year Financial Statements

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Buderim Ginger Limited as at 30 June 2014, which was prepared based on Australian equivalents to International Financial Reporting Standards ('AIFRS'). It is also recommended that the half-year financial report be considered together with any public announcements made by Buderim Ginger Limited and its controlled entities during the half-year ended 31 December 2014 and up until the date of this report, in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting".

The half-year financial report has been prepared on an accruals basis and is based on historical costs, except for investments, land, biological assets and derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The financial report is 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.

(b) Accounting policies

The same accounting policies and methods of computation have generally been followed in this interim financial report as compared with the most recent annual financial report. As in comparative reporting periods, both working capital facilities and long term amortising/multi-option bills have been classified as current.

(c) Date of issue

This consolidated half-year financial report was authorised for issue by the board of directors on 26 February 2015.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2014

	CONSOLIDATED	
	Dec 14	Dec 13
	\$'000	\$'000
2. Income and Expenses		
(a) Specific Items		
Profit/(loss) before income tax expense includes the following income and expenses whose disclosure is relevant in explaining the performance of the entity:		
(i) Other income		
Profit on sale of assets	5	14
Fair Value adjustment – Biological Assets	3,612	-
Foreign exchange gains	699	78
Sundry income	239	46
Government grants	31	30
Total other income	4,586	168
(ii) Other expenses		
Foreign exchange losses	106	241
Write downs	-	33
Sundry expense	32	56
Loss on disposal of plant and equipment	-	-
Total other expenses	138	330
(iii) Finance costs		
Bill facility	454	440
Bank loans and overdraft	6	26
Total finance costs	460	466
(iv) Depreciation and amortisation of non-current assets		
Plant and equipment	883	744
Buildings	190	181
Total depreciation and amortisation	1,073	925

(b) Seasonality of Operations

Normally the majority of the group's revenue and profits are reflected in the results of the second half of the calendar year. This is consistent with the Group's traditional cycle in the ginger segment, and reflects strong demand for new season macadamia harvests.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2014

3. Fair Value Measurement

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.

Biological assets have been valued taking into consideration the estimated cost of raising a productive bearing tree adjusted to reflect the average remaining economic life of the assets acquired. The key inputs to the valuation are the cost of an immature tree, the estimated labour incurred on a per tree basis until the tree is capable of full production and depreciation applied over the remaining estimated life of the tree.

Consolidated -31 December 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair Value \$'000
Leasehold land	-	467	-	467
Freehold land	-	13,425	-	13,425
Biological Assets	-	-	5,572	5,572
Total	-	13,892	5,572	19,464

Consolidated -30 June 2014	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Fair Value \$'000
Leasehold land	-	436	-	436
Freehold land	-	7,250	-	7,250
Biological Assets	-	-	-	-
Total	-	7,686	-	7,686

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

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

	31/12/14 6 months \$'000	30/6/14 12 months \$'000
Freehold Land		
Cost	2,585	295
Accumulated Depreciation	-	-
Net book amount	2,585	295
Leasehold Land		
Cost	94	94
Accumulated depreciation	-	-
Net book amount	94	94
Biological assets		
Cost	2,067	-
Accumulated Depreciation	-	-
Net book amount	2,067	-

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2014

CONSOLIDATED

Dec 14	Dec 13
\$'000	\$'000

4. Finance Facilities

On the 22 October 2014 Buderim Ginger Limited entered into a restated letter of offer with its principal financier, Rabobank. The restated facilities included three year term loan facilities of AUD\$12,948,790 and USD\$5,400,000, a working capital facility of AUD\$4,000,000, restated banking covenants and reduced interest rate margins.

5. Dividends Paid and Proposed

(a) Declared and paid during the period

Dividends paid on ordinary shares of Nil (Dec 13: Nil)

(b) Dividends proposed subsequent to period end

Dividends on ordinary shares (Dec 14: Nil)

Dec 14	Jun 14
\$'000	\$'000
-	-
-	-
39,272	39,272

6. Issued Capital

(a) Issued and paid up capital

Ordinary shares fully paid

(b) Movements in shares on issue

	Dec 14		Jun 14	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial period	43,363,090	39,272	43,363,090	39,272
Transactions during the period (i)	-	-	-	-
End of the financial period	43,363,090	39,272	43,363,090	39,272

(i) There has not been any movement in ordinary shares on issue during the period ended 31 December 2014.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2014

7. 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 31 December 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 – processing in Australia and Hawaii of macadamia products and marketing to wholesale and retail customers throughout the world;
- 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 management executive separately from the rest of the ginger business. As such it is not a separate operating segment and cannot be a separate reporting segment. Information about the Fiji ginger business has been disclosed within the Ginger Segment.

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

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

Segment accounting policies are the same as the Group's policies described in Note 1. During the financial period, there were no changes in segment accounting policies that had a material effect on the segment information other than the combining of previous separate macadamia segments into one segment reflective of the way the Board and management executive manage the Group's macadamia operations, effective from 1 July 2014.

The reportable segments for the half year ending 31 December 2014 were as follows:

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2014

7. Segment Information (continued)

Reportable segments

Segment information provided to the Board and executive management committee for the 6 month periods ended 31 December 2014 and 31 December 2013 is as follows:

Reportable segments during 2014	Ginger		Baking		Tourism		Macadamias		Total	
	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	13,575	15,343	-	3,373	2,078	2,037	20,233	19,264	35,886	40,017
Sales of goods to internal customers	1,093	2,027	-	-	-	-	1,023	708	2,116	2,735
Other revenue / income	634	394	-	151	117	135	4,008	713	4,748	1,393
Total segment revenue	15,302	17,764	-	3,524	2,195	2,172	25,254	20,685	42,750	44,145
■ Consolidated entity adjustments										
■ Total Income									(2,116)	(3,659)
							40,634	40,486		
■ Results										
Segment result	92	(362)	-	(17)	204	285	3,949	641	4,245	547
Share of profit/(loss) of jointly controlled entities ^a	-	-	-	-	9	17	-	-	9	17
Corporate overhead expenses	(228)	(364)	-	(61)	(35)	(43)	(340)	(522)	(603)	(990)
Contribution to group profit/(loss)	(136)	(726)	-	(78)	178	259	3,609	119	3,651	(426)
Finance costs	393	376	-	79	-	16	68	73	461	544
Finance revenue	(45)	-	-	-	-	(12)	-	(1)	(45)	(13)
Depreciation & amortisation	699	568	-	147	105	86	269	271	1,073	1,072
EBITDA	911	218	-	148	283	(22)	3,946	(462)	5,140	1,177
Profit/(loss) before income tax									3,651	(426)
Income tax (expense)/benefit	123	(53)	-	(775)	(64)	755	(1,475)	421	(1,416)	348
Net profit/(loss) for the period									2,235	(78)

Notes to the Consolidated Financial Statements

For the Half-Year ended 31 December 2014

7. Segment Information (continued)

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	26,648	29,626	2,119	2,746	7,119	7,645	35,886	40,017
Sales of goods to internal customers	226	1,817	867	1,398	1,023	-	2,116	2,735
Other revenue / income	955	1,363	21	18	3,772	16	4,748	1,393
Total segment revenue	27,829	32,806	3,007	3,678	11,914	7,661	42,750	44,145
- Consolidated entity adjustments							(2,116)	(3,659)
- Total Income							40,634	40,486
Total segment assets	60,097	45,308	6,028	5,557	12,931	11,242	79,056	62,107
Total segment liabilities	(27,775)	(22,673)	(448)	(261)	(6,020)	(9,457)	(34,243)	(32,391)

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

Notes to the Consolidated Financial Statements

For the Half-Year ended 31 December 2014

8. Discontinued operations

On 26 September 2013, Buderim Ginger Limited publicly announced its intention to dispose the baking business. This discontinuing operation forms part of the baking division. The baking business was disposed effective 30 September 2013.

9. Significant Events

On the 3 December 2014 the company completed the acquisition of the Kapua Macadamia Orchard, Hawaii for AUD\$5.6 million (US\$4.5million). The purchase comprised the acquisition of land, buildings and improvements, macadamias trees (including nuts on the tree) and harvested nuts (including nuts on the ground).

10. Disposal of Property, Plant & Equipment

There were no other material disposals of property, plant & equipment during the six months ended 31 December 2014.

11. Related Party Transactions

Directors

S.T. Templeton is a director of Templeton Ginger Pty Ltd. Ginger supplies were purchased during the half-year from Templeton Ginger Pty Ltd to the value of \$216,212 (December 2013: \$88,700) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers.

Joint venture entity

Buderim Ginger Limited holds a 50% interest in the joint venture entity, Ginger Head Quarters Pty Ltd (GHQ). During the six months ended 31 December 2014, sales to GHQ amounted to \$394,984 (December 2013: 226,600) and purchases from GHQ amounted to \$449,418 (December 2014: \$385,700). These transactions are conducted on an arms-length basis.

12. Contingent Assets and Liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

13. Events Subsequent To Balance Date

MacFarms LLC dba MacFarms of Hawaii subsidiary of Buderim Ginger Limited owns and operates the company's macadamia orchard and processing facilities in Hawaii. MacFarms processed macadamia nuts grown in its own orchard as well as for a third party, Royal Hawaiian Orchards LP (RHO), under a 2013 nut processing agreement.

RHO has commenced formal legal proceedings against MacFarms on various grounds asserting that insufficient kernel in the amount of 207,340 pounds was received from processing Nut-In-Shell delivered and is claiming financial compensation.

MacFarms strongly denies liability, believes the claims are without merit and intends to vigorously defend the proceedings.

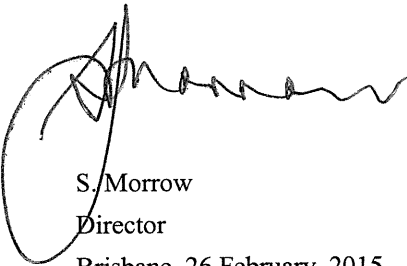
There have been no other material subsequent events since balance date

Director's Declaration

The directors of the company declare that:

- (a) the attached financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of the performance for the half-year ended on that date; and
- (b) 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.

Signed in accordance with a resolution of the Directors:



S. Morrow
Director
Brisbane, 26 February 2015



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Buderim Ginger Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Buderim Ginger Limited, which comprises the consolidated statement of financial position as at 31 December 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Buderim Ginger Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Buderim Ginger Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit Pty Ltd

A handwritten signature in black ink, appearing to read 'P A Gallagher', written over the printed name and title.

P A Gallagher
Director

Brisbane, 26 February 2015