# Buderim Ginger Limited
## And its Controlled Entities

**ABN 68 010 978 800**

**ASX Code: BUG**

## Appendix 4E
Listing Rule 4.3A

## Preliminary Final Report

## Reporting Period
## 1 July 2014 to 30 June 2015

### Previous Corresponding Period
### 1 July 2013 to 30 June 2014

# Listing Rule 4.3A
# Appendix 4E
## Preliminary Final Report

Introduced 1/1/2003.

Name of entity

**Buderim Ginger Limited**

| ABN or equivalent company reference | Period ended ('current period') |
|---|---|
| 68 010 978 800 | 30 June 2015 |

## Results for announcement to the market

| | | | | $A'000 |
|---|---|---|---|---|
| Revenues from ordinary activities | Up | 8% | To | 76,042 |
| | Up | $5,975 | To | 76,042 |
| Profit (loss) from ordinary activities after tax attributable to members | Up | 119% | To | 290 |
| | Up | $1,783 | To | 290 |
| Net profit (loss) for the period attributable to members | Up | 119% | To | 290 |
| | Up | $1,783 | To | 290 |

| **Dividends (distributions)** | Amount per security | Franked amount per security |
|---|---|---|
| **Current period** | | |
| Final dividend *(proposed for 2015)* | Nil ¢ | Nil ¢ |
| Interim dividend *(There was no interim dividend paid)* | Nil ¢ | Nil ¢ |
| **Previous corresponding period** | | |
| Final dividend *(final dividend for 2014)* | Nil ¢ | Nil ¢ |
| Interim dividend *(An interim dividend was not paid)* | Nil ¢ | Nil ¢ |

*Dividends paid in the period:*

There was no dividend paid during the 2015 year for the year ended 30 June 2014.

*Dividends declared for current period:*

A dividend has not been declared for the year which commenced on 1 July 2014 and ended on 30 June 2015.

## Dividend reinvestment plans

There was no dividend reinvestment plan in operation during the year.

## Review of operations

Please refer to attached Chairman's Message and CEO's Review

| **Net tangible assets** | Current period | Previous period |
|---|---|---|
| Net tangible asset backing per ordinary security | $0.95 | $0.78 |

| | | |
|---|---|---|
| Number of shares on issue at 30 June | 43,363,090 | 43,363,090 |

## Earnings per share

| | Current period | Previous period |
|---|---|---|
| Net profit/(loss) after tax attributable to shareholders of parent $'000 | 290 | (1,493) |
| Weighted average number of ordinary shares on issue | 43,363,090 | 21,016,422 |
| Basic earnings per share (cents per share) | 0.7 | (7.1) |

Basic earnings per share amounts are calculated by dividing net profit after tax 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.

## Details of entities over which control has been gained or lost

There have been no changes in the composition of the Buderim Ginger Limited group during the reporting period.

## 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 a new 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 after tax profit included in the consolidated entity's financial statements for the period ended 30 June 2015 is $20k (2014: $27k).
Further detail on the joint venture is provided in Note 16 to the Financial Statements attached.
The reporting entity does not hold any equity in an associate or other joint venture entity, other than the entities mentioned above.

## Significant changes in the state of affairs

On 3 December 2014 MacFarms LLC a subsidiary of the consolidated entity purchased the Kapua macadamia orchard located in Hawaii.
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 period under review other than those disclosed in this report or the financial report.

## Accounting standards

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 used in the last annual financial statements and the last half-year financial statements.

## Audit report

The accounts have been audited. Please refer to 'Audit Report' on page 66 of the attached Financial and Statutory Reports.

Sign here: AMBond ............................................ Date: 28August 2015

Andrew Bond (Company Secretary)

**Attachment:** Financial and Statutory Reports for Buderim Ginger Limited and its controlled entities for the year ended 30 June 2015.

GINGER PETS
Channel

WHO'S A PRETTY BOY THEN? HERE'S TO OUR FURRY GINGER FRIENDS.

HOT FOR GINGER
Channel

WHO'S THE SEXIEST GINGER ON THE PLANET?

MO' GINGER
Channel

WE ALL KNOW A CAPTAIN REDBEARD WHO DESERVES MO' CREDIT

Australia's Hottest Ginger

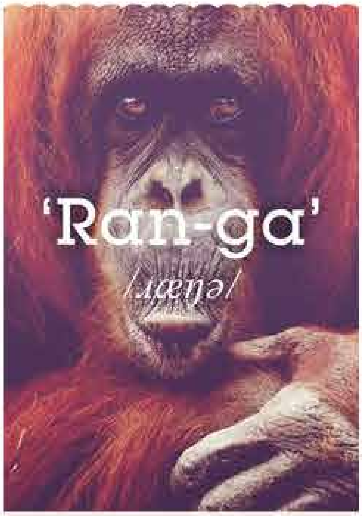
Enter Now


Try Our New Ginger Beer

Learn More

# Buderim Ginger Limited

# ANNUAL REPORT 2015




GINGER DICTIONARY
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WHAT PEOPLE MEAN WHEN THEY'RE BEING MEAN, & WHAT IT SAYS ABOUT THEM

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

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# CHAIRMAN'S MESSAGE AND CHIEF EXECUTIVE OFFICER'S REVIEW

## Dear Shareholders,

The 2015 financial year was challenging but still a significant improvement on the previous year.

The group's Net Profit Before Tax was $2.52 million compared to a loss of $2.96 million in 2014 and a loss of $6.40 million in 2013. The 2015 earnings represented 6 cents per share before tax.

Our core businesses of ginger, macadamias and tourism were further consolidated during the year and the platform has been strengthened to align with future growth and profitability improvement.

The macadamia business received a real boost with the purchase of the Kapua Orchard in Hawaii which had previously been leased. Our landlord had attempted to dislodge us from our lease with a view to on-selling the property but we were successful in rebutting these initial attempts. Instead we negotiated a purchase at a time of record high macadamia prices and excellent orchard production. The Australian macadamia business was impacted by strong competition from China for nut in shell which diverted nuts away from local processors including Agrimac which resulted in a lower intake. We are looking at a number of options aimed at shoring up our nut supply for the long term.

In the ginger business  we focussed on giving our existing products a face lift with new branding and packaging and for the first time in many years we launched a number of new products in both beverage and food categories. We also continued with our cost down project at the Yandina factory which is delivering on-going efficiencies.

The tourism business is attracting more visitors as we continue to enhance the attractions and the park facilities.

We are optimistic about the continued performance improvement in 2016 supported by an expected record macadamia crop at MacFarms and increased distribution and sales of both existing and new ginger products.

The board is comfortable with the new direction of the company under the guidance of CEO Roger Masters and his team and we are confident company profitability will continue to improve.

Steve Morrow
Chairman

### Chief Executive Officer's Review

With the sale of the baking business and re-capitalisation behind us in 2014, the focus this year has been on our core businesses of Ginger, Macadamias and Tourism.

Given the preponderance of mature age products in our ginger line-up, we engaged in new product development in order to drive sales growth. A review of our brand positioning took place as those new products were developed. We examined the packaging of our existing products and made some changes to enable launch in other market channels. In Operations our cost reduction programs continued while we investigated product quality concerns which had led to previous write-offs in respect of inventory. Our move towards a centralised management of functions like marketing, information technology and finance meant further review of the effectiveness of the current systems. For example, limited options exist for high quality internet and site to site network connectivity due to our regional locations while access methods, data storage, equipment and supplier agreements were all reviewed, with a goal to deliver a unified approach to Information Technology.

We continued the introduction of a uniform ERP system across all entities to give us the ability to consolidate and report on the business. Perpetual inventory systems are now possible, for example.

During the year we appointed factory managers specifically to improve performance in the Yandina ginger factory, the Agrimac macadamia facility and also our MacFarms operation. Our focus is on sales growth and distribution which includes new products, new distribution channels and expanded market segments.

### Profitability

Buderim Ginger group reported a net profit before tax (NPBT) of $2.52 million for this year compared with a loss of $(2.96) million before tax last year. This includes a Fair Value Adjustment (FVA) of $3.56 million relating to the value of the Kapua orchard, supported by independent valuation.

We can compare an adjusted NPBT of $331,000 with the NPBT $(2.935)million last year if one excludes the FVA and various one off expenses/income. The one-offs this year include repairs to Yandina factory (vats, factory repairs), settlement of legal claims, due diligence costs, valuation fees, legal fees and a provision for a doubtful debt.

The results for the year ended 30 June 2015 are:

| $'000's | 2015 | 2014 | 2013 (6 months) |
|---|---|---|---|
| **Revenue (external)** | 70,720 | 66,412 | 33,665 |
| **Revenue Consolidated** | 76,042 | 70,067 | 34,977 |
| **EBITDA** | 5,519 | 125 | (4,602) |
| **EBIT** | 3,328 | (1,944) | (4,601) |
| **Net Profit/ (Loss) Before Tax** | **2,515** | **(2,956)** | **(6,403)** |
| Fair Value Adjustment | (3,556) | - | - |
| Crop Insurance | - | (1,124) | (476) |
| 'One-Offs' | 1,372 | 1119 | - |
| Impairments | - | - | 5,701 |
| **Adjusted Net Profit/(Loss) Before Tax** | **331** | **(2,935)** | **(1,178)** |
| **Net Profit/(Loss) After Tax** | **290** | **(1,493)** | **(4,601)** |

This shows an improvement in Net Profit After Tax (NPAT) of $1.78 million on last year. As at 30 June 2014, Buderim Ginger group's carried forward tax losses amounted to $12.84 million.

## Ginger

Ginger revenues of $25.1 million declined from the $26.7 million from last year following product deletions of past flagship products such as 375g crystallised ginger or the lemon, lime and bitters as supermarkets reviewed their shelf space.

We were already investing in new products and upgrading our packaging to meet consumer expectations. The new ginger colour was added to all existing ginger products to achieve better 'on shelf' visibility. In the face of less interest in our mature age products we looked for products more relevant to a younger consumer. A range of ginger beer drinks was developed adding to the existing single ginger beer flavour and a 250ml slim-line can introduced. We now have ginger beer, reduced sugar ginger beer, ginger beer & pear and ginger beer & guarana (energy drink) available using the new vibrant ginger colour branding. A range of alcoholic ginger beer products has been developed to extend our offering.




Other new ginger products include a range of 40g SnackPack products with Ginger Bears, Naked Ginger and Choc-Coated Ginger, sold on the countertop in the pharmacy channel. We also completed a re-sealable stand-up pouch for our crystallised and naked ginger products to replace the 'pillow pack', which would also allow us to offer it to overseas supermarkets. We introduced a 'Ginger Revolution' to help differentiate our brand from others in a competitive marketplace using a digital media platform. That allows us to interact with consumers in a way not previously possible by using www.thegingernet.com and our unique 'ginger' positioning. The aim is to attract new consumers and expand sales.

We are also commencing an expansion into export markets with existing and new products.

Our business improvement program continued with processes in the Yandina ginger factory changed to increase recovery of higher quality ginger and reduce waste.

## Macadamias

A far better crop in Hawaii following rain during the year has helped our results with consolidated Macadamia sales growing by A$9.1 million. The MacFarms orchard yielded approximately 5,000 tonnes and together with independent purchases of about 900 tonnes of nut-in-shell (NIS) made available NIS of 5,900 tonnes. The appointment of a new business manager, changes to the management of harvesting and additional equipment helped raise the performance of the business.

In contrast, our Australian macadamia operation came under tension when demand in the Chinese NIS market intensified buying pressures. The average price of NIS of A$4.65/kg compared with $3.80/kg last year and we lost a few suppliers following changes at management level. However, our improved banking position enabled prompt payment to our growers and we had good support from almost all growers. Our sales managers did a good job in securing selling prices commensurate with the increased costs of the raw materials. The factory has been running well with a new experienced factory manager making improvements in its operation.

Following action commenced against MacFarms in May 2014 by the landlord of our leased orchard on various counts, we effectively rebutted the allegations. The opportunity came up in July 2014 to purchase the 4000 acre orchard and negotiations commenced. On the 3 December 2014 the company completed the acquisition of the Kapua Macadamia Orchard, Hawaii for AUD$5.6 million (US$4.5 million). 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). Subsequent favourable independent valuation required a conservative fair value adjustment to biological assets (macadamia trees) of A$3.6 million shown in these 2015 accounts.

In July 2012 MacFarms had entered into a contract for the 2013 processing of NIS for Royal Hawaiian Orchards. In 2015 we received a claim for insufficient kernel delivered under that arrangement and we consider the claims to be without merit and are defending ourselves against such claims.

New macadamia retail products have been developed in the last 12 months including new flavours in the MacFarms range of retail pouch products and a chocolate macadamia spread called MacaBella. This allows us to move more into the higher margin area of value added business, although currently all the value adding processes are done by co-packers which adds to the cost of production.

We are now offering the MacFarms retail packs to other markets rather than confining them to the USA.

### Tourism

Last year we noted the improvements made in the overall appearance of the tourist area and in particular we had the introduction of the children's playground. As a result we have had a shift in the demographic of our visitors with many more local repeat users finding the playground facility very appealing while they partake of the café and shop offering. The foreign currency trend is favourable to our overseas visitors and we expect that to assist our overseas tourist visitor numbers.

The park was affected by the closure for some months during the year of our Factory Tour, firstly for a partial roof replacement and secondly, to revamp the Tour itself.

### Balance Sheet and Cash Flow

The Current Ratio improved following the re-classification of bank debt into current and non-current liability portions as a result of the restructuring of the loan facilities with Rabobank in October 2014. The independent valuation of the Kapua orchard resulted in an uplift the Group's net assets of $4.7 million inclusive of a $2.2 million adjustment net of tax to biological assets consisting of macadamia trees and $2.5 million relating to the land.

| | **2015** | 2014 |
|---|---|---|
| Current Ratio (Current Assets/Current Liabilities) | **2.1** | 1.3 |
| Debt Ratio (Total Liabilities/Total Assets) | **49.7%** | 49.5% |
| Working Capital ($'000's) | **20,217** | 18,825 |
| Net Assets ($'000's) | **43,090** | 39,520 |

Following the re-capitalisation of the balance sheet last year we commenced the year with a cash and cash equivalents amount of $12.6 million. During the year cash generated from operating activities was $145,000 whilst major outflows were $1 million in net debt repayments and $7.2 million in investing outflows, which included the purchase of the Kapua orchard for $5.6 million and plant and equipment totaling $1.6 million.

Working capital (excluding cash and cash equivalents) has grown by $1.4 million principally as a result of an increase in debtors at 30 June from $8.3 million last year to $9.6 million this year following on from higher selling prices and a reduction in the AUD:USD exchange rate.

### Outlook

Last year we indicated strengthening our brand position with a communication strategy designed to connect to a younger consumer and an aim to build both our local and export markets using relevant products. The 'Ginger Revolution' is an illustration of our communication strategy and we have brought to market a number of new products in both Ginger and Macadamias.

We also noted the need to establish ourselves as a low cost structure with better automation and more vertical integration. The business improvement program has continued to drive down cost while the acquisition of the Kapua orchard was our first step in vertical integration, helping to secure our supply. Other opportunities may exist.

Our focus in 2016 is on the sales and distribution of our products following the distractions of prior years.

This includes the newly formatted pouch packaging, MacaBella macadamia spread, our recently launched Snack Packs and also ginger drinks in respect of the Ginger business. We aim to extend the distribution of the 'Easy Open' macadamia pack recently ranged in Coles in addition to our MacFarms retail range currently only in the USA. We will also push for the inclusion of all new lines in our expanding export markets.

There has been considerable change to the business in its structure and management and I thank them for the considerable effort they have put in to drive that change and position us for a more profitable future.

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 2014 and ended on 30 June 2015.

**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, Chairman of Remuneration Committee and Member of the Audit & Compliance Committee)

Mr Morrow joined the Board in February 2010. He has had 36 years' experience in Agribusiness in the grain, wool, pastoral, banking and food processing industries. Over the past 19 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 Innovation Australia Ltd, Cefn Pty Ltd, and Priestley's Gourmet Holding Ltd. Mr Morrow is 61 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 Remuneration 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 holds the position of President of the Australian Ginger Growers Association. Mr Templeton is a director of Templeton Ginger Pty Ltd, Redarea Pty Ltd and the Victory COC (Gympie) school board. Mr Templeton is 43 years of age. Mr Templeton 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 recently completed her second term as Non-Executive Director of Defence Housing Australia (DHA) where she was also the Chairman of the DHA audit committee and a member of the DHA remuneration and nominations committee. She is a member of the Audit Committee for the Australian Institute of Marine Science. She also holds a Non-Executive Director position with Cystic Fibrosis Australia and is Chairman of Cystic Fibrosis Queensland. 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. Ms Walker is 54 years of age. Ms Walker has not held any other listed company directorships in the past 3 years.

**Peter Francis O'Keeffe**

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

Mr O'Keeffe was appointed a director at the 2014 AGM on 31 October 2014. Mr O'Keeffe is an accounting professional, with both public practice and commercial accounting experience, within Australia and overseas, across the full range of small and medium to large sized business structures. Recent industry involvement includes manufacturing, wholesale and distribution within the food industry, service industries, IT services and database development and contract accounting services to a variety of enterprises. Mr O'Keeffe is 66 years of age and does not hold a position as director in any other listed public company.

**William Lewis Timms,**
**B.Bus**

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

Mr Timms was appointed a director on 30 January 2015. Mr Timms has 29 years of experience in Accounting and Taxation and 22 years of experience in Commercial Real Estate and Project Management. He holds a B.Bus and is a licensed real estate and business agent. Mr Timms is a partner and beneficiary in several property partnerships and trusts which hold a portfolio in Retail, Commercial and Industrial property investments and investments in private and publicly listed securities. Mr Timms is 66 years of age. Mr Timms is also currently a director of Oldfields Holdings Limited and the Chairman of Oldfields Holdings Limited's Board of Directors.

**RETIRED DIRECTOR**

**George Vasili,**

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

Mr Vasili was a director from 1 July 2011 until his retirement effective 31 October 2014. Mr Vasili has 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 67 years of age. Mr Vasili has not held any other listed company directorships in the past 3 years.

**COMPANY SECRETARY**

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

Mr Bond was appointed Company Secretary of all group companies in January 2014. Mr Bond has over twenty six years of broad corporate experience across a range of industries, including ten years in chartered accounting firms, of which six years were with KPMG, before moving to commerce. He has held senior executive roles with Capilano Honey Limited, Fenix Fitness, and 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.J. Morrow (1) | - |
| S.T. Templeton (2) | 56,209 |
| M.P. Walker (3) | - |
| P.F. O'Keeffe (4) | - |
| W.L. Timms (5) | - |

(1) S.J. Morrow holds relevant interest in 79,348 shares registered in the name of Morrow Family Super Pty Ltd.
(2) S.T. 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).
(3) M. P. Walker holds relevant interest in 70,000 shares registered in the name of Hines Family Superannuation Fund Pty Ltd.
(4) P.F. O'Keeffe holds no shares in the company and has no relevant interest in shares.
(5) W.L. Timms holds relevant interest in 5,449,996 shares registered in the name of Randell Management Services Pty Ltd (Timms Super Fund Account).

| EARNINGS PER SHARE | Cents |
|---|---|
| Basic and Diluted earnings per share after tax | 0.7 |

There were no options issued or exercised during the period.

**DISTRIBUTIONS**

*Dividends paid in the year:*

There was no dividend paid during the 2015 year for the year ended 30 June 2014.

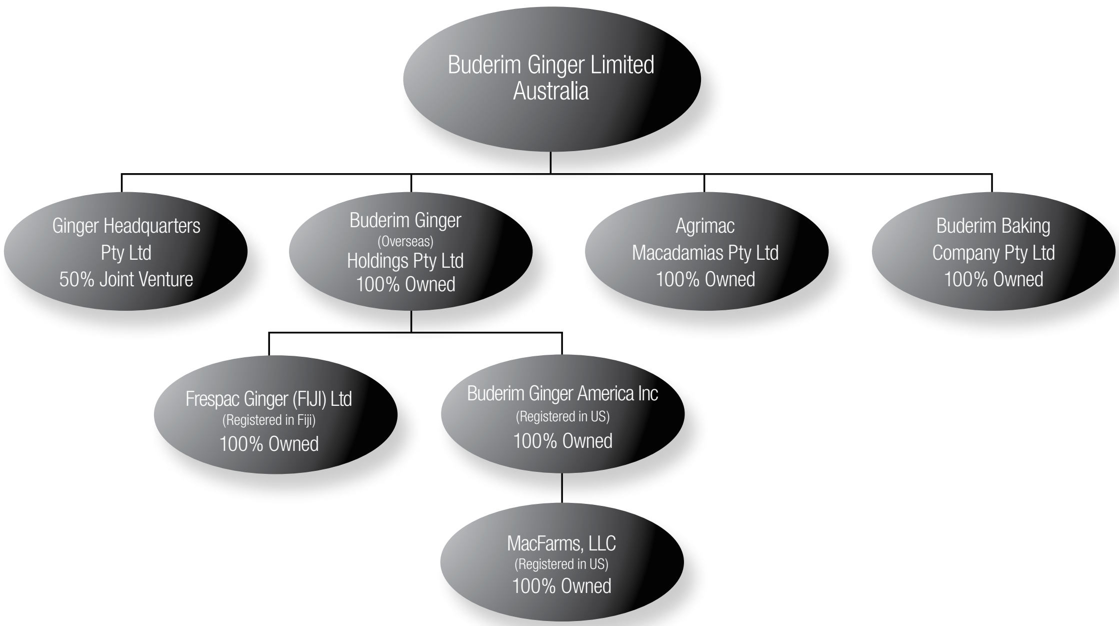
*Dividends declared for current period:*

A dividend has not been declared for the year which commenced on 1 July 2014 and ended on 30 June 2015.

**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** - production and processing of macadamia products and marketing to wholesale and retail customers throughout the world; and
- **Tourism** - the sale of ginger and other retail gift and food products, and the provision of leisure activities within the Australian tourism market.

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

### EMPLOYEES

The consolidated entity employed 397 employees as at 30 June 2015 (June 2014: 386 employees). The number of employees will vary from year to year, and during each year, due to seasonal factors. The ginger segment employed 232 employees (2014: 271). The ginger segment includes tourism and corporate staff members. The decrease in employees over last year is due to fewer casual processing staff being required at 30 June 2015 in Fiji. Employees employed within the macadamia segment were 165 (June 2014: 115). The increase in employees over last year relates to the Hawaiian macadamia operations, including the orchard operation which engages a large proportion of seasonal labour.

### OPERATING AND FINANCIAL REVIEW

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

| | **2015** | | 2014 | |
|---|---|---|---|---|
| | **Revenues $'000** | **Results* $'000** | Revenues $'000 | Results* $'000 |
| *Business segments* | | | | |
| Ginger processing and distribution | **29,256** | **(1,682)** | 29,663 | (2,023) |
| Baking operations | **-** | **-** | 3,713 | (166) |
| Macadamia operations | **51,369** | **5,320** | 37,850 | 97 |
| Tourism operations | **4,069** | **191** | 3,995 | 112 |
| Total | **84,694** | **3,829** | 75,220 | (1,980) |
| Consolidated entity adjustments | **(8,652)** | | (5,153) | |
| Corporate overhead expenses | | **(1,333)** | | (1,003) |
| Share of profit/(losses) of joint controlled entities and associates | **-** | **20** | - | 27 |
| Consolidated entity income and profit/(loss) from ordinary activities before income tax expense | **76,042** | **2,516** | 70,067 | (2,956) |

| | **2015 $'000** | 2014 $'000 |
|---|---|---|
| *Geographic segments - revenue* | | |
| Australia | **56,301** | 54,417 |
| United States | **22,123** | 16,326 |
| Fiji | **6,270** | 4,477 |
| | **84,694** | 75,220 |
| Consolidated entity adjustments | **(8,652)** | (5,153) |
| Consolidated entity income | **76,042** | 70,067 |

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

The 2014 Baking segment results include the sale of the segment's assets on 30 September 2013.

**In Summary**

The Group has recorded a net profit before tax of $2.52 million and a net profit after tax of $290,000 for the year ended 30 June 2015, compared to the before tax loss of $2.96 million and an after tax loss of $1.49 million recorded for the year ended 30 June 2014. The 2015 net profit before tax includes a Fair Value Adjustment (FVA) of $3.56 million relating to the value of the Kapua orchard, supported by independent valuation, and one-offs costs of $1.37 million including repairs to Yandina factory (vats, factory repairs), settlement of legal claims, due diligence costs, valuation fees, legal fees and a provision for a doubtful debt.

In October 2014 the Group entered into a restated letter of offer with its principal financier, Rabo Australia Limited (Rabobank). The restated facilities included three year term loan facilities of $12,948,790 and a working capital facility of $4,000,000. A re-classification of the bank debt between current and non-current liabilities followed. As at 30 June 2015, the Group obtained a waiver from Rabobank in relation to three of the banking covenants due to the 2015 financial results not meeting budgeted EBITDA targets. As a waiver was obtained prior to June 30, the Rabobank debt remains apportioned between current and non-current liabilities based on the terms of the facilities agreed in October 2014.

In December 2014 the company completed the acquisition of the Kapua Macadamia Orchard, Hawaii for AUD$5.6 million (US$4.5 million). 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). Following an independent valuation of the Kapua Orchard and in accordance with Australian Accounting Standard AASB141 Agriculture, a fair value adjustment amounting to $3.56 million in relation to biological assets (trees and the growing nuts) was made.

Shareholder Returns and Performance measurements

| *For the year ended* | | 2015 | 2014 | 2013 6 months | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|---|---|
| | | Post Consolidation | | | | Pre Consolidation | |
| EBIT | (a) | 3,326 | (1,944) | (5,940) | 4,181 | 3,137 | (1,922) |
| EBITDA | (a) | 5,519 | 125 | (4,602) | 6,858 | 5,710 | 752 |
| Basic Earnings per share (cents) | | 0.67 | (7.10) | (22.30) | 8.91 | 2.20 | (4.80) |
| Dividend per share (cents) | (b) | - | - | - | 3.00 | 0.50 | - |
| Dividend payout ratio (%) | (b) | - | - | - | 33.70 | 22.70 | - |
| Return on assets (%) | (c) | 0.34 | (1.91) | (6.30) | 2.67 | 2.23 | (3.64) |
| Return on equity (%) | (d) | 0.67 | (3.78) | (15.50) | 5.34 | 4.49 | (9.19) |
| Debt/equity (%) | (e) | 51.23 | 57.20 | 77.90 | 57.20 | 65.10 | 111.60 |
| Gearing ratio (%) | (f) | 49.67 | 49.80 | 59.40 | 50.00 | 50.30 | 60.40 |
| Current ratio (%) | (g) | 207 | 130 | 103 | 156 | 102 | 80 |
| Shares on issue (millions) | | 43.36 | 43.36 | 21.02 | 20.65 | 82.60 | 41.30 |
| Net tangible asset backing per share (cents) | (h) | 95 | 78 | 122 | 148 | 37 | 59 |

(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 6).

(b) These figures reflect the dividend amounts declared per share subsequent to reporting dates (refer note 8). 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.

(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 21), 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 23, 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 a decrease in cash and cash equivalents for the year ended 30 June 2015 of $8.1 million.

Following the re-capitalisation of the balance sheet last year we commenced the year with a cash and cash equivalents amount of $12.6 million. During the year cash generated from operating activities was $145,000 whilst major outflows were $1 million in net debt repayments and $7.2 million in investing outflows, which included the purchase of the Kapua orchard for $5.6 million and plant and equipment totalling $1.6 million.

Financing activities show drawdowns under the Rabobank crop funding facilities, term loan facilities for partial funding of the Kapua orchard purchase and borrowings under insurance premium funding arrangements. Outflows include loan amortisation payments to Rabobank, loan repayments for insurance premium funding from other financiers.

### Asset and capital structure

| | **JUN-15 TOTAL OPERATIONS** | JUN-14 TOTAL OPERATIONS | JUN-13 TOTAL OPERATIONS |
|---|---|---|---|
| **NET GEARING** | | | |
| Debts | | | |
| Interest bearing loans and borrowings | **21,024** | 21,458 | 21,624 |
| Cash and cash equivalents | **(4,532)** | (12,634) | (1,018) |
| Net debt | **16,492** | 8,824 | 20,606 |
| Total equity | **43,090** | 39,520 | 29,770 |
| Total capital employed | **59,582** | 48,344 | 50,376 |
| | **27.7%** | 18.3% | 40.9% |
| **ASSETS FUNDED BY EXTERNAL STAKEHOLDERS** | | | |
| Total Assets | **85,614** | 78,678 | 73,300 |
| Total Liabilities | **42,524** | 39,158 | 43,530 |
| | **49.7%** | 49.8% | 59.4% |
| **DEBT/EQUITY** | | | |
| Total equity | **43,090** | 39,520 | 29,770 |
| Intangibles | **(2,049)** | (2,023) | (2,029) |
| | **41,041** | 37,497 | 27,741 |
| Interest bearing loans and borrowings | **21,024** | 21,458 | 21,624 |
| | **51.2%** | 57.2% | 77.9% |

### REVIEW OF FINANCIAL CONDITION (CONTINUED)

The Group's banking facilities with its senior debt provider Rabo Australia Limited are subject to annual review. In October 2014 the Group entered into a restated letter of offer with 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. In June 2015, Rabobank issued a waiver in relation to breaches of three of its banking covenants based on calculations using budgeted EBITDA for the year ending 30 June 2015.

Last year all amounts owed to Rabobank as at 30 June 2014 under bill facilities were classified as current in accordance with the accounting standard AASB101 due to the short term nature of the facilities and the breach of two covenants at that time. This year the liability outstanding at 30 June 2015 has been apportioned between current and non-current liabilities.

**Shares issued during the period**

During the twelve months ended 30 June 2015, there were no new shares issued.

**Profile of Debts**

The profile of the Group's debt finance below reflects the re-classification of the bank facilities as at 30 June 2015 showing the split between current and non-current portions.

However as at 30 June 2014 all debt was classified as current as mentioned above.

| | **JUN-15 $'000** | JUN-14 $'000 | JUN-13 $'000 |
|---|---|---|---|
| **CURRENT** | | | |
| Bank overdraft | **-** | 179 | 425 |
| Bank bill facility | **3,476** | 20,695 | 20,283 |
| Bank loans | **851** | 468 | 690 |
| | **4,327** | 21,342 | 21,398 |
| **NON-CURRENT** | | | |
| Bank bill facility | **16,697** | - | - |
| Bank loans | **-** | 116 | 226 |
| | **16,697** | 116 | 226 |
| | **21,024** | 21,458 | 21,624 |

### 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 the 3 December 2014 the company completed the acquisition of the Kapua Macadamia Orchard, Hawaii for AUD$5.6 million (US$4.5 million). 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).

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

There is at the date of this report no matter or circumstance which has arisen since 30 June 2015 that has significantly affected or may significantly affect:-

i. the operations of the consolidated entity;
ii. the results of those operations; or

the state of affairs of the consolidated entity in financial years subsequent to 30 June 2015.

**LIKELY DEVELOPMENTS AND EXPECTED RESULTS**

Following refreshing of the Ginger brand and development of new products, the focus now is on broadening distribution, ranging and sales of new products and packaging in both traditional and new markets to drive growth.

Continuation of the business improvement program towards a low cost structure with better automation and more vertical integration will lead to further reductions in the costs of processing. To support our products, our relationship with macadamia and ginger grower suppliers remains a high priority.

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.

**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 2015 is detailed in Table 1 below.

### 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 below 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 below.

### 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 25% 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 2015 | 30 JUNE 2014 | 30 JUNE 2013 | 31 DECEMBER 2012 | 31 DECEMBER 2011 | 31 DECEMBER 2010 |
|---|---|---|---|---|---|---|
| Share price (cents) | | | | | | |
| Pre-consolidation | - | - | - | 17 | 13 | 20 |
| Post-consolidation | 63 | 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 2014 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) | 50,500 | - | - | 31,625 | - | - | - | 82,125 | - |
| Templeton, S | Director (Non- executive) | 45,000 | - | - | 4,275 | - | - | - | 49,275 | - |
| Vasili, G | Director (Non- executive) to 31 October 2014 | 15,000 | - | - | 1,425 | - | - | - | 16,425 | - |
| Walker, M | Director (Non- executive) | 45,000 | - | - | 4,275 | - | - | - | 49,275 | - |
| O'Keeffe, P | Director (Non- executive) from 31 October 2014 | 30,000 | - | - | 2,850 | - | - | - | 32,850 | - |
| Timms, W | Director (Non- executive) from 30 January 2015 | 10,000 | - | - | 950 | - | - | - | 10,950 | - |
| **Total Directors** | **for the period ended 30 June 2015** | 195,500 | - | - | 45,400 | - | - | - | 240,900 | - |

| 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 | - |

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 | 343,443 | - | 635 | - | - | - | - | 344,078 | - |
| Bond, A | Company Secretary/CFO | 192,660 | - | 635 | 17,497 | 142 | - | - | 210,935 | - |
| Christiansen, H | Group Operations Manager | 165,112 | - | 19,402 | 15,217 | 592 | - | - | 200,323 | - |
| Mikkelsen, C | General manager - Tourism | 82,229 | - | 595 | 8,110 | 644 | - | - | 91,578 | - |
| Price, J | Group Marketing Manager | 109,565 | - | 435 | 10,348 | 607 | - | - | 120,955 | - |
| **Total Managers** | **for the period ended 30 June 2015** | 893,009 | - | 21,703 | 51,172 | 1,985 | - | - | 967,868 | - |

| 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 | - |

Notes

- 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 year ended 30 June 2015**

| Ordinary Shares held in Buderim Ginger Limited | Balance 1 July 2014 | Market Acquisition / (Sale) | Other Movements | Balance 30 June 2015 |
|---|---|---|---|---|
| | Ordinary No. | Ordinary No. | Ordinary No. | Ordinary No. |
| **Current Directors** | | | | |
| Morrow, S | 79,348 | - | - | 79,348 |
| Templeton, S | 1,573,451 | - | - | 1,573,451 |
| Walker, M | - | 70,000 | | 70,000 |
| O'Keeffe, P | - | - | - | - |
| Timms, W | - | - | 5,449,996 | 5,449,996 |
| **Retired Directors** | | | | |
| Vasili, G | 13,639,918 | - | (13,639,918) | - |
| **Executives** | | | | |
| Masters, R | 682,836 | 147,164 | - | 830,000 |
| Bond, A | 504,753 | - | - | 504,753 |
| Christiansen, H | - | 62,736 | - | 62,736 |
| Mikkelsen, C | 5,000 | - | - | 5,000 |
| Price, J | - | 6,725 | - | 6,725 |

(1) S. Morrow holds relevant interest in 79,348 shares registered in the name of Morrow Family Super Pty Ltd.
(2) 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).
(3) M. Walker holds relevant interest in 70,000 shares registered in the name of Hines Family Superannuation Fund Pty Ltd.
(4) P. O'Keeffe does not hold shares or relevant interests.
(5) W. Timms holds relevant interest in 5,449,996 shares registered in the name of Randell Management Services Pty Ltd. The shares were held at 30 January 2015 when W. Timms was appointed as a director.
(6) 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. The shares were held at 31 October 2014 when G Vasili retired as a director.
(7) 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).
(8) C Mikkelsen is a related party of M Mikkelsen who holds 5,000 shares.

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 and C. Mikkelsen.

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 $1,099,471 (2014: $816,281) 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 2015.

**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 | 11 | 11 | | | 1 | 1 |
| S. Templeton | 11 | 11 | 2 | 2 | 1 | 1 |
| G. Vasili | 4 | 4 | | | | |
| M. Walker | 11 | 11 | 4 | 4 | | |
| P. O'Keeffe | 7 | 7 | | | | |
| W. Timms | 5 | 5 | | | 1 | 1 |

**Notes**

- S.J. Morrow, Chairman was in attendance at the August and November 2014 Audit & Compliance Committee meetings.
- P.F. O'Keeffe attended the September and October 2014 Director Meetings prior to being elected as a Director.
- M.P. Walker and P.F. O'Keeffe were in attendance at the May 2015 Remuneration Committee meeting.

### Committee membership

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

Members acting on the committees of the board were:

| AUDIT & COMPLIANCE COMMITTEE | REMUNERATION COMMITTEE |
|---|---|
| M. Walker | S. Morrow |
| P. O'Keeffe | S. Templeton |
| S. Morrow | W. Timms |

## 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

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.

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

## 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 19.

# DIRECTORS' REPORT (continued)

**NON-AUDIT SERVICES**

The following non-audit services were provided by entity's asscoiated 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 $40,001

**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, 28 August 2015

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Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor of Buderim Ginger Limited for the year ended 30 June 2015, I declare that, to the best of my knowledge and belief, there have been:

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

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

**P A Gallagher**
Director

**BDO Audit Pty Ltd**

Brisbane: 28 August 2015

# CONTENTS TO THE FINANCIAL STATEMENTS

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION
## AS AT 30 JUNE 2015

| | NOTES | CONSOLIDATED | |
|---|---|---|---|
| | | **30/6/15 $'000** | 30/06/14 $'000 |
| **CURRENT ASSETS** | | | |
| Cash and cash equivalents | 11 | **4,532** | 12,813 |
| Trade and other receivables | 12 | **9,597** | 8,268 |
| Inventories | 13 | **25,334** | 25,139 |
| Current tax assets | | **179** | 446 |
| Other current assets | 14 | **1,054** | 873 |
| Derivatives | | **-** | - |
| TOTAL CURRENT ASSETS | | **40,696** | 47,539 |
| NON-CURRENT ASSETS | | | |
| Investment accounted for using the equity method | 16 | **1,205** | 1,186 |
| Property, plant and equipment | 17 | **29,674** | 22,063 |
| Biological assets | 18 | **5,892** | - |
| Deferred tax assets | 7 | **6,098** | 5,867 |
| Intangible assets | 19 | **2,049** | 2,023 |
| TOTAL NON-CURRENT ASSETS | | **44,918** | 31,139 |
| TOTAL ASSETS | | **85,614** | 78,678 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 20 | **14,715** | 14,583 |
| Interest-bearing liabilities | 21 | **4,327** | 21,342 |
| Short-term provisions | 22 | **637** | 706 |
| Current tax liabilities | | **-** | - |
| TOTAL CURRENT LIABILITIES | | **19,679** | 36,631 |
| NON-CURRENT LIABILITIES | | | |
| Interest-bearing liabilities | 21 | **16,697** | 116 |
| Deferred tax liabilities | 7 | **6,105** | 2,362 |
| Long-term provisions | 22 | **43** | 49 |
| TOTAL NON-CURRENT LIABILITIES | | **22,845** | 2,527 |
| TOTAL LIABILITIES | | **42,524** | 39,158 |
| NET ASSETS | | **43,090** | 39,520 |
| EQUITY | | | |
| Contributed equity | 23 | **39,272** | 39,272 |
| Reserves | | **7,376** | 4,053 |
| Retained earnings/accumulated losses | | **(3,558)** | (3,805) |
| TOTAL EQUITY | | **43,090** | 39,520 |

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 2015

| | NOTES | CONSOLIDATED | |
|---|---|---|---|
| | | 30/6/15 $'000 | 30/06/14 $'000 |
| **INCOME** | | | |
| Sale of goods | | **70,720** | 63,160 |
| Cost of sales | | **(57,527)** | (54,311) |
| **Gross profit** | | **13,193** | 8,849 |
| Rental revenue | | **238** | 246 |
| Other income | 6 (a) | **5,102** | 2,923 |
| Finance revenue | | **68** | 24 |
| **Total** | | **18,601** | 12,042 |
| Share of profit accounted for using the equity method | | **20** | 27 |
| Selling and distribution expenses | | **(5,104)** | (4,617) |
| Marketing expenses | | **(959)** | (807) |
| Tourism expenses | | **(2,321)** | (2,260) |
| Administration expenses | | **(6,700)** | (5,714) |
| Other expenses | 6 (b) | **(142)** | (450) |
| **PROFIT/(LOSS) BEFORE TAX and FINANCE COSTS** | | **3,395** | (1,779) |
| Finance costs | 6 (c) | **(879)** | (962) |
| **PROFIT/(LOSS) BEFORE INCOME TAX** | | **2,516** | (2,741) |
| Income tax (expense)/benefit | 7 | **(2,226)** | 1,416 |
| **NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS** | | **290** | (1,325) |
| **Discontinuing operations** | | | |
| Profit/(loss) from discontinued operations, net of tax | 10 | **-** | (168) |
| **NET PROFIT/(LOSS) FROM THE PERIOD** | | **290** | (1,493) |
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | | |
| **Items that will not be reclassified subsequently to profit or loss** | | | |
| Changes in fair value of land, net of tax | | **2,437** | 46 |
| **Items that may be reclassified subsequently to profit or loss** | | | |
| Exchange difference on translation of foreign operations, net of tax | | **885** | (12) |
| Changes in fair value of assets | | **-** | - |
| Prior year adjustment | | **(42)** | |
| Changes in fair value of cash flow hedges, net of tax | | **-** | (19) |
| **Total other comprehensive income/(loss), net of tax** | | **3,280** | 15 |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD** | | **3,570** | (1,478) |
| Total net profit/(loss) is attributable to: | | | |
| Equity holders of Buderim Ginger Limited | | **290** | (1,493) |
| | | **290** | (1,493) |
| **Total comprehensive income is attributed to:** | | | |
| Equity holders of Buderim Ginger Limited | | **3,570** | (1,478) |
| | | **3,570** | (1,478) |
| Basic and diluted earnings/ (loss) per share (cents) | 8 | **0.7** | (7.1) |
| Basic and diluted earnings / (loss) per share from continuing operations (cents) | 8 | **0.7** | (6.3) |
| Basic and diluted earnings / (loss) per share from discontinued operations (cents) | 8 | **-** | (0.8) |

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 2015

| | NOTES | CONSOLIDATED | |
|---|---|---|---|
| | | **30/6/15 $'000** | 30/06/14 $'000 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Receipts from customers (inclusive of GST) | | **73,228** | 69,508 |
| Payments to suppliers and employees (inclusive of GST) | | **(70,638)** | (70,692) |
| Other receipts | | **(1,699)** | 1 ,927 |
| Interest received | | **67** | 30 |
| Interest and other finance costs paid | | **(866)** | (1,015) |
| Income tax received/(paid) | | **53** | 704 |
| **NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES** | 11 | **145** | 462 |
| **CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES** | | | |
| Purchase of property, plant and equipment | | **(5,015)** | (1,735) |
| Purchase of biological assets | | **(2,185)** | - |
| Purchase of intangible assets | | **(10)** | (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** | | **(7,210)** | (206) |
| **CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES** | | | |
| Proceeds from borrowings | | **6,065** | 4,605 |
| Repayments of borrowings | | **(7,102)** | (4,473) |
| Proceeds from rights issue and placement | | **-** | 11,357 |
| Capital raising costs | | **-** | (129) |
| Payment of equity dividend (net of dividend reinvestment) | | **-** | - |
| **NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES** | | **(1,037)** | 11,360 |
| **NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS** | | **(8,102)** | 11,616 |
| Cash and cash equivalents at beginning of period | | **12,634** | 1,018 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 11 | **4,532** | 12,634 |

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 2015

| | | RESERVES | | | | |
|---|---|---|---|---|---|---|
| **CONSOLIDATED** | **Contributed Equity $'000** | **Asset Revaluation $'000** | **Foreign Currency Translation $'000** | **Cash Flow Hedges $'000** | **Retained Earnings/ Accumulat-ed Losses $'000** | **Total Equity $'000** |
| **As at 1 July 2013** | 28,044 | 4,507 | (488) | 19 | (2,312) | **29,770** |
| *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 cost 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** |
| | | | | | | |
| **As at 1 July 2014** | | | | | | |
| *Total comprehensive income/(loss) for the period* | | | | | | |
| Net profit/(loss) for period | - | - | - | - | 290 | **290** |
| *Other comprehensive income/(loss)* | | | | | | |
| Exchange difference on translation of foreign operation | - | - | 885 | - | - | **885** |
| Change in fair value of cash flow hedges | - | - | - | - | - | **-** |
| Change in fair value of land | - | 2,542 | - | - | - | **2,542** |
| Prior year adjustment | - | - | - | - | (42) | **(42)** |
| Income tax on other comprehensive income items | - | (105) | - | - | - | **(105)** |
| **Total comprehensive income/(loss) for the period** | 39,272 | 6,990 | 385 | - | (3,557) | **43,090** |
| **Transactions with owners in their capacity as owners** | | | | | | |
| Equity dividend | - | - | - | - | - | **-** |
| **As at 30 June 2015** | 39,272 | 6,990 | 385 | - | (3,557) | **43,090** |

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

## 1. CORPORATE INFORMATION

The financial report of Buderim Ginger Limited for the period ended 30 June 2015 was authorised for issue in accordance with a resolution of the directors on 28 August 2015. 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

**Table of Contents**



### (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 reports have also been prepared on an accruals basis and are 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 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 Group continues to operate under facilities established with Rabo Australia Limited (Rabobank) in May 2013 and varied in June 2014 and October 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.

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.

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

The accounting policies adopted are consistent with prior those of the previous financial reporting period except as follows:

*Adoption of AASB 141 – Agriculture*

AASB 141 - Agriculture excludes biological assets from the scope of AASB 116 – Property Plant and Equipment and includes them in the scope of AASB 141, so they are accounted for at fair value through the profit and loss rather than fair value through equity. The company has adopted this standard as of 3 December 2014 and will impact profit directly for the fair value adjustment on the Kapua Orchard purchased in December 2014.

### (d) 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.

**(e) 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.

**(f) Segment reporting**

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

**(g) Investment in jointly controlled entities**

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

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

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

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

**(h) Foreign currency 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 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.

**(i) 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.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(j) 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.

**(k) 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.

**(l) Property, plant and equipment**

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value. Land is measured at fair value. Depreciation is provided on a straight-line basis on all property, plant and equipment, other than 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 2015 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.

**(m) Biological assets**

*Macadamia trees*

Macadamia trees are classified as biological assets and valued in accordance with AASB 141 Agriculture. Macadamia trees are measured at fair value using a discounted cash flow methodology in accordance with AASB 141. The fair value measurement of biological assets is a level 3 measurement, as defined by the AASB 13 Fair Value Measurement fair value hierarchy, as one or more of the significant inputs is not based on observable market data.

The discounted cash flow incorporates the following:

- Macadamia trees have an estimated life-cycle of 65 years;
- Selling prices are based on average trend prices for wet in shell macadamia nuts at US$1.00 per pound;
- Growing, processing and selling costs are based on long term average levels;
- Cash flows are discounted at a post-tax rate of 8.3% that takes into account the cost of capital, income tax and a suitable risk factor.

*Growing macadamia trees*

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

*Biological asset fair value adjustment*

The biological asset fair value adjustment in the income statement includes current changes to the fair value of macadamia trees, the fair value change for the current year growing macadamia crop and the fair value component of cost of sales.

**(n) 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.

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.

**(o) 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (p) 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.

### (q) 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.

### (r) 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.

### (s) 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.

### (t) 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 high quality corporate bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

### (u) 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.

### (v) Leases

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

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

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

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

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

### (w) Revenue recognition

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

*Sale of goods*

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

*Interest*

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

*Rental income*

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

### (x) Government grants

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

### (y) Income tax

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

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

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

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

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

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

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

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

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

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

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

### (z) 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.

### (aa) 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.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### (ab) 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.

*(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.

### (ac) 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.

### (ad) 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.

### (ae) 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.

### (af) 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.

### (ag) 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; and
- AASB 15 Revenue from Contracts with Customers. This standard is applicable to annual reporting periods beginning on or after 1 January 2017, however it has been deferred in the USA and the IASB has indicated that it will defer the effective date to 1 January 2018. Early adoption is permitted. The standard provides a single standard for revenue recognition.

## 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 may also enter 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 24.

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.

**3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)**

**(a) Interest rate risk**

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

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

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

These swaps are designated to hedge underlying debt obligations.

As at 30 June 2015, there were no Group borrowings at a fixed rate of interest (2014: Nil).

Interest rate risk sensitivity is disclosed in note 24.

**(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 23% (2014: 6%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 86% (2014: 94%) 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 24.

**(c) Commodity price risk**

The Group is exposed to commodity price risk in the ginger 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 21)
- 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.

| Summary of quantitative data | **2015 $'000** | 2014 $'000 |
|---|---|---|
| Current assets | **40,696** | 47,539 |
| Current liabilities | **18,179** | 36,631 |
| Surplus / (deficit) | **22,517** | 10,908 |

*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 – 2015**

| 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 | 21,024 | 22,447 | 1,651 | 2,723 | 18,073 | - |
| Trade and other payables | 14,715 | 14,715 | 14,715 | - | - | - |
| **Total Non-derivatives** | 35,739 | 37,162 | 16,366 | 2,723 | 18,073 | - |

**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 | - |

Refer to note 21 Interest-Bearing Liabilities for further details.

*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 26.

*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.

*Kapua orchard purchase*

In December 2014 the company completed the acquisition of the Kapua Macadamia Orchard, Hawaii. The purchase comprised the acquisition of land, buildings and improvements (see note 17 for detail), Macadamia trees (including nuts on the tree - see note 18 for detail) and harvested nuts (including nuts on the ground). Further details are provided below.

*Inventory – Current year crop*

The current year macadamia crop is classified as a biological asset and valued in accordance with AASB 141 Agriculture. In applying this standard, the consolidated entity has made various assumptions at the balance date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold. The assumptions are the estimated macadamia selling price at the point of harvest $0.837 and macadamia yield based on a crop estimate for insurance purposes justified by post year end crop intake of 8.5 million lbs.

*Macadamia trees*

Macadamia trees are classified as biological assets and valued in accordance with AASB 141 Agriculture. The Company's accounting policies in relation to the macadamia trees are detailed in Note 1(m). In applying this policy the Company has made various assumptions. These are detailed in note 18 of the financial statements. As at 30 June 2015, the value of macadamia trees carried in the financial statements of the Company is $5.9 million. The valuation of macadamia trees is very sensitive to the assumptions of the long term macadamia price and yields. Any change to the long term macadamia price or yields may have a material impact on the valuations.

## 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 2015 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;

**Baking** - 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 the Board and executive management separately from the rest of the ginger business. As such it is not a separate operating segment and cannot be a separate reporting segment. Information about the Fiji ginger business has been disclosed within the Ginger Segment.

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

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

Segment accounting policies are the same as the Group's policies described in note 2. During the financial period, there were no changes in segment accounting policies that had a material effect on the segment information.

**Reportable segments**

Segment information provided to the Board and executive management committee for the 12 month period ended 30 June 2015 and 30 June 2014 is as follows:

| REPORTABLE SEGMENTS | Ginger | | Baking | | Tourism | | Macadamias | | Total | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 |
| **Income** | | | | | | | | | | |
| Sales of goods to external customers | **25,104** | 26,691 | **-** | 3,252 | **3,831** | 3,748 | **41,785** | 32,721 | **70,720** | 66,412 |
| Sales of goods to internal customers | **3,264** | 2,812 | **-** | - | **-** | - | **5,388** | 2,341 | **8,652** | 5,153 |
| Other revenue / income | **888** | 160 | **-** | 461 | **238** | 246 | **4,196** | 2,788 | **5,322** | 3,655 |
| Total segment revenue | **29,256** | 29,663 | **-** | 3,713 | **4,069** | 3,994 | **51,369** | 37,850 | **84,694** | 75,220 |
| **Consolidated entity adjustments** | **(3,264)** | (2,812) | **-** | - | **-** | - | **(5,388)** | (2,341) | **(8,652)** | (5,153) |
| **Total Income** | | | | | | | | | **76,042** | 70,067 |
| **Results** | | | | | | | | | | |
| Segment result | **(1,682)** | (2,023) | **-** | (166) | **191** | 112 | **5,320** | 97 | **3,829** | (1,980) |
| Share of profit/(loss) of jointly controlled entities' | **-** | - | **-** | - | **20** | 27 | **-** | - | **20** | 27 |
| Corporate overhead expenses | **(473)** | (403) | **-** | (49) | **(72)** | (57) | **(788)** | (494) | **(1,333)** | (1,003) |
| Contribution to group profit/(loss) | **(2,155)** | (2,426) | **-** | (215) | **139** | 82 | **4,532** | (397) | **2,516** | (2,956) |
| Finance costs | **606** | 841 | **-** | 79 | **-** | 28 | **273** | 93 | **879** | 1,041 |
| Finance revenue | **(67)** | (24) | **-** | (6) | **-** | - | **-** | - | **(67)** | (30) |
| Depreciation & amortisation | **1,399** | 1,193 | **-** | 147 | **209** | 186 | **583** | 544 | **2,191** | 2,070 |
| **EBITDA** | **(217)** | (416) | **-** | 5 | **348** | 296 | **5,388** | 240 | **5,519** | 125 |
| **Profit/(loss) before income tax** | | | | | | | | | **2,516** | (2,956) |
| Income tax (expense)/benefit | **(410)** | 1,660 | **-** | 47 | **(63)** | (42) | **(1,753)** | (202) | **(2,226)** | 1,463 |
| Net profit/(loss) for the period | | | | | | | | | **290** | (1,493) |
| Inventory write-downs | **-** | 588 | **-** | - | **-** | - | **-** | - | **-** | 588 |
| **Material abnormal items** | | | | | | | | | | |
| Loss from discontinuing operations | **-** | - | **-** | 168 | **-** | - | **-** | - | **-** | 168 |
| Redundancies | **36** | 248 | **-** | - | **-** | - | **-** | - | **36** | 248 |
| Product withdrawal | **-** | 100 | **-** | - | **-** | - | **-** | - | **-** | 100 |
| Total | **36** | 348 | **-** | 168 | **-** | - | **-** | - | **36** | 516 |

**5. SEGMENT INFORMATION (continued)**

| GEOGRAPHIC LOCATION | Australia | | Fiji | | USA | | Total | |
|---|---|---|---|---|---|---|---|---|
| | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 |
| Sales of goods to external customers | **52.975** | 51,984 | **3,525** | 3,233 | **14,220** | 11,195 | **70,720** | 66,412 |
| Sales of goods to internal customers | **392** | 1,582 | **2,872** | 1,230 | **5,388** | 2,341 | **8,652** | 5,153 |
| Other revenue / income | **2,934** | 851 | **(127)** | 14 | **2,515** | 2,790 | **5,322** | 3,655 |
| Total segment revenue | **56,301** | 54,417 | **6,270** | 4,477 | **22,123** | 16,326 | **84,694** | 75,220 |
| ***Consolidated entity adjustments*** | | | | | | | **(8,652)** | (5,153) |
| **Total Income** | | | | | | | **76,042** | 70,067 |
| Non-Current Assets (excluding deferred tax) | **20,865** | 21,302 | **1,493** | 1,614 | **16,462** | 2,356 | **38,820** | 25,272 |

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 2015, revenues of $3,669,806 (2014: $8,715,318) were derived from sales to Customer A through the ginger and macadamia segment. In total, the 2015 revenue recorded through sales to Customer A amounted to more than 5% of the Group's revenues from external customers. Revenues of $7,480,952 (2014: $8,182,493) were derived from sales to Customer B through the ginger and macadamia segment. In total the 2015 revenue recorded through sales to Customer B amounted to more than 11% of the Group's revenue from external customers. Revenues of $8,375,461 (2014: $4,659,290) were derived from sales to Customer C through the ginger and macadamia segment. In total the 2015 revenue recorded through sales to Customer C amounted to more than 12% of the Group's revenue from external customers.

## 6. INCOME AND EXPENSES

| | CONSOLIDATED | |
|---|---|---|
| | **30/06/15 $'000** | 30/06/14 $'000 |
| **(a) Other income** | | |
| Crop insurance | **-** | 1,124 |
| Fair Value adjustment – biological assets | **3,556** | - |
| Foreign exchange gains/(losses) realised | **-** | - |
| Foreign exchange gains/(losses) unrealised | **945** | 47 |
| Sundry income | **601** | 1,653 |
| Government grants | **-** | 99 |
| **Total other income** | **5,102** | 2,923 |
| **(b) Other expenses** | | |
| Loss on disposal of plant and equipment | **-** | - |
| Net foreign currency losses/(gains) realised | **86** | 315 |
| Net foreign currency losses/(gains) unrealised | **-** | 2 |
| Sundry expenses | **56** | 133 |
| **Total other expenses** | **142** | 450 |
| **(c) Finance costs** | | |
| Bill facility | **866** | 859 |
| Bank loans and overdraft | **13** | 103 |
| **Total finance costs** | **879** | 962 |
| **(d) Depreciation and amortisation** | | |
| Depreciation of non-current assets | | |
| Plant and equipment | **1,784** | 1,702 |
| Buildings | **409** | 368 |
| **Total depreciation and amortisation** | **2,193** | 2,070 |
| **(e) Operating lease payments** | | |
| Minimum lease payments on operating leases | **906** | 954 |
| **(f) Employee benefits expense** | | |
| Wages and salaries | **11,295** | 12,288 |
| Workers compensation costs | **596** | 403 |
| Superannuation costs – defined contribution | **757** | 957 |
| Cost of redundancies and terminations | **85** | 263 |
| | **12,733** | 13,911 |
| **(g) Inventory write-downs** | | |
| Finished goods | **-** | **588** |

## 7. INCOME TAX

| | CONSOLIDATED | |
|---|---|---|
| | **30/06/15 12 months $'000** | 30/06/14 6 months $'000 |
| Major components of income tax expense/(benefit) for the periods ended 30 June 2015 are: | | |
| **Statement of Comprehensive Income** | | |
| *Current income tax* | | |
| Current income tax expense/(benefit) | **223** | (442) |
| Adjustments in respect of current income tax of previous years | **-** | - |
| *Deferred income tax* | | |
| Relating to origination and reversal of temporary differences | **2,003** | (974) |
| | **2,226** | (1,416) |

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 2015 and 30 June 2014 is as follows:

| | | |
|---|---|---|
| Accounting profit/(loss) before tax and non-controlling interest | **2,516** | (2,741) |
| At the statutory income tax rate of 30% (2014: 30%) | **755** | (822) |
| Australian under/over provision | **438** | - |
| USA under/over provision | **837** | - |
| Depreciation of buildings | **-** | 15 |
| Tax adjustment due to tax in foreign jurisdictions | **163** | (576) |
| Other | **33** | (33) |
| | **2,226** | (1,416) |

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 2015, there is no recognised or unrecognised deferred income tax liability (2014: $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 | **(1,292)** | - |
| Income tax on exchange difference on translation of foreign operations | **-** | - |
| Income tax on changes in fair value of cash flow hedges | **-** | - |
| | **(1,292)** | - |

**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.

**Movement in deferred tax for the period ended 30 June 2015**

| | 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** | (2,086) | (164) | - | (112) | (2,362) |
| Recognition in equity | (1,292) | - | - | - | (1,292) |
| Recognition in profit | (1,717) | (160) | - | (574) | (2,451) |
| **Closing Balance** | (5,095) | (324) | - | (686) | (6,105) |
| *Deferred tax assets* | | | | | |
| **Opening Balance** | - | - | 1,091 | 4,776 | 5,867 |
| Recognition in equity | - | - | - | - | - |
| Recognition in profit | - | - | (137) | 368 | 231 |
| **Closing Balance** | - | - | 954 | 5,144 | 6,098 |

**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 |

## 8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit after tax 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.

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15** | 30/6/14 |
| Net profit/(loss) after tax attributable to ordinary shareholders of parent ($'000) | **290** | (1,493) |
| Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share. | **43,363,090** | 21,016,422 |
| Basic and diluted earnings per share (cents per share) | **0.7** | (7.1) |
| Earnings/(loss) from continuing operations (cents per share) | **0.7** | (6.3) |
| Earnings/(loss) from discontinued operations (cents per share) | **-** | (0.8) |

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 | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| *Declared and paid during the period:* | | |
| Dividends on ordinary shares of Nil cents (2014: Nil cents) per ordinary share. | - | - |
| Dividend proposed subsequent to period end: | | |
| Dividends on ordinary shares Nil cents (2014: Nil cents) | - | - |
| **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% (2014: 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 2015 and 30 June 2014 is set out below:

| | **30/6/15 $'000** | **30/6/2014** $'000 |
|---|---|---|
| **Financial performance** | | |
| Revenue | - | 3,252 |
| Total expenses | - | (3,618) |
| Gross profit | - | (366) |
| Income tax expense | - | 92 |
| Net profit (loss) attributable to discontinued operations | - | (274) |
| 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) |

Information relating to the finanical position of the baking business on 30 June 2014 and 30 June 2015 are as set out below:

| | 30/6/15 $'000 | 30/6/2014 $'000 |
|---|---|---|
| **Carrying amounts of assets and liabilities** | | |
| Cash | 8 | 6 |
| Property, plant and equipment | - | - |
| Trade Debtors | - | 16 |
| Other receivables | - | - |
| Prepayments | - | - |
| Inventories | - | - |
| Future income tax benefits | - | - |
| **Total assets** | 8 | 22 |
| | | |
| Trade creditors | 1 | 2 |
| Other payable | - | - |
| Provision for onerous contracts & make good | - | - |
| Provisions for employee entitlements | - | - |
| Provision for long service leave | - | - |
| Loan | - | 955 |
| Deferred tax | - | - |
| **Total liabilities** | 1 | 957 |
| **Net assets** | 7 | (935) |
| | | |
| **Cash flow information** | | |
| Net cash from operating activities | - | (1,468) |
| Net cash from investing activities | - | 1,452 |
| Net cash from financing activities | - | - |
| **Net increase/(decrease) in cash generated by the baking business** | - | (16) |
| | | |
| **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 | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| **Reconciliation of cash and cash equivalents** | | |
| Cash balance comprises: | | |
| – - cash at bank and on hand | **4,352** | 12,813 |
| – - overdraft | **-** | (179) |
| Closing cash balance | **4,352** | 12,634 |

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

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

| | | |
|---|---|---|
| Net profit/(loss) | **290** | (1,493) |
| *Adjustments for:* | | |
| Depreciation of non-current assets | **2,193** | 2,070 |
| Impairment of goodwill and fixed assets | **-** | - |
| FV on acquisition of biological assets | **(1,688)** | - |
| Net (profit)/loss on disposal of property, plant and equipment | **-** | (177) |
| Share of profit of jointly controlled entities | **(20)** | (26) |
| *Other* | **-** | 135 |
| Changes in assets and liabilities | | |
| (Increase)/decrease in trade receivables | **(1,329)** | 1,410 |
| (Increase)/decrease in inventory | **(25)** | 2,737 |
| (Increase)/decrease in deferred tax assets | **(230)** | (548) |
| (Increase)/decrease in prepayments and other receivables | **(184)** | 135 |
| (Decrease)/increase in trade and other creditors | **951** | (3,306) |
| (Decrease)/increase in tax provision | **292** | 212 |
| (Decrease)/increase in deferred income tax liability | **788** | (423) |
| (Decrease)/increase in employee benefits | **-** | - |
| (Decrease)/increase in other provisions | **(893)** | (264) |
| **Net cash flow from operating activities** | **145** | 462 |

(i) Disclosure of financing facilities - refer to note 21.

(ii) Disclosure of non-cash financing and investing activities - There has been no plant and equipment acquired by way of lease during 2015 or 2014

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

## 12. TRADE AND OTHER RECEIVABLES (CURRENT)

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| Trade receivables [i] | **9,189** | 6,662 |
| Deposits and other loans | **43** | 37 |
| Other receivables [ii] | **272** | 1,496 |
| | **9,504** | 8,195 |
| Related party receivables [ii] | | |
| Jointly controlled entities | **93** | 73 |
| | **93** | 73 |
| Carrying amount of trade and other receivables | **9,597** | 8,268 |

(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. An allowance of $366,078 has been recognised as an expense for the current period.
All receivables that are neither past due or impaired are with long standing clients who have a good credit history with the Group.
The carrying amounts of trade and other receivables are assumed to approximate their fair values due to their short-term nature.

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

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| 61 - 90 days | **178** | 285 |
| > 90 days | **150** | 166 |
| **Total** | **328** | 451 |

(ii) For items and conditions relating to related party receivables refer to note 30

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

## 13. INVENTORIES (CURRENT)

| | | |
|---|---|---|
| Raw materials (at cost) | **12,733** | 15,644 |
| Work-in-progress (at cost) | **370** | 949 |
| Finished goods (at cost) | **12,231** | 8,546 |
| | **25,334** | 25,139 |

## 14. OTHER CURRENT ASSETS

| | | |
|---|---|---|
| Prepayments | **1,054** | 873 |
| | **1,054** | 873 |

### 15. INVESTMENT IN CONTROLLED ENTITIES

| Name | | Country of incorporation | Percentage of equity interest held by the Group | |
|---|---|---|---|---|
| | | | **30/6/15 %** | 30/6/14 % |
| Buderim Ginger (Overseas) Holdings Pty Ltd | (i) | Australia | **100** | 100 |
| Buderim Baking Company Pty Ltd | (i) | Australia | **100** | 100 |
| Buderim Ginger America, Inc. | (ii) | United States | **100** | 100 |
| Frespac Ginger (Fiji) Ltd | (ii) | Fiji | **100** | 100 |
| Agrimac Macadamias Pty Ltd | (i) | Australia | **100** | 100 |
| MacFarms, LLC | (iii) | United States | **100** | 100 |

(i) Investment by Buderim Ginger Limited
(ii) Investment by Buderim Ginger (Overseas) Holdings Pty Ltd
(iii) Investment by Buderim Ginger America, Inc.

**Acquisition of controlled entity**

No acquisitions occurred during the year ended 30 June 2015.

### 16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

| Name | | Country of incorporation | Percentage of equity interest held by the entity | | Investment Consolidated | |
|---|---|---|---|---|---|---|
| | | | **30/6/15 %** | 30/6/14 % | **30/6/15 $'000** | 30/6/14 $'000 |
| Ginger Head Quarters Pty Ltd | (i) | Australia | **50** | 50 | **1,205** | 1,186 |
| | | | | | **1,205** | 1,186 |

(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 | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| *Share of joint venture's balance sheet:* | | |
| Current assets | **220** | 121 |
| Non-current assets | **998** | 1,042 |
| Current liabilities | **(60)** | (25) |
| Net assets | **1,158** | 1,138 |
| *Share of joint venture's revenues and profit:* | | |
| Revenue | **402** | 364 |
| Expenses | **(370)** | (334) |
| Profit before income tax | **32** | 30 |
| Income tax expense | **(12)** | (3) |
| Profit after income tax | **20** | 27 |
| Other comprehensive income | **-** | - |
| Total comprehensive income for the period | **20** | 27 |
| | | |
| *Reconciliation of movement in investment* | | |
| Opening balance | **1,186** | 1,209 |
| Dividend paid | **-** | (50) |
| Profit/(loss) after tax | **20** | 27 |
| Closing balance | **1,206** | 1,186 |
| *Major components included in joint venture financial statements* | | |
| *Balance sheet* | | |
| Cash at bank and on hand | **174** | 92 |
| Buildings and plant and equipment | **903** | 946 |
| Goodwill | **95** | 95 |
| *Revenues and expenses* | | |
| Depreciation and amortisation | **72** | 66 |

## 17. PROPERTY, PLANT AND EQUIPMENT

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| *Land* | | |
| Leasehold land at fair value | **515** | 436 |
| Freehold land at fair value | **13,429** | 7,250 |
| Total land | **13,944** | 7,686 |
| *Buildings on leasehold land* | | |
| At cost | **1,126** | 1,041 |
| Accumulated depreciation | **(917)** | (781) |
| | **209** | 260 |
| *Buildings on freehold land* | | |
| At cost | **11,897** | 10,245 |
| Accumulated depreciation | **(6,473)** | (6,127) |
| | **5,424** | 4,118 |
| Total land and buildings | **19,577** | 12,064 |
| *Plant and equipment* | | |
| At cost | **29,825** | 28,757 |
| Accumulated depreciation | **(20,645)** | (18,800) |
| Impairment | **-** | - |
| Total plant and equipment | **9,180** | 9,957 |
| Capital works in progress at cost | **917** | 42 |
| *Total property, plant and equipment* | | |
| Fair value | **13,944** | 7,686 |
| Cost | **42,848** | 40,085 |
| | **57,709** | 47,771 |
| Accumulated depreciation and amortisation | **(28,035)** | (25,708) |
| Impairment | **-** | - |
| Total written down amount | **29,674** | 22,063 |

### (a) Assets pledged as security

Rabobank 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 freehold land in Yandina was revalued on 30 June 2015 based on independent assessment by Colliers International (Australia). The leasehold land in Fiji was revalued on the 27 May 2015 by Rolle Associates (Fiji) and the freehold land in Hawaii was valued on 26 November 2014 by CBRE Valuation and Advisory Services. The directors do not believe there has been a material movement in fair value since the valuations were conducted.

### (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 2015 | Level 1 $'000 | Level 2 $'000 | Level 3 $'000 | Fair Value $'000 |
|---|---|---|---|---|
| Leasehold land | - | **515** | - | **515** |
| Freehold land | - | **13,429** | - | **13,429** |
| **Total** | - | **13,944** | - | **13,944** |

| 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 |

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:

| | **30/6/15 $'000** | 30/6/2014 $'000 |
|---|---|---|
| *Freehold Land* | | |
| Cost | **2,585** | 295 |
| Accumulated Depreciation | **-** | - |
| Net book amount | **2,585** | 295 |
| | | |
| *Leasehold Land* | | |
| Cost | **94** | 94 |
| Accumulated depreciation | **-** | - |
| | **94** | 94 |

### 17. PROPERTY, PLANT AND EQUIPMENT (continued)

**(d) Reconciliations**

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

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| *Leasehold land* | | |
| Carrying amount at beginning | **436** | 433 |
| Revaluation to fair value | **43** | 3 |
| Net foreign currency movements | **36** | - |
| | **515** | 436 |
| *Freehold land* | | |
| Carrying amount at beginning | **7,250** | 7,250 |
| Additions | **2,422** | |
| Movement in fair value | **3,757** | - |
| Disposals | **-** | - |
| | **13,429** | 7,250 |
| *Buildings on Leasehold land* | | |
| Carrying amount at beginning | **260** | 238 |
| Disposal | **-** | - |
| Net foreign currency movements | **19** | 81 |
| Depreciation expense | **(70)** | (59) |
| | **209** | 260 |
| *Buildings on freehold land* | | |
| Carrying amount at beginning | **4,118** | 4,439 |
| Additions | **1,645** | - |
| Transfers | **-** | (12) |
| Depreciation expense | **(339)** | (309) |
| | **5,424** | 4,118 |
| *Plant and equipment (including leasehold improvements)* | | |
| Carrying amount at beginning | **9,957** | 10,234 |
| Additions | **124** | 2,234 |
| Transfers | **606** | - |
| Disposals | **(15)** | (810) |
| Impairment | **-** | - |
| Net foreign currency movements | **292** | - |
| Depreciation expense | **(1,784)** | (1,701) |
| | **9,180** | 9,957 |
| *Capital Works in progress at cost* | | |
| Carrying amount at beginning | **42** | 609 |
| Additions | **1,481** | 1,828 |
| Transfers | **(606)** | (2,395) |
| | **917** | 42 |

## 18. BIOLOGICAL ASSETS

The consolidated entity as part of its operations grows, harvests, processes and sells macadamia nuts. As at 30 June 2015, the consolidated entity owned a total of 4,013 acres of macadamia orchard located on the Big Island of Hawaii.

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| **(a) Non-Current** | | |
| Macadamia Trees | **5,892** | - |
| Total non-current | **5,892** | - |
| **(b) Reconciliation of changes in the carrying amount of Biological assets** | | |
| Carrying value at the beginning of the financial year | **-** | - |
| Purchases | **2,336** | - |
| Change in fair value | **3,556** | - |
| Foreign exchange movement | **-** | - |
| Total non-current | **5,892** | - |

**(c) Asset pledged as security**

See note 17(a)

**(d) Valuations**

Fair value is determined by using a discounted cashflow model using level 3 observations from the fair value hierarchy stated under AASB 13 Fair value measurement, as one or more of the significant observations is not based on observable market data, refer notes 2(m) and 4(ii).

### 19. INTANGIBLE ASSETS

| | | CONSOLIDATED | | |
|---|---|---|---|---|
| | | Goodwill $'000 | Trade marks $'000 | Total $'000 |
| **At 1 July 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** |
| **Period ended 30 June 2015** | | | | |
| At 1 July 2014, net of accumulated amortisation | | 1,885 | 138 | **2,023** |
| Additions | | - | 10 | **10** |
| Disposal | | - | - | **-** |
| Impairment reversal | | - | - | **-** |
| Foreign exchange movement / other | | 16 | - | **16** |
| At 30 June 2015, net of accumulated amortisation | | 1,901 | 148 | **2,049** |
| **At 30 June 2015** | | | | |
| Cost (gross carrying amount) | | 1,938 | 218 | **2,156** |
| Accumulated amortisation and impairment | | (37) | (70) | **(107)** |
| Net carrying amount | | 1,901 | 148 | **2,049** |

| | | 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** |

(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 26.

## 20. TRADE AND OTHER PAYABLES

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| **CURRENT** | | |
| Trade payables [i] | **10,130** | 10,515 |
| Other payables [ii] | **4,507** | 3,989 |
| Interest payable [iii] | **13** | 26 |
| | **14,650** | 14,530 |
| Related party payables [iv] | | |
| Joint venture entities | **65** | 53 |
| | **65** | 53 |
| Carrying amount of trade and other payables | **14,715** | 14,583 |

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

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

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

(iv) For terms and conditions relating to related parties refer to note 30.

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

### 21. INTEREST-BEARING LIABILITIES

| | Effective Interest rate % | Maturity | CONSOLIDATED 30/6/15 $'000 | 30/6/14 $'000 |
|---|---|---|---|---|
| **CURRENT** | | | | |
| *Secured* | | | | |
| Bank overdraft [(i)] | 8.33 | - | **-** | 179 |
| Bank bill facility [(ii)] | 4.12 | rolling | **3,476** | 20,695 |
| Bank loans [(ii)] | | | | |
| - MacFarms LLC | 3.33 | 2015/16 | **334** | - |
| - Buderim Ginger Limited | 5.9 | 2015/16 | **401** | 359 |
| - Agrimac Macadamias Pty Ltd | 6.45 | 2015/16 | **116** | 109 |
| | | | **4,327** | 21,342 |
| **NON-CURRENT** | | | | |
| *Secured* | | | | |
| Bank bill facility [(i)] | 4.12 | Rolling | **16,697** | - |
| Bank loans [(ii)] | | | | |
| - Agrimac Macadamias Pty Ltd | - | - | **-** | 116 |
| | | | **16,697** | 116 |

*(i) Bank overdraft*

The bank overdraft facilities are secured by a bank guarantee provided by Rabobank Australia Limited. The interest rate on the overdraft facilities is approximately 8.33% (2014: 8.44 %).

*(ii) Bank loans and bill facilities*

On the 22 October 2014 Buderim Ginger Limited entered into a restated letter of offer with its principal financier, Rabobank Australia Limited. The restated facilities included three year term loan facilities of $12,948,790 and a working capital facility of $4,000,000. Bank loans are secured over the assets of the subsidiaries subject to the loan. The term loans are drawn on a rolling basis using bill facilities. The effective interest rate on the bill facilities is currently 4.12% (2014: 5.23%). As at 30 June 2015, the group obtained a waiver from Rabobank in relation to three of the banking covenants due to the 2015 financial results not meeting budgeted EBITDA targets. As the waiver was obtained prior to June 30, the Rabobank debt remains apportioned between current and non-current liabilities based on the terms of the facilities agreed in October 2014.

Other bank loans include, MacFarms LLC loan facilities are at an average interest rate of 3.33% (2014: NIL) which are supported by a guarantee from the parent entity. Buderim Ginger Limited's loan is at an average interest rate of 5.9% (2014: 5.23%). This loan represents funding of general insurance premiums. Agrimac Macadamias Pty Ltd's loan is at an interest rate of 6.45% (2014: 6.45%) and is secured over the plant and equipment subject to the loan.

All the interest-bearing liabilities are categorised as "other financial liabilities". They are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measure at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position.

**Financing facilities available**

*Financiers*

Rabo Australia Limited (Rabobank) 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 | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| Total facilities | | |
| - bank overdraft | **1,000** | 1,000 |
| - working capital facility | **4,000** | 20,734 |
| - bank loans | **19,524** | 585 |
| | | |
| Facilities used at reporting date | | |
| - bank overdraft | **-** | 179 |
| - working capital facility | **1,500** | 20,694 |
| - bank loans | **19,524** | 585 |
| | | |
| Facilities unused at reporting date | | |
| - bank overdraft | **1,000** | 821 |
| - working capital facility | **2,500** | 40 |

*Bank Guarantee Facility*

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

## 22. PROVISIONS

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| **CURRENT** | | |
| Employee benefits | **637** | 706 |
| | **637** | 706 |
| **NON-CURRENT** | | |
| Employee benefits | **43** | 49 |
| | **43** | 49 |
| | | |
| | **680** | 755 |

## 23. CONTRIBUTED EQUITY AND RESERVES

| | CONSOLIDATED | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| **Issued and paid up capital** | | |
| 43,363,090 ordinary shares fully paid | **39,272** | 39,272 |

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

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

**Movements in ordinary shares on issue**

| | Date | Issue Price | Number of shares | $'000 |
|---|---|---|---|---|
| Balance as at 1 July 2013 | | | 20,648,694 | 28,044 |
| 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 |
| Balance as at 1 July 2014 | | | 43,363,090 | 39,272 |
| Issued during the period | | | - | - |
| Balance as at 30 June 2015 | | | 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.

*Dividend*

No dividend has been declared or paid during the year ended 30 June 2015.

## 24. MARKET RISKS

### (a) Interest rate/foreign exchange risk

Refer to note 21 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 2015**

| | 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 | (46) | (46) | 46 | 46 | 248 | 248 | (203) | (203) |
| Trade and other receivable | - | - | - | - | 301 | 301 | (247) | (247) |
| Derivatives - cash flow hedges | - | - | - | - | - | - | - | - |
| **Financial Liabilities** | | | | | | | | |
| Derivatives - cash flow hedges | - | - | - | - | - | - | - | - |
| Trade and other payables | - | - | - | - | (38) | (38) | 31 | 31 |
| Bank overdraft | - | - | - | - | - | - | - | - |
| Borrowings | 194 | 194 | (194) | (194) | (603) | (603) | 603 | 603 |
| **Total Increase/(decrease)** | 148 | 148 | (148) | (148) | (92) | (92) | 184 | 184 |

**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 |

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. When testing the interest rate risk, it is noted that those cash accounts that have no interest rate cannot go into negative, therefore providing a nil result regarding the negative 1% interest rate sensitivity.

### (b) Hedging risk

*Cash flow hedges – foreign currency*

At 30 June 2015, the Group held no foreign exchange contracts designated as hedges of expected future sales to customers in the United States of America (2014: 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 suppliers.

At 30 June 2015, the Group held no foreign exchange contracts designated as hedges of expected futures sales to customers in Europe (2014: NIL)

**24. MARKET RISKS (continued)**

At 30 June 2015 the Group did not hold any foreign exchange contracts designated as hedges of future purchases from overseas suppliers (2014: NIL) .

At 30 June 2015 the Group held no foreign exchange contracts designated as hedges of future intra-group debt reductions. (2014: 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 2015, are borrowings of USD $4,862,500 (AUD $6,323,941). As at 30 June 2014, these borrowings were USD $3,250,000 (AUD $3,445,328). 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, together with part funding of the Kapua orchard purchase. Exchange differences at balance date have been brought to account in profit or loss.

**25. COMMITMENTS AND CONTINGENCIES**

**Operating lease commitments – Group as lessee**

The Group has entered into commercial leases on certain motor vehicles, office equipment and premises where it is not in the best interest of the Group to purchase these assets. These leases have an average life of 3 years. In 2014, 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. This Orchard was purchased during the 2015 financial year resulting in the before mentioned operating lease no longer being in existence.

On 10/06/2015, the Company entered into a commercial 5 year lease agreement for office premises with option to extend for 5 further years. The lease becomes effective from 24 July 2015.

Future minimum rentals payable under non-cancellable operating leases as at 30 June 2015 are as follows:

| | **CONSOLIDATED** | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| Within one year | **584** | 778 |
| After one year and not more than five years | **1,598** | 2,513 |
| In excess of five years | **-** | 2,428 |
| | **2,182** | 5,719 |

**Finance lease commitments – Group as lessee**

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

**Other commitments**

At 30 June 2015 the Group has commitments of $1,625,000 (2014: $740,000) 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 | **1,625** | 740 |
| | **1,625** | 740 |

## 26. 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 2014 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% (2014: 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, with the exception of Ginger Australia for the 2017 year which is expected to grow by 75% as a result of growth in the beverages and overseas markets for ginger products. The pre-tax discount rate applied to the cash flow projections for each unit are as follows:

- Ginger Australia 10.5% (2014: 13.1%)
- Ginger Fijian 13.0% (2014: 15.8%)
- Tourism 10.5% (2014: 15.4%)
- Macadamias – Australia 10.5% (2014: 13.1%)

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.

| **CONSOLIDATED** | **Ginger Australia** | | **Ginger Fijian** | | **Tourism** | | **Macadamia Australia** | | **Total** | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 | **2015 $'000** | 2014 $'000 |
| Carrying amount of goodwill | **48** | 48 | **117** | 102 | **218** | 218 | **1,517** | 1,517 | **1,900** | 1,885 |
| Trademarks | **147** | 137 | **1** | 1 | **-** | - | **-** | - | **148** | 138 |
| | **195** | 185 | **118** | 103 | **218** | 218 | **1,517** | 1,517 | **2,048** | 2,023 |

*Sensitivity*

As disclosed in note 4, the directors have made judgements and estimates in respect of impairment testing of goodwill and trademarks. Should these judgements and estimates not occur the resulting goodwill and trademark carrying amounts may decrease. The table below shows the percentages by which the Discount Rates and Growth Rates for each cash generating unit would need to change before goodwill and/or trademarks would need to be impaired, with all other assumptions remaining constant. The sensitivities are as follows:

| Cash Generating Unit | Discount Rate Increase % | Growth Rate Decrease % |
|---|---|---|
| Ginger Australia | 0.5 | 1.2 |
| Ginger Fiji | 9.4 | 7.0 |
| Tourism | 0.3 | 0.8 |

## 27. EVENTS AFTER THE BALANCE SHEET DATE

The Directors are not aware of any significant events since the end of the reporting period.

### 28. 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 | |
|---|---|---|
| | 30/6/15 $ | 30/6/2014 $ |
| **Short-term employee benefits** | | |
| Cash salary and fees | **893,009** | 1,271,860 |
| Non-Monetary | **21,703** | 121,682 |
| Post-employment benefits | | |
| Superannuation | **51,172** | 112,723 |
| Other long term employee benefits | | |
| Long service leave | **1,985** | 2,104 |
| Termination benefits | **-** | 442,850 |
| | **967,869** | 1,951,219 |

### 29. AUDITORS' REMUNERATION

| | 30/6/15 $ | 30/6/2014 $ |
|---|---|---|
| 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 | **124,462** | 163,206 |
| - tax advice in relation to the entity and any other entity in the consolidated entity | **-** | 16,322 |
| - other assurance services in relation to the entity and any other entity in the consolidated entity | **40,001** | 61,202 |
| | **164,463** | 240,730 |
| Amounts received or due and receivable by internationally related practices of BDO for: | | |
| - an audit or review of the financial report of subsidiaries | **42,939** | - |
| - tax advice in relation to subsidiaries | **37,878** | 38,627 |
| | **80,817** | 38,627 |
| Amounts received or due and receivable by aliz pacific Chartered Accountants & Business Advisors Suva & Nadi | | |
| - an audit or review of the financial report of subsidiaries | **5,115** | 9,782 |
| | **5,115** | 9,782 |
| | **250,395** | 289,139 |

### 30. 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 | |
|---|---|---|
| | **30/6/15 $** | 30/6/2014 $ |
| **INCOME** | | |
| Sale of goods | **52,975** | 50,314 |
| Cost of sales | **(45,850)** | (43,059) |
| **Gross profit** | **7,125** | 7,255 |
| Rental revenue | **238** | 246 |
| Dividend income | **-** | 50 |
| Other income | **2,902** | 1,514 |
| Finance revenue | **67** | 22 |
| **Total income** | **10,332** | 9,087 |
| Share of profit accounted for using the equity method | **20** | 27 |
| Selling and distribution expenses | **(3,423)** | (3,174) |
| Marketing expenses | **(931)** | (785) |
| Tourism expenses | **(2,321)** | (2,260) |
| Administration expenses | **(3,656)** | (3,675) |
| Other expenses | **(20)** | (330) |
| **PROFIT/(LOSS) BEFORE TAX AND FINANCE COSTS** | **1** | (1,110) |
| Finance costs | **(634)** | (602) |
| **PROFIT/(LOSS) BEFORE INCOME TAX** | **(633)** | (1,712) |
| Income tax (expense) / benefit | **(467)** | 500 |
| **NET PROFIT/(LOSS) FROM CONTINUING OPERATIONS** | **1,100** | (1,212) |
| Profit/(loss) from discontinued operations | **-** | (168) |
| **NET PROFIT/(LOSS) FROM THE PERIOD** | **1,100** | (1,380) |
| **OTHER COMPREHENSIVE INCOME/(LOSS)** | | |
| Currency translation | **-** | - |
| Cash flow hedges | **-** | (19) |
| **Total other comprehensive income/(loss) net of tax** | **-** | (19) |
| **TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD** | **1,100** | (1,399) |
| **Total net profit/(loss) is attributable to:** | | |
| Equity holders of Buderim Ginger Limited | **1,100** | (1,380) |
| | **1,100** | (1,380) |
| **Total comprehensive income/(loss) is attributed to:** | | |
| Equity holders of Buderim Ginger Limited | **1,100** | (1,399) |
| | **1,100** | (1,399) |

### 30. RELATED PARTY DISCLOSURES (continued)

*Consolidated Statement of Financial Position*

| | CLOSED GROUP | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| **CURRENT ASSETS** | | |
| Cash and cash equivalents | **3,160** | 11,485 |
| Trade and other receivables | **9,020** | 7,429 |
| Inventories | **16,947** | 20,425 |
| Current tax assets | **-** | - |
| Other current assets | **461** | 420 |
| Derivatives | **-** | - |
| **TOTAL CURRENT ASSETS** | **29,588** | 39,759 |
| **NON-CURRENT ASSETS** | | |
| Receivables | **13,363** | 5,681 |
| Investments | **1,298** | 1,298 |
| Investments accounted for using equity method | **1,205** | 1,186 |
| Property, plant and equipment | **18,917** | 19,437 |
| Deferred tax assets | **5,283** | 5,295 |
| Intangible assets | **1,882** | 1,872 |
| **TOTAL NON-CURRENT ASSETS** | **41,948** | 34,769 |
| **TOTAL ASSETS** | **71,536** | 74,528 |
| **CURRENT LIABILITIES** | | |
| Trade and other payables | **14,278** | 15,181 |
| Interest-bearing liabilities | **3,993** | 21,315 |
| Short-term provisions | **638** | 707 |
| Current tax liabilities | **-** | - |
| Derivatives | **-** | - |
| **TOTAL CURRENT LIABILITIES** | **18,909** | 37,203 |
| **NON-CURRENT LIABILITIES** | | |
| Interest-bearing liabilities | **16,697** | 116 |
| Deferred tax liabilities | **2,431** | 2,359 |
| Long-term provisions | **43** | 49 |
| **TOTAL NON-CURRENT LIABILITIES** | **19,171** | 2,524 |
| **TOTAL LIABILITIES** | **38,080** | 39,727 |
| **NET ASSETS** | **33,456** | 34,801 |
| **EQUITY** | | |
| Contributed equity | **39,272** | 39,272 |
| Reserves | **3,968** | 4,213 |
| Retained earnings | **(9,784)** | (8,684) |
| **TOTAL EQUITY** | **33,456** | 34,801 |

| | CLOSED GROUP | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| **Movement in retained earnings** | | |
| **Opening balance** | **8,684** | (7,304) |
| Net profit/(loss) for the period | **1,100** | (1,380) |
| Equity dividend | **-** | - |
| **Closing balance** | **9,784** | (8,684) |

**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.

| | % equity interest | Year | Sales to related parties $ | Purchases from related parties $ | Amounts owed by related parties $ | Amounts owed to related parties $ |
|---|---|---|---|---|---|---|
| *Related party* | | | | | | |
| Joint venture entities | | | | | | |
| Ginger Head Quarters Pty Ltd | **50** | **2015** | **660,994** | **804,276** | **93,076** | **64,617** |
| | 50 | 2014 | 522,320 | 816,281 | 73,266 | 53,464 |

*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 | **-** | **2015** | **-** | **1,099,471** | **-** | **19,600** |
| | - | 2014 | - | 816,281 | - | 62,872 |

*Shareholders*

Bundaberg Sugar Group Ltd is a major shareholder. 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.

| | | | | | | |
|---|---|---|---|---|---|---|
| Bundaberg Sugar Group Ltd | **-** | **2015** | **-** | **3,218,299** | **-** | **1,550,592** |
| | - | 2014 | - | 2,734,205 | - | 683,121 |

## 31. 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 21, 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 23 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 minority interest) plus net debt.

**Asset and capital structure**

| | TOTAL OPERATIONS | |
|---|---|---|
| | **30/6/15 $'000** | 30/6/2014 $'000 |
| **Net Gearing** | | |
| Debts: | | |
| Interest bearing loans and borrowings | **21,024** | 21,458 |
| Cash and cash equivalents | **(4.532)** | (12,813) |
| Net debt | **16,492** | 8,645 |
| Total equity | **43,090** | 39,520 |
| Total capital employed | **59,582** | 48,165 |
| | **27.7%** | 17.9% |
| **Assets funded by external stakeholders** | | |
| Total assets | **85,614** | 78,678 |
| Total liabilities | **42,524** | 39,158 |
| | **49.7%** | 49.8% |

### 32. 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(d).

| PARENT ENTITY | 30/6/15 $'000 | 30/6/2014 $'000 |
|---|---|---|
| Current assets | **25,518** | 26,331 |
| Non-current assets | **30,439** | 30,896 |
| Total assets | **55,957** | 57,227 |
| Current liabilities | **11,628** | 26,868 |
| Non-current liabilities | **19,167** | 2,407 |
| Total liabilities | **30,795** | 29,275 |
| Net assets | **25,162** | 27,952 |
| Issued Capital | **39,272** | 39,272 |
| Asset Revaluation Reserve | **3,968** | 4,213 |
| Hedging Reserve | **-** | - |
| Retained earnings/(accumulated losses) | **(18,078)** | (15,533) |
| Total shareholder's equity | **25,162** | 27,952 |
| Net Profit/(loss) for the period | **(2,545)** | (1,946) |
| Total comprehensive income/(loss) for the period | **(2,545)** | (1,966) |

*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 2015 the parent entity has commitments of $1,625,000 (2014: $740,000) 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 (2014: $nil).

*Provision for Impairment*

The parent entity has no impairment of its investments (2014: Baking business of $4.18 million, as well as the loan receivable from Baking by $2.20 million).

# 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 2015 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 2015;

(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 30 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 30.

Signed in accordance with a resolution of the directors.

S. Morrow

**Director**

Brisbane, 28 August 2015

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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 2015, 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 Statements*, 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 2015 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 12 to 16 of the directors' report for the year ended 30 June 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

**BDO Audit Pty Ltd**

**P A Gallagher**
**Partner**

Brisbane, 28 August 2015

# 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 17 August 2015.

**(a) Distribution of equity securities**

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

| | ORDINARY SHARES | |
|---|---|---|
| | **Number of Holders** | **Number of Shares** |
| 1 – 1,000 | 648 | 248,739 |
| 1,001 – 5,000 | 427 | 1,007,882 |
| 5,001 – 10,000 | 133 | 975,526 |
| 10,001 – 100,000 | 204 | 6,030,965 |
| 100,001 and over | 27 | 35,099,978 |
| | 1,467 | 43,363,090 |
| The number of shareholders holding less than a marketable parcel of shares are: | 620 | 221,383 |

**(b) 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 | 930,196 | 2.15 |
| 7 | Roger Masters | 830,000 | 1.91 |
| 8 | Bickfords (Australia) Pty Ltd | 815,406 | 1.88 |
| 9 | Mr Andrew Paul Bond + Mrs Karen Michelle Bond <The Karand Family A/C> | 504,753 | 1.16 |
| 10 | Mr James Gordon Maxwell Moffat | 302,637 | 0.70 |
| 11 | Icon Brands Pty Ltd <Icon Brands Invest Unit A/C> | 290,000 | 0.67 |
| 12 | Mr James Gordon Maxwell Moffatt | 287,835 | 0.66 |
| 13 | Mr Gerald Francis Pauley + Mr Michael James Pauley <Pauley Super Fund A/C> | 213,782 | 0.49 |
| 14 | Pacific Development Corporation Pty Ltd | 211,122 | 0.49 |
| 15 | Winpar Holdings Limited | 200,000 | 0.46 |
| 16 | Mrs Felicity Ruth Beniot + Mr Ashley Laurence Beniot | 181,578 | 0.42 |
| 17 | Bond Street Custodians Limited <JCARR1 – D06488 A/C> | 143,293 | 0.33 |
| 18 | Mr John Barr <Barr Family A/C> | 140,787 | 0.32 |
| 19 | Siben Nominees Pty Ltd <I Yaksich&Ass Med PL SF A/C> | 125,000 | 0.29 |
| 20 | Icon Brands Pty Ltd <Icon Brands Invest Unit A/C> | 124,313 | 0.29 |
| | **Report Total** | **34,547,805** | **79.67** |
| | **Remainder** | **8,815,285** | **20.33** |
| | **Grand Total** | **43,363,090** | **100.00** |

**(c) Substantial shareholders**

The names of the substantial shareholders who have notified the Company in accordance with section 671B of the Corporations Act 2001 are:

| | **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**
Stephen J Morrow (Chairman)
Shane T Templeton
Margaret P Walker
Peter F O'Keeffe
W Lewis Timms

**Chief Executive**
Roger D Masters

**Company Secretary**
Andrew P 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**
Rabo 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
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**Fiji Office**
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Facsimile: 679 3361 225
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Buderim Ginger™

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