

2009

ANNUAL REPORT



BUDERIM GINGER LIMITED



The Annual General Meeting of Buderim Ginger Limited will be held at The Ginger Factory, 50 Pioneer Road, Yandina on 30th April 2010 at 10.00am. The business of the meeting is outlined in the formal Notice of Meeting and Proxy Form which are enclosed with this report.



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CORPORATE VALUES

- > The highest possible product quality
- > A safe and rewarding work environment for our people
- > Technological leadership in our products and processes
- > Unbreakable customer alliances reinforced by our deeds
- > Treating all stakeholders with integrity, honesty and respect
- > People who treat the business as their own

CORPORATE MISSION

To be the unassailable leader in the global food markets in which we choose to operate:

- > Confectionery Ginger Supply;
- > Premium Macadamias;
- > Branded Specialty Food Products; and

to be a leader in Industrial Tourism in support of these markets.

CORPORATE PROFILE

Buderim Ginger Limited is the world's leading producer of confectionery ginger, with the capacity to process over 6,000 tonnes of raw ginger per annum. The Company's core activity is the processing and marketing of a range of specialty ginger products. *Buderim's* competitive advantage is its reputation as "the world's finest ginger" which is continually reinforced by the quality of its products and service.

The Company is also the world's leading processor and marketer of macadamias through its subsidiaries: *Agrimac Macadamias*, based in Alstonville NSW and servicing bluechip customers in Australia, Asia, Europe and North America; and *Mac Farms of Hawaii*, based on the Big Island of Hawaii and servicing primarily North America. Combined, these two operating Companies provide the Group with unrivalled access to the rapidly growing macadamia market with global reach.

The Company also operates the US-based sales and distribution management agency, *Pan Pacific Foods*, which manages several consumer foods brands in the North American market.

The Company also owns the specialist bakery business, *Buderim Baking Company* which produces a range of premium savoury pastry products that are distributed to prominent national customers in the Australian retail market. The business is based at Kunda Park, at the base of Buderim Mountain, close to the original home of Buderim Ginger.

In addition to its traditional ginger processing activities and specialty food business, Buderim Ginger operates one of the Sunshine Coast's most popular and highly awarded tourist attractions, *The Ginger Factory* at its Yandina Site. *The Ginger Factory's* position as one of the region's most popular tourist destinations is underpinned by innovative attractions including

the *Taste of Ginger Tour*, the *Overboard* animated puppetry voyage, the *Buderim Ginger Cooking School* and the renowned *Superbee* bee and honey attraction. First class shopping and casual dining outlets, all within the tranquil rainforest setting cap off a memorable experience for visitors of all ages.

Buderim Ginger employs over 400 people through its head office and major processing plant at Yandina on the Sunshine Coast, its bakery operations at Kunda Park, its macadamia processing plant at Alstonville, its macadamia orchard and processing plant on the Big Island of Hawaii and at its secondary ginger processing facilities in Lami Town, Fiji. The Company also maintains, as part of its active ginger export focus, international representation in more than 20 countries with sales and distribution offices in: London, UK; Hamburg, Germany; and Honolulu and San Francisco, USA.

A large proportion of the ginger and macadamia products processed by the Company is marketed to industrial customers in the confectionery, baking, dairy, snacking, beverage and other food industries around the world. Of increasing importance is the Company's innovative range of *Buderim Ginger*, *Buderim Naturals* and *Mac Farms of Hawaii* branded retail products which are marketed through supermarkets and specialty retail outlets in Australia and overseas.

The Company underpins its competitive position in both domestic and export markets through an ongoing capital investment program to update its manufacturing and distribution infrastructure. *Buderim Ginger* is committed to the highest standards of food safety, holding BRC, HACCP and Quality System Accreditation (ISO9001-2000), Organic, Kosher and Halal Certifications.

COMPANY PROFILE

YEAR IN REVIEW

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BUDERIM GINGER LIMITED

2009 OPERATIONS SUMMARY

- > Group revenue rises 24.8% to a record \$92.1 million due to the addition of new macadamia and baking business.
- > Profit after tax and minority interest decreases to a loss of (\$1.7 million) compared to a profit of \$2.0 million in 2008. Before tax profit declines to (\$3.5 million), down by \$6.7 million on 2008.
- > Group EBITDA declines to \$0.8 million.

The primary factors driving this result were:

- > A longer and more costly program than forecast to turnaround operating performance at the Group's US-based macadamia business, *Mac Farms of Hawaii* which Directors estimate impacted net profit by up to \$3m in 2009. From the commencement of the current harvest in October 2009, key operating parameters for the business have normalised and the market outlook has strengthened;
- > Severe rain and flooding in Northern NSW in April/May 2009 which significantly reduced the Australian macadamia harvest and restricted processing and sales volumes at the Group's Australian macadamia business, *Agrimac*. Directors estimate that the full year impact of this one-off event reduced net profit by up to \$1m;
- > Production inefficiencies in the first half of 2009 in the Group's Baking business arising from the integration of new, high-volume, private label business. Directors estimate that the full year impact of these unanticipated difficulties impacted net profit by up to \$0.75m. The business has performed far better in the second half and the outlook is much improved;
- > Reduced demand in key export markets, particularly the UK, caused by the global financial crisis and an unfavourable exchange rate throughout the year which impacted on the Group's export-oriented, Australian-based Ginger and Macadamia operations;
- > Arising from the Group's tri-annual valuation of PP&E, the carrying value of the Group's property holdings were reduced by \$1m due to what Directors believe to be a temporary decline in industrial property values in the Sunshine Coast region;
- > One-off restructuring costs during 2009 associated with the Group's capital/debt structure and the alignment of ownership interests in the US subsidiaries. The full year impact of these one-off costs reduced net profit by just over \$0.5m;
- > The Company's tourism business performed strongly on good visitor numbers and enhanced appeal due to recently introduced features including *Superbee* and the *Buderim Ginger Cooking School*; and
- > In line with the strategic plan, the Group's branded retail sales grew strongly.

2009 was a difficult and challenging year for the Group. The Ginger and Tourism segments performed creditably but their results were overwhelmed by difficulties in Macadamias and Baking.

The Global Financial Crisis provided a difficult backdrop for export exposed businesses especially for those with customer bases in the UK, continental Europe, Japan and North America. Economies in these countries were hard hit and this affected both sales and profits. This impact was amplified by the continued strength of the \$A versus most "western" currencies.

As a result of our acquisition of *Mac Farms of Hawaii* in late 2008 and the acquisition of a new bakery production line in early 2009, Group revenue increased by almost 25% to \$92.1 million. Unfortunately this increase came at the expense of profits which decreased from \$2.0 million in 2008 to (\$1.7) million after tax in 2009.

On a positive note, our Ginger operations were close to target in spite of subdued export markets. Our Fijian company, *Frespac Ginger (Fiji)*, was the star performer aided by strong demand from Europe. Whilst Australian ginger sales and margins in our largest export market, the UK, were disappointing because of the local economy and currency pressure, other markets for ginger products remained relatively robust based on strong underlying demand for our products premium quality positioning and its health benefits. Sales within Australia, particularly of *Buderim* branded product increased again demonstrating the value of a strong retail brand. Process improvements at Yandina lifted yields, reduced costs and helped to maintain margins.

As a result of well targeted promotions and the introduction of new attractions, Tourism revenue increased despite a generally subdued leisure and travel market. The revenue increase flowed through to profits and once again showed the consistency and quality of earnings from this source. I am pleased to advise of our initial progress in the Direct Sales business with the impending launch of the *Your Inspiration.... by Buderim Ginger* brand in early 2010 after the completion of a successful trial in the last quarter of 2009. This venture will complement the extensive product offerings from *The Ginger Factory* retail outlet through a national sales network and we are excited by the potential in this channel.

On the negative side, Group earnings were extremely hard hit in the Macadamia segment where we estimate annual profits were adversely affected by about \$3 million in the Hawaiian operation and around \$1 million in Australia due to one-off factors.

In Australia, the national macadamia crop was unexpectedly reduced by almost one third due to severe weather and flooding in Northern NSW at harvest time. Our nut intake at *Agrimac* was 30% below target and, accordingly, we were neither able to fully recover production overhead nor, could we take advantage of new sales opportunities at higher prices as much of the crop had been forward sold to our existing customer base. Consequently a small operating loss was sustained over the full year.

In Hawaii, we underestimated the difficulty and cost of turning this business around in the first full year of ownership. The major problem was caused by neglect of the plantation over the two previous years when a considerable quantity of nut was left on the ground instead of being harvested. The product harvested in 2009 was therefore a mixture of new season's nut and old unusable nut. As a result, processing was extremely expensive and both throughput and out-turn reduced. To compound this problem, US consumer demand and retail prices were depressed due to the difficult economic conditions.

CHAIRMAN'S REPORT

These issues were magnified in the Hawaiian market because of dramatically reduced tourist numbers (the US conference market collapsed in response to perceived corporate largesse and the important Japanese tourism market turned down dramatically in the wake of the Swine flu) and consequent deep discounting at retail level. Hawaiian retail sales normally account for a significant portion of revenue for the *Mac Farms* US retail business. While operating improvements have been realised and market demand is now strengthening, the Company took the decision to take up all operating inefficiencies in the 2009 year and "clear the slate" for a fresh start in 2010.

The Buderim Baking business was affected by rapid expansion in the first half of the year as the factory took on new, high-volume, private label business. This involved the integration of a new production line into the existing factory and the need to employ and train additional personnel. Due to the failure of the vendor to supply sufficient inventory at hand-over, production needed to be ramped up very quickly to satisfy demand on a timely basis which led to frequent line changes, short production runs and gross inefficiencies throughout the first half. These problems also affected production effectiveness on other existing production lines. By mid-year, integration issues were resolved and the factory became highly efficient once again. We estimate, however, that net profit was adversely affected by about \$0.75 million across the year.

The global financial crisis of 2008/9 saw credit become more difficult as lenders' criteria tightened and, in some cases, changed completely. As a result, the Company was unable to meet all of our Banker's new borrowing targets and two covenants relating to financial ratios were breached. We were therefore obliged to designate all borrowings as current at year-end. It is important to note, however, that the Company has continued to meet all agreed principal and interest payments as and when they became due. Negotiations with our existing financier commenced in early 2009 on new facilities and existing facilities were "frozen" from this time. As a result, the Company was forced to internally fund all Ginger and Macadamia harvest payments during the course of the year, which is something we had not done in prior years. After extensive negotiations with alternative financiers, the Company expects to announce a re-financing agreement by 31 March 2010.

Despite the very difficult trading conditions described above, the Company remained cash positive with EBITDA of \$841 000. However, it is clear to Directors that the Company's Balance Sheet needs to be strengthened and we anticipate that it is likely that the company will undertake a capital-raising during the course of this year. The company will also examine all business segments and the assets held within to ensure that they continue to strategically fit with the company's long term goals and are capable of achieving Return on Investment targets into the future.

Whilst there remains some uncertainty in the global economy, the Company is well placed to rebound strongly in 2010. Major problems have been addressed in both Bakery and Macadamias and we have seen improvements in these segments over the last few months. Whilst we will always be exposed to the vagaries of weather and exchange rates in agribusiness and food manufacturing, we believe that operationally we have made good progress in all businesses, particularly in the second half of 2009. The coming year will see rigour in cost control and continuous operational improvement in all segments.

There will also be changes at Board level as the Company embarks on a renewal process. I have advised of my intention to retire from the Board at the Company's AGM on 30 April 2010. Directors have proposed that Stephen Maitland will become Chairman from this date. The Board has also appointed Steve Morrow to fill a casual vacancy on the Board until the AGM. Steve brings to the Board a wealth of commercial experience in the Australian agri-business and food manufacturing sectors and I am confident will make a very valuable contribution over the years ahead. Whilst it is too early to provide guidance for the year, Directors are confident of much improved results in 2010.

I take this opportunity to thank my fellow Directors, Company management and all staff worldwide for their efforts in what has been one of our most difficult years. I would also like to thank and acknowledge all of the people who have been associated with this proud Australian success story that is Buderim Ginger Limited over my 28 years of involvement. I have enjoyed almost every minute of it and I wish you all every success into the future.



J. RUSCOE, CHAIRMAN

REVIEW OF OPERATIONS

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BUDERIM GINGER LIMITED

FINANCIAL OVERVIEW

2009 was a very challenging year for the Buderim Ginger Group. The consolidated entity recorded a before-tax loss of (\$3.5m) for the year ended 31 December 2009, well down on the previous year's profit of \$3.2M (which included a one-off gain of \$2.0m on asset revaluation). After tax, the group recorded a loss of (\$1.7m) down from a profit of \$2.0m in 2008. EBITDA declined from \$7.5m to \$0.8m on Group revenue which increased 24.8% to \$92.1m. The Company weathered a maelstrom of unfavourable events during the year which severely eroded profits. Despite the poor full year outcome, the Group achieved a significant operational turnaround in the second half and is now positioned for a much improved result in 2010. Directors have declared that no dividend will be paid in respect of the 2009 year.

GINGER

Buderim Ginger operations are based at Yandina on the Sunshine Coast from where the Company is the world's leading processor and marketer of confectionary ginger and other ginger products. Overall Ginger operations recorded a credible result in 2009 given generally unfavourable conditions in all markets we operate in.

Ginger turnover increased almost 5% to \$30.3m while net profit was almost unchanged at \$1.8m. Despite the global financial crisis and an unfavourable exchange rate, Ginger revenue held up well in all export markets except for the critical UK market where revenue and volumes were well down. Perversely, while this has led to an unusually high inventory level at end-2009, it may prove to be a blessing with a current forecast of historically low Ginger crops in both Australia and Fiji in 2010. European Ginger sales remained relatively flat in 2009 although demand for Fiji Ginger (*Frespac*) was stronger. North American Ginger sales also remained relatively resilient, albeit, on a low base. Asia Pacific sales were down due to anticipated sales in South Korea not eventuating.

The Group's smaller Fiji Ginger business, *Frespac*, performed very strongly based on strong export demand and a more favourable exchange position to that in Australia.

Australian domestic ginger sales continued to expand in 2009, once again underpinned by good growth in *Buderim*-branded retail product

sales. Retail sales were up by more than 12% over the previous year driven largely by products introduced in recent years: *Naked Ginger*, the lower sugar version of our traditional product, surged ahead; while, in beverages, our cordial range continues to enjoy success. The outlook for continued growth is good although the challenge of supporting a diverse product range across a number of categories in the Australian retail market requires intense management. Our retail focus for 2010 will be to increase sales with existing customers while also extending distribution coverage on lower profile products, such as *Buderim Ginger Beer*, which is steadily building sales.

Despite this emphasis, product development initiatives will continue in our core business and will centre around range extensions on successful products including cordials and confectionary. The Company has also completed an extensive product development process in the burgeoning market of nutraceuticals. In August 2009, the Company launched its first range of therapeutic products under the *Buderim Naturals* brand. These products: *OsteoSoothe* tablets, a joint support formula designed to help reduce lower back and joint pain; and *QueaseEase* capsules, designed to alleviate nausea from travel sickness and morning sickness, will directly capitalise on the intense interest in the "health" benefits of ginger in combination with a number of other proven herbal products. Already available in *Amcal* and *Guardian* pharmacies, both products have Therapeutic Goods Administration (TGA) listing. To fully realise this potential, the key is to drive distribution in the pharmacy channel in 2010.

Good progress was made during the year in controlling processing costs although these gains were offset by under-recoveries due to the lower than planned Ginger intakes in both Australia and Fiji. Process improvements were underpinned by project work associated with the Company's Federal Government "Commercial Ready Grant" funding to develop new processing technology to further lift syruping effectiveness while improving the retention of functional properties in ginger. These improvements are directed at increasing productivity and product uniformity in the syruping process and the benefits will be fully realised over the years ahead.

Outlook for the Ginger business overall is positive, although cost risks exist, particularly in relation to sugar pricing which reached historic highs late in 2009.



MACADAMIAS

Agrimac

Based in Alstonville NSW, *Agrimac* is the third largest processor and marketer of Australian Macadamias, and one of the most efficient processors in the industry with flexibility to process both within Australia and overseas. The business services export markets in Europe, Asia and North America along with a strong domestic presence, particularly with the *Coles Supermarkets* group.

Agrimac turnover increased 13% to \$17.0m while net profit was down by \$0.6m to a loss of (\$0.1m). Severe rain and flooding in Northern NSW in April/May 2009 significantly and suddenly reduced the Australian macadamia harvest which, in turn, restricted processing and sales volumes at *Agrimac*. This lower volume and quality-affected harvest had a major impact on a range of operational issues, the biggest being simply overhead recovery and premium grade kernel recoveries. Directors estimate that the full year impact of this one-off event reduced net profit by up to \$1m. This shortfall also impacted adversely on the Group's ability to capitalise on supply opportunities in the key US market arising from the acquisition of *Mac Farms of Hawaii* in late 2008.

Operationally, the business was constrained by the poor quality harvest with Nut-in-shell sizing and recoveries well below historical standards. However, all customer commitments in terms of high quality product and contracted volumes were met. The business maintained its strong customer relationships across a broad cross-section of geographies as well as with its grower base. Unfortunately, due to the shortfall of available kernel produced, the Company was once again forced to deliberately restrict the leveraging of Buderim Ginger's sales offices in the UK and Europe during the year. With a better Australian crop forecast in 2010 (although below industry expectations) and a very low level of inventory across the industry, we are confident of much improved results for *Agrimac* in the year ahead.

Mac Farms of Hawaii

Buderim Ginger acquired the assets of *Mac Farms of Hawaii* on 12 August 2008. This was a distressed business that had been challenged by operational issues for a number of years and includes a long term lease on a 4,000 acre macadamia orchard, in the middle of which is the *Mac Farms* processing plant. Combined with *Agrimac*, this business makes the Buderim Ginger Group arguably the largest macadamia processor and marketer in the world. *Mac Farms* provides unparalleled access to the critical US market – still the largest consumer market for macadamias in the world.

Mac Farms turnover increased 88% to \$18.0m (due to the inclusion of full year results for the first time) while net profit was down from \$2.3m to a loss of (\$3.3m). It should be noted, however, that 2008 results included a profit of \$2.0m on the revaluation of assets subsequent to the acquisition. 2009 was marked by a longer and more costly program than forecast to turnaround operating performance due primarily to under-estimated legacy issues associated with the extensive orchard operations which had been neglected prior to acquisition. These issues created substantial operating inefficiencies and considerable strain on the Group's working capital resources throughout the year. Directors have determined to fully take-up all of the orchard and production inefficiencies in the 2009 year and estimate that the full year impact of these one-off factors impacted net profit by up to \$3m. This very poor business unit result was the main adverse factor in the Group result. From the commencement of the current harvest in October 2009, key operating parameters for the business have normalised, global inventory is low and the market outlook is strong. In late 2009, a Nut-in-shell supply contract with MLP Nut Co was terminated. While the reduced processing volume impacts on processing costs, the cessation of supply is favourable to *Mac Farms* due to the very poor kernel recoveries from this source.

The global Macadamia industry holds excellent growth potential and, as a market leader, the Company is now well positioned to capitalize on this growth. *Mac Farms* results in 2010 will be dramatically improved.

Baking

Buderim Baking is a leading domestic manufacturer and distributor of premium frozen pastry products from its modern factory at Kunda Park, near Buderim. It markets savoury products under its own brand, *I Spy Pies*, plus contract manufactures under licence an extensive range of products to several high profile, Australian brands. Baking turnover increased almost 25% to \$21.1m while net profit was down by more than \$0.5m to (\$0.4m). 2009 performance was impacted by production inefficiencies in the first half of 2009 arising from the integration of new, high-volume, private label business. Directors estimate that the full year impact of these unanticipated difficulties impacted net profit by up to \$0.75m. The business has performed far better in the second half and the outlook is much improved.

REVIEW OF OPERATIONS

While the majority of the revenue increase was attributed to a new national supply contract with *Woolworths Supermarkets*, other major supply contracts including *Brumby's Bakeries* and *Lorries Gourmet* continued to enjoy significant success with their premium quality offer. Cookie dough production, under the *Billy G's* license, also grew strongly, albeit off a small base.

While the trading results in 2009 were a set-back, there are still significant profitable growth opportunities for Buderim Ginger in the Bakery business in both the immediate and longer-term. The business is now operating on a solid production platform, pricing is improving and underlying demand is solid. Directors are confident of a much improved result in 2010.

Tourism

The Company's award-winning tourist complex, *the Ginger Factory*, is located on the Company's primary site at Yandina in the Sunshine Coast hinterland and alongside the National Highway (M1) heading north from Brisbane.

Tourism turnover increased more than 8% to \$4.3m while net profit lifted 12% to \$0.6m. The business performed strongly on good visitor numbers (+6%) and enhanced appeal due to recently introduced features including *Superbee* and the *Buderim Ginger Cooking School*. Despite tight economic conditions, spend per head also lifted by around 4%. Operational improvements continue to be made on-site with frontline sales staff performance of particular note. The *Overboard* attraction further improved operating results in 2009 and benefited from integration of the *Ginger Train* attraction and a successful Christmas promotion with *Santa's Secret Workshop* establishing a strong following.

Despite an ongoing difficult economic climate, Directors anticipate that the Tourism business will continue to perform strongly in 2010. The benefits of the newly launched Party Plan business have not been factored in at this early stage.

US Marketing and Distribution

Operating as *Pan Pacific Foods*, the business is a Sales and Marketing management agency for various consumer foods brands in North America. Its largest client is *Mac Farms of Hawaii* and, in addition to the sales and marketing representation work, the business model includes a direct-to-store distribution and merchandising operation on the Hawaiian Islands that services a number of national brands.

In its first part-year within the Group (75% acquired on 1 March 2009), *Pan Pacific Foods* turnover was \$2.0m with net profit of \$0.1m. The business was negatively affected by poor US consumer demand and retailer range rationalisation efforts in 2009 which flowed through to sluggish retail sales and the need to incur additional promotional expenses in the form of discounts to "push" product to the consumer. The business is expected to generate improved profitability in 2010 as revenues improve.

Corporate

Corporate costs in 2009 were \$2.1m versus \$2.4m in 2008, however, this comparison masks an increased allocation of interest charges to business segments in 2009. Excluding interest, Corporate costs increased from \$1.3m to \$1.8m, all of which was attributable to one-off restructuring costs associated with the Group's capital/debt structure and the alignment of ownership interests in the US subsidiaries. These one-off costs were just in excess of \$0.5m.

Arising from the Group's tri-annual valuation of Property, Plant and Equipment, the carrying value of the Group's property holdings were reduced by \$1m due to what Directors believe to be a temporary decline in industrial property values in the Sunshine Coast region.

Directors are currently in negotiations in respect of the Group's capital structure and expect to finalise a re-financing proposal in the coming weeks with an alternative financier. In light of this, all debt facilities have been presented as current liabilities at year-end.

Outlook

Trading performance across the Group in late 2009 and early 2010 indicates that the Group has achieved a significant operational turnaround, particularly in those businesses which suffered from major challenges in 2009, and has emerged as a more resilient and profitable entity going forward. International market sectors that were adversely affected during 2009 are showing signs of return to more favourable conditions, although risks still remain in all markets. Directors are therefore confident of much-improved profitability in 2010 and a return to a path of year-on-year profit growth.

A close-up photograph of a glass of coffee with a dusting of cocoa powder on top. In the foreground, two almond cookies are resting on a saucer. The background is softly blurred, showing more of the coffee and the cookies.

FINANCIAL STATEMENTS

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DIRECTORS' REPORT

Your directors submit their report for the year ended 31 December 2009

DIRECTORS

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

Names, qualifications, experience and special responsibilities

John Michael Ruscoe

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

Mr Ruscoe has been a director since 21 February 2002. He was previously Chief Executive Officer of Buderim Ginger Limited and its predecessor co-operative for the period 1982 to 1994. During this period he was also General Manager of Australian Golden Ginger Pty Ltd and of The Ginger Marketing Board. Before joining the Buderim Ginger Growers' Co-operative he held executive positions in the chemical industry in Fiji, Australia and New Zealand. He is a graduate of The New Zealand Institute of Management in Business Administration. Mr Ruscoe is President of Headland Golf Club, Inc. Buderim. Mr Ruscoe is 69 years of age.

Gerard Daniel O'Brien

B Admin., MBA (Georgetown), CPA, MAICD (Managing Director)

Mr O'Brien was appointed Managing Director and Chief Executive of Buderim Ginger Limited on 5 March 2001. His previous role was Business Development Director for Goodman Fielder Milling based in Sydney. Mr O'Brien has many years management experience in the Australian food industry with Defiance Mills, Bunge-Defiance and Goodman Fielder and is a National Councillor of the Australian Industry Group (AIG). Mr O'Brien completed an MBA at Georgetown University USA in 1992 after a finance career in the construction industry. Mr O'Brien is President of the Noosa Heads Surf Lifesaving Club. Mr O'Brien is 48 years of age.

Stephen James Maitland

OAM, RFD, B.Ec., M.Bus., LL.M., FCPA, FAICD, FCIS, FAIM, FFin (Non-executive Director and Chairman of the Audit & Compliance Committee)

Mr Maitland has been a director since 26 February 2002. He has had over 35 years experience in the banking and finance industries, and is the principal of the Brisbane based Corporate Advisory firm of Delphin Associates. He holds directorships with Australian Unity Limited, The Royal Automobile Club of Queensland Limited and a number of private companies. He is the Honorary Treasurer of the Surf Life Saving Foundation Inc. Mr Maitland is 59 years of age. During the past 3 years Mr Maitland has held the following listed company directorships:

- > Mackay Permanent Building Society Ltd.
(11 October 2002 to 10 January 2008)

John Howard Philip Roy

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

Mr Roy has been a director since 28 February 2005. He is the Managing Director of several family owned businesses, including Big Sister Foods Pty Ltd, Big Sister Properties Pty Ltd, Fowlers Vacola Australia Pty Ltd, George & Simpson Pty Ltd, and Noble Cakes Pty Ltd. Mr Roy has an engineering background and an extensive career in the plastics industry. He also has extensive experience in the Australian and global food industry, particularly in the branded speciality arena. Mr Roy is 72 years of age.

Shane Tyson Templeton

B.Bus., FAICD (Non-executive Director and Member of the Audit & Compliance Committee)

Mr Templeton has been a director since 21 February 2002. He is a third generation ginger grower and is professionally qualified with a business degree. He has been growing ginger since 1991 and has held the position of Honorary Secretary of the Australian Ginger Growers Association for 5 years. Mr Templeton is a director of Templeton Ginger Pty Ltd, Redarea Pty Ltd and the Victory COC (Gympie) school board. Mr Templeton is 38 years of age.

COMPANY SECRETARY

Karon Lesley Rogers

B.Bus., FCPA, FCIS, FAICD.

Ms Rogers commenced with Buderim Ginger Limited in 1988 as Company Accountant. She was promoted to Corporate Services Manager in 1992 and to her current role as Company Secretary/CFO in 1995. Prior to joining the company, she worked in accounting management roles within the food manufacturing and building industries, whilst also teaching part-time in the TAFE system for approximately 10 years. Ms Rogers completed the AICD Directors Diploma in 2002, and attended the AICD International Company Directors Diploma course in 2008. She has been a CPA for over 20 years and is a Fellow of both the Institute of Chartered Secretaries and the Institute of Company Directors.

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

Ordinary Shares

J.M. Ruscoe (1)	-
G.D. O'Brien (2)	-
J.P.H. Roy (3)	-
S.J. Maitland (4)	-
S.T. Templeton (5)	201,912

- (1) J.M. Ruscoe holds a relevant interest in 208,126 shares registered in the name of J.M. & S.E. Ruscoe (Ruscoe Family Super Fund).
- (2) G.D. O'Brien holds a relevant interest in 898,379 shares registered in the name of Consolar Investments Pty Ltd.
- (3) J.P.H. Roy holds a relevant interest in 6,244,135 shares registered in the name of Big Sister Foods Pty Ltd and 87,385 shares registered in the name of John Roy Pty Ltd (Roy Family Superannuation Fund).
- (4) S.J. Maitland holds a relevant interest in 118,611 shares registered in the name of S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund).
- (5) S.T. Templeton holds a relevant interest in 53,187 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, 2,563,634 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

The interests of directors in shares of Buderim Ginger Limited as disclosed above, do not include shares held by parties related to directors where directors do not have the power to exercise or control the exercise of a right to vote attached to the shares.

EARNINGS PER SHARE

	Cents
Basic earnings per share	(4.19)
Diluted earnings per share	(4.19)

There were no options issued or exercised during the period.

DIVIDENDS

	Cents	\$'000
Final dividends recommended*	—	—
Dividends paid in the year:		
Final dividend paid for the year ended 31 December 2008**	2.5	983

* Subsequent to the end of this reporting period, the directors have declared that no dividend be paid for the financial year ended 31 December 2009.

** The dividend paid consisted of a \$256k cash component with the balance being shares issued under the Dividend Reinvestment Plan and the Dividend Share Issue Plan.

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 illustration of the group's corporate structure at the bottom of the page.

Nature of operations and principal activities

The principal activities during the year of entities within the consolidated entity are conducted in the business segment 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 manufacture in Australia and the USA of macadamia products and marketing to wholesale and retail customers throughout the world;
- > Baking - manufacture of a variety of frozen bakery products and marketing to both food service and retail customers throughout Australia;
- > Tourism - the sale of ginger and other retail gift and food products, and the provision of leisure activities within the Australian tourism market; and
- > US Distribution - sales and distribution of ginger, macadamias and other speciality food products throughout the Americas.

The baking segment commenced in August 2004 with the 70% acquisition of I Spy pies through the subsidiary Buderim Baking Company Pty Ltd. The remaining outside equity interest of the Buderim Baking Company Pty Ltd was acquired in June 2008.

On 28 May 2005, Ginger HeadQuarters Pty Ltd commenced the Overboard tourism activities as a 50/50 joint venture within the *Ginger Factory* tourism complex at Yandina. These activities are conducted in the Tourism business unit.

On 31 December 2007, Buderim Ginger Limited acquired the business assets of Agrimac International Enterprises through its wholly owned subsidiary Buderim Macadamias Pty Ltd. Operations include the manufacture and marketing of a variety of macadamia products to industrial and retail customers throughout the world.

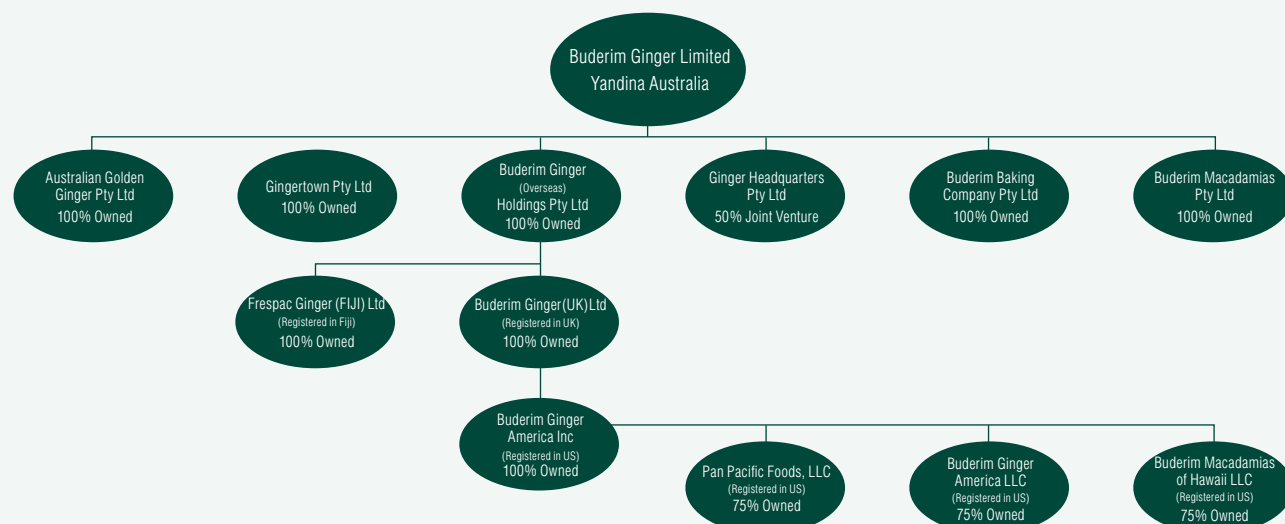
On 12 August 2008, the macadamia segment was expanded on the acquisition of business assets of MacFarms of Hawaii, LLC through the 100% owned subsidiary, Buderim Macadamias of Hawaii, LLC dba MacFarms of Hawaii. On 1 April 2009, 25% of the ownership units in MacFarms of Hawaii were transferred to outside equity partners as part of a restructure of the Group's US subsidiaries.

The distribution and marketing of a variety of confectionery ginger and other ginger-based products throughout North America has been undertaken through the 50/50 joint venture, Buderim Ginger America, LLC since 1 July 2005. On 1 March 2009, Buderim Ginger Limited acquired 75% of the business assets of Pan Pacific Foods, LLC ("PPF") and a further 25% in Buderim Ginger America, LLC ("BGA") through its 100% owned subsidiary, Buderim Ginger America, Inc. PPF manages the sales and distribution of Buderim Ginger and MacFarms of Hawaii products throughout the Americas. These acquisitions were part of the Group's restructure of US subsidiaries resulting in Buderim Ginger America, Inc now holding 75% of the Group's US limited liability companies.

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

EMPLOYEES

The consolidated entity employed 483 employees as at 31 December 2009 (2008: 403 employees). The number of employees will vary from year to year, and during each year, due to seasonal factors. The Australian and Fijian ginger segments employed 128 and 68 employees respectively (2008: 119 and 72). The Australian ginger segment includes tourism and corporate staff members. Employees engaged within the baking segment at year-end were 93 (2008: 62). Employees employed within the Australian macadamia segment were 17 (2008: 13 on acquisition). The Hawaiian macadamia segment (including the orchard operation which engages a large proportion of seasonal labour) had 177 employees at year end (2008: 137).



DIRECTORS' REPORT

OPERATING AND FINANCIAL REVIEW

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

BUSINESS SEGMENTS

Ginger processing and distribution
Baking operations
Macadamia operations
Tourism operations
US distribution
Total
Consolidated entity adjustments
Unallocated expenses including interest
Share of profit/(losses) of joint controlled entities and associates
Consolidated entity revenue and profit/(loss) from ordinary activities before income tax expense but after minority interest

GEOGRAPHIC SEGMENTS - REVENUE

Australia
United States
Fiji
Consolidated entity adjustments
Consolidated entity revenue from ordinary activities before income tax excluding non-segment revenues

*Business segment results represent profit before interest and tax.

IN SUMMARY

2009 was a very challenging year for the Buderim Ginger Group with the impacts of the global financial crisis being felt across all business segments. The consolidated entity recorded a before-tax loss of (\$3.5m) for the year ended 31 December 2009, well down on the previous year's profit of \$3.2M (which included a one-off gain of \$2.0m on asset revaluation). After tax, the group recorded a loss of (\$1.7m) down from a profit of \$2.0m in 2008. EBITDA declined from \$7.5m to \$0.8m. The primary factors driving this poor result were:

- > A longer and more costly program than forecast to turnaround operating performance at the Group's US-based macadamia business, *Mac Farms of Hawaii*. Primarily due to legacy issues associated with the extensive orchard operations which had been neglected prior to acquisition, these issues created substantial operating inefficiencies and considerable strain on the Group's working capital resources. Directors have determined to fully take-up all of the orchard and production inefficiencies in the 2009 year and estimate that the full year impact of these one-off factors impacted net profit by up to \$3m. This very poor business unit result was the main adverse factor in the Group result. From the commencement of the current harvest in October 2009, key operating parameters for the business have normalised and the market outlook is strong.
- > Severe rain and flooding in Northern NSW in April/May 2009 which significantly reduced the Australian macadamia harvest and restricted processing and sales volumes at the Group's Australian macadamia

2009		2008	
REVENUES \$'000	RESULTS* \$'000	REVENUES \$'000	RESULTS* \$'000
30,262	1,751	28,853	1,811
21,103	(411)	16,931	132
35,033	(3,401)	24,669	2,944
4,260	583	3,929	521
2,036	117	—	—
92,694	(1,361)	74,382	5,408
(580)	—	(573)	—
—	(2,140)	—	(2,389)
—	37	—	168
92,114	(3,464)	73,803	3,187
2009 \$'000	2008 \$'000		
64,550	61,152		
24,936	11,187		
3,862	3,607		
93,348	75,946		
(1,234)	(2,143)		
92,114	73,803		

business, *Agrimac*. Directors estimate that the full year impact of this one-off event reduced net profit by up to \$1m. This shortfall also impacted adversely on the Group's ability to capitalise on supply opportunities in the key US market arising from the acquisition of *Mac Farms of Hawaii* in late 2008.

- > Production inefficiencies in the first half of 2009 in the Group's Baking business arising from the integration of new, high-volume, private label business. Directors estimate that the full year impact of these unanticipated difficulties impacted net profit by up to \$0.75m. The business has performed far better in the second half and the outlook is much improved.

Other factors of significant note in 2009 results include:

- > Group revenue increased 24.8% to \$92.1m;
- > Reduced demand in key export markets, particularly the UK, caused by the global financial crisis and an unfavourable exchange rate throughout the year. These factors particularly impacted on the Group's Australian-based Ginger and Macadamia operations which are predominantly export-oriented. The Group's smaller Fijian Ginger business, on the other hand, benefited from strong export demand. Overall Ginger operations recorded a credible result given market conditions;
- > Arising from the Group's tri-annual valuation of PP&E, the carrying value of the Group's property holdings were reduced by \$1m due to what Directors believe to be a temporary decline in industrial property values in the Sunshine Coast region;

- > One-off restructuring costs during 2009 associated with the Group's capital/debt structure and the alignment of ownership interests in the US subsidiaries. Directors estimate that the full year impact of these one-off costs reduced net profit by just over \$0.5m;
- > The Company's tourism business performed strongly on good visitor numbers and enhanced appeal due to recently introduced features including *Superbee* and the *Buderim Ginger Cooking School*; and
- > In line with the strategic plan, the Group's branded retail sales grew strongly.

The Company weathered a maelstrom of unfavourable events during the year and despite the poor full year outcome, the Group achieved a significant operational turnaround in the second half and is now positioned for a much improved result in 2010. Directors have declared that no dividend will be paid in respect of the 2009 year. Trading performance in

late 2009 and early 2010 indicates that the group should emerge as a more resilient and profitable entity going forward. International market sectors that were adversely affected during 2009 are showing signs of return to more favourable conditions. Directors are also currently in negotiations in respect of the Group's capital structure and expect to finalise a re-financing proposal in the coming weeks. In light of this, all debt facilities have once again been presented as current liabilities.

Mr John Ruscoe, who has been Chairman since February 2002, has advised the Board of his intention to not seek re-election as a Director at the company's AGM on 30 April 2010. Directors have proposed that Mr Stephen Maitland will become Chairman from this date. Effective 26 February 2010, Mr Steve Morrow has been appointed to fill a casual vacancy on the Board. Mr Morrow brings to the Board a wealth of commercial experience in the Australian agri-business and food manufacturing sectors.

SHAREHOLDER RETURNS AND PERFORMANCE MEASUREMENTS

FOR THE YEAR ENDED	2009	2008	2007	2006	2005	2004
EBIT (\$'000)	(1,962)	4,960	1,792	550	1,251	1,097
EBITDA (\$'000)	841	7,503	3,682	2,491	3,160	2,578
Basic earning per share (cents)	(4.19)	6.52	2.34	(0.58)	1.97	1.43
Dividend per share (cents) (a)	—	2.5	2.0	—	1.0	—
Dividend payout ratio (%) (a)	—	38.3	85.5	—	50.8	—
Available franking credits (\$'000) (b)	—	—	150	167	213	234
Return on assets (%)	(3.45)	2.40	2.22	(0.32)	1.1	1.3
Return on equity (%)	(8.79)	5.73	1.04	(0.60)	2.1	2.5
Debt / equity ratio (%) (c)	113.6	93.8	85.1	51.1	58.4	40.7
Gearing ratio (%) (d)	60.7	58.2	53.2	45.7	46.0	39.7
Current ratio (%) (e)	91	153.3	150.7	139.0	154.8	203.8
Net tangible asset backing (cents)	66.4	80	86	85	73	77

(a) These figures reflect the dividend amounts declared subsequent to reporting dates (refer note 9).

Note the dividend ratio for 2008 is based on profit inclusive of the discount on acquisition of MacFarms assets of \$2.0m which is a non-cash item.

(b) Franking credits have been calculated on a tax paid basis.

(c) Interest-bearing debt divided by equity less intangible assets.

(d) Assets funded by external stakeholders (total liabilities)

(e) Note classification of debt changed in 2009. Refer Notes 2 (a), 3 and 20 (iv).

REVIEW OF FINANCIAL CONDITION

The Group's and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they 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.

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 and the parent entity monitor 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.

Liquidity and Capital Resources

The consolidated cash flow statement highlights a net decrease in cash and cash equivalents in the year ended 31 December 2009 of (\$2.046m) compared to a net increase \$1.405m in 2008. Outflows from operating

activities were (\$742k) compared to an inflow of \$963k in the previous year. The decrease in interest over the previous year reflects favourable fluctuations in interest rates during 2009 compared to the prior year. Grant funds of \$819k were received under the Commercial Ready project undertaken in conjunction with the Department of Industry, Tourism and Resources of the Commonwealth of Australia and the Business Industry Transformation Incentives program funded through the State of Queensland. Investment activities included capital projects as follows:

Ginger Segment

- > factory building upgrades
- > syruping chain enhancements
- > sulphite stripping equipment
- > brine vat walkways and safety equipment
- > effluent treatment plant

Baking Segment

- > party pie line production equipment
- > static freezer installation
- > production room refrigeration replacement
- > production room flooring upgrade
- > automated meat pumping system

DIRECTORS' REPORT

Tourism Segment

- > Buderim Ginger Cooking School equipment

Macadamia Segment

- > roaster conveyor belt
- > harvester/dehuskers

Additionally, investment activities included the acquisition of 75% of Pan Pacific Foods, LLC, the additional 25% of Buderim Ginger America, LLC on 1 March 2009, and the transfer of 25% of MacFarms of Hawaii to outside equity partners.

Financing activities reflect drawdowns from Rabobank Australia to fund the business combinations as well as final payments for the 2008 ginger and macadamia crops in the first half of the year. All seasonal working capital requirements, including the Australian and Fiji ginger harvests, and the Australian and Hawaiian macadamia harvests, were funded internally. This is a significant achievement for the Group as cash outflows associated with the various ginger and macadamia harvests were \$3.8m and \$16.8m respectively. The company did not undertake either the Share Purchase Plan or a Share Placement Program during 2009.

A total of \$3.8m was raised through these programs in the prior year. The cash component of the final dividend paid out of profits for the year ended 31 December 2008 was \$256k with the combination of the dividend reinvestment and dividend share issue plans comprising \$727k of this dividend.

ASSET AND CAPITAL STRUCTURE

	2009 TOTAL OPERATIONS \$'000	2009 TOTAL OPERATIONS \$'000
NET GEARING		
Debts		
Finance Liabilities	30,861	29,295
Cash & short term deposits	(1,059)	(2,163)
Net Debt	29,802	27,132
Total equity	31,507	35,915
Total capital employed	61,309	63,047
	48.6%	43.0%
ASSETS FUNDED BY EXTERNAL STAKEHOLDERS		
Total assets	80,187	85,948
Total liabilities	48,680	50,033
	60.7%	58.2%
DEBT/EQUITY		
Total equity	31,507	35,915
Intangibles	(4,335)	(4,700)
	27,172	31,215
Finance liabilities	30,861	29,295
	113.6%	93.8%

Total assets were reduced by \$1m at 31 December 2009 resulting from the Yandina land devaluation reflecting a temporary downward movement in market values since the previous valuation in June 2007. Goodwill on the investment in Buderim Macadamias Pty Ltd t/a Agrimac Macadamias was reduced by \$657k reflecting a reduction in the deferred consideration (an "earn-out" arrangement now completed) for this acquisition. The investment in Buderim Macadamia of Hawaii, LLC dba MacFarms of Hawaii was reduced by \$307k as part of the restructure of the Group's US subsidiaries.

The Group's policies for determining the level of debt entered into is examined on a yearly basis in conjunction with financiers. As a consequence of ongoing negotiations with the Group's financiers the Group has reclassified all debt as current. In late 2009, the company received a proposal letter to re-finance the Group's funding needs. Negotiations on the terms of this proposal are expected to be completed in the first quarter of 2010 at which time all facilities currently held with the Group's current financiers will be transferred to the new financier and re-classification of debt will be undertaken according to the new structure. The vast majority of the Group's debt funding relates to working capital requirements due to the inventory-intensive nature of the various businesses. The increase in overdrafts and loans over the prior year, reflects the additional working capital requirements for the new US business combinations effected on 1 March 2009, being Pan Pacific Foods, LLC and Buderim Ginger America, LLC. Although an additional 25% member units only were acquired in Buderim Ginger America, LLC, this entity is now owned 75% and as such, is fully consolidated into the Group accounts, whereas previously it was accounted for under the equity accounting methodology. In both the ginger and macadamia segments, the lead time between the funding of harvests and recovery of costs through conversion/value adding and sales is quite lengthy.

Shares issued during the year

Increases in contributed equity from \$22.3m at the end of 2008 to \$23m resulted from shares issued under the dividend share issue plan of \$590k, the dividend re-investment scheme of \$137k and the Managing Director incentive scheme of \$22k, – all of which related to the 2008 year's performance.

Profile of Debts

The profile of the Group's debt finance below reflects a reclassification of bill facilities provided by Rabobank Australia Limited. Bills classified as long-term in prior accounting periods have been re-classified as current as at 31 December 2009. The classification of borrowing facilities as current is a requirement under AASB 101 if an entity breaches an undertaking under a long-term agreement on or before the reporting date. As at 31 December 2009, the company was in breach of two covenants relating to gearing and debt service cover. Notwithstanding, the group continues to meet all principal and interest payment obligations. Directors believe that as a result of negotiations with a new financier on a restructured facility which better suits the Group's diversity and funding needs, and a proposed equity raising in 2010, this matter will be resolved during the current financial period at which time liabilities can be again classified as current and non-current. As demonstrated below, bill facilities provided by Rabobank Australia Limited have reduced during 2009. Additionally, as demonstrated on the Consolidated Statement of Financial Position, liabilities in total have reduced by \$1.4m during the current reporting period.

	2009 \$'000	2008 \$'000
CURRENT		
Bank Overdraft	972	30
Lease liability	4	285
Bank bill facility	28,246	11,850
Bank loans	1,279	383
	30,501	12,548
NON-CURRENT		
Lease liability - finance lease	-	4
Bank bill facility	-	16,620
Bank loans	360	123
	360	16,747

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 is undertaken through the use of interest rate swap contracts and foreign exchange contracts. No speculative trading in derivatives is undertaken. All derivatives have underlying commercial transactions. At year end, the Group held foreign exchange contracts valued at \$300,000 (2008: \$2,679,000) designated as hedges of expected future sales to customers in the United Kingdom, along with \$956,282 (2008: \$1,477,462) designated as hedges of expected future sales to customers in the United States of America. As at 31 December 2009 there were no foreign exchange contracts designated as hedges of expected future sales in Euro's (2008: \$141,216). The terms of all foreign exchange contracts to hedge sales have been negotiated to match the terms of the commitments.

At 31 December 2009 and 31 December 2008, the Group held no foreign exchanges contracts designated as hedges of future purchases from overseas suppliers.

The interest rate swap in place at the end of 2008 expired in 2009. There were no interest rate swaps in place as at 31 December 2009 (2008: \$1.5m). The interest rate swap arrangement grants the Group the right to receive interest at a variable rate equal to the ABBSY on the notional amount and pays interest at a fixed rate (2008: 6.66%). Swaps are established to hedge exposures to changes in the fair value of a portion of the Group's bill facilities. Bill facilities and interest rate swaps have the same maturity terms.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Effective 1 March 2009, Buderim Ginger Limited acquired 75% of the business assets of Pan Pacific Foods, LLC ("PPF") and a further 25% in Buderim Ginger America, LLC ("BGA") through its 100% owned subsidiary, Buderim Ginger America, Inc. As at this date, equity accounting for BGA ceased and both PPF and BGA were fully consolidated into the group accounts. PPF manages the sales and distribution of Buderim Ginger and MacFarms of Hawaii products throughout the Americas. Part of this restructure of the Group's US subsidiaries was the transfer of 25% of the ownership units in MacFarms of Hawaii to outside equity interest party, Akua Pty Ltd on 1 April 2009 and the write down in the carrying value of Buderim Ginger America, Inc's investment in MacFarms. All US entities are now 75% majority owned by Buderim Ginger America, Inc. It is the opinion of the directors that there were no other significant changes in the state of affairs of the economic entity that occurred during the financial year under review other than those disclosed in this report or the financial reports.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the reporting period, directors have declared that no dividends be paid for the year ended 31 December 2009.

Directors expect to finalise negotiations in relation to re-financing of the Group's major funding facilities, in the first quarter of 2010.

Mr John Ruscoe has advised of his intention to not seek re-election as a Director at the company's AGM on 30 April 2010. Directors have proposed that Mr Stephen Maitland will become Chairman from this date. Effective 26 February 2010 it is anticipated that Mr Steve Morrow will be appointed to fill a casual vacancy on the Board. Mr Morrow brings to the Board a wealth of commercial experience in the Australian agri-business and food manufacturing sectors.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Despite expectations of continued unfavourable exchange rates and tight global economic conditions, which have a major impact on the Group's export sales demand and margins, offshore purchases and the translation of foreign-domiciled subsidiaries financial statements, all Group businesses are targeting profitability improvements in 2010 with growth in turnover, net profit before tax and EBITDA. While 2009 performance was disappointing, the Group achieved a significant operational turnaround in the second half of the year and is positioned for a much improved result in 2010.

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 7 years after they cease to be a director or secretary of the company.

During the financial year, 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:

- the liability arises out of conduct involving a wilful breach of duty; or
- there has been a contravention of sections 232(5) or (6) of the Corporations Act 2001; and
- 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 option over issued shares or interests in the company or a controlled entity were granted during or since the end of the financial year end 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;

DIRECTORS' REPORT

- > 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 managing director 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.

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 ending 31 December 2009 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 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 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 all 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 six 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 is generally a mix of cash and non-cash benefits as considered appropriate by the Remuneration Committee.

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 without creating undue cost for the company. 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 the Managing Director and selected senior management staff where direct performance linkages can be established. This policy is reviewed annually.

Structure

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

The company has predetermined benchmarks (generally based on year on year improvement) which must be met in order to trigger payments under the incentive scheme. The achievement of revenue targets does not warrant

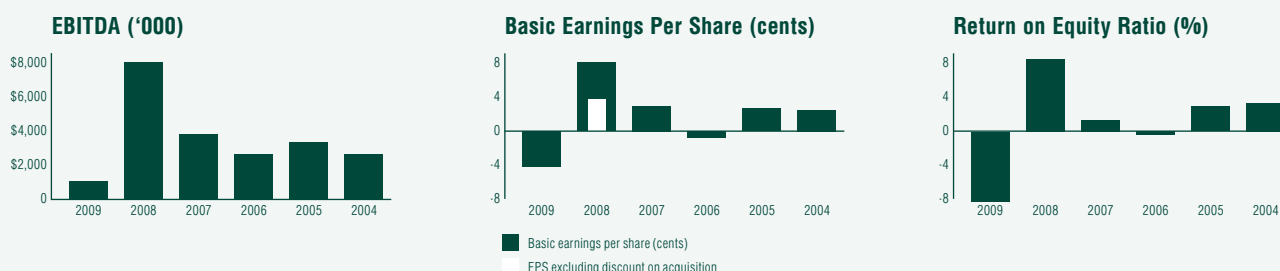
a bonus payment unless a minimum level of profitability target has also been achieved. These performance conditions were chosen because they directly align the individual's reward to the KPI's of the Group and to its strategy and performance. Bonuses payable are capped at a maximum of 20% of base salary.

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.

Annual incentive payments available for executives across the company are subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus, except under the Managing Director's Employee Incentive Scheme where fully paid shares only are issued, as approved by shareholders. This method of assessment was chosen because it provides the committee with an objective assessment of the individual's performance.

Company performance

The graphs below show the performance of the company as reflected in the movement in the Group's EBITDA, earnings per share and return on equity for the past six years (including the current period).



Shareholder Wealth

	31 DEC 2009	31 DEC 2008	31 DEC 2007	31 DEC 2006	31 DEC 2005
Share price (cents)	32	40	55	54	58
Dividend paid per share (cents)	—*	2.5	2	—	1

* Directors have declared that no dividend be paid for the financial year ended 31 December 2009.

Employment contracts

All executives are employed under employment contracts to provide a level of security to both the company and the individual.

The fixed term employment contract between the company and the Managing Director/CEO expired on 31 December 2007. A new employment contract was subsequently negotiated which is in effect a rolling annual contract which provides some certainty to Mr O'Brien, combined with annual (and more frequent if required) reviews by the Board against performance hurdles.

The company may terminate the contract at any time without prior notice if serious misconduct has occurred. Where termination with cause occurs the CEO is only entitled to that portion of remuneration which is fixed, and accrued remuneration to the date of such termination.

DIRECTORS' REPORT

DETAILS OF REMUNERATION OF DIRECTORS AND EXECUTIVES

Details of the nature and amount of each element of the emolument of each director of the company and each of the five executive officers of the company and the consolidated entity receiving the highest emolument for the financial year are as follows:

Table 1 - Remuneration of directors of Buderim Ginger Limited

NAME	POSITION HELD	SHORT TERM BENEFITS			POST EM- PLOYMENT BENEFITS	SHARE BASED PAYMENTS	TOTAL EM- PLOYMENT BENEFITS	% PER- FORMANCE RELATED
		ANNUAL EMOLUMENTS	BONUSES	OTHER				
J.M. RUSCOE 2009	Chairman (Non-executive)	60,000	—	—	5,400	—	65,400	—
J.M. Ruscoe 2008		60,000	—	—	5,400	—	65,400	—
S.J. MAITLAND 2009	Director (Non- executive)	35,000	—	—	3,150	—	38,150	—
S.J. Maitland 2008		35,000	—	—	3,150	—	38,150	—
J.H.P. ROY 2009	Director (Non- executive)	35,000	—	—	3,150	—	38,150	—
J.H.P. Roy 2008		35,000	—	—	3,150	—	38,150	—
S.T. TEMPLETON 2009	Director (Non- executive)	35,000	—	—	3,150	—	38,150	—
S.T. Templeton 2008		35,000	—	—	3,150	—	38,150	—
G.D. O'BRIEN 2009	Managing Director & CEO	256,875	—	35,130	35,232	22,000	349,237	6.30%
G.D. O'Brien 2008		256,875	—	42,040	35,232	10,500	344,647	3.05%
TOTAL DIRECTORS 2009		421,875	—	35,130	50,082	22,000	529,087	4.16%
Total Directors 2008		421,875	—	42,040	50,082	10,500	524,497	2.00%

Table 2 - Remuneration of senior executive officers whose decisions have a major impact on the strategic direction of the company and the consolidated entity

NAME	POSITION HELD	SHORT TERM BENEFITS			POST EM- PLOYMENT BENEFITS	SHARE BASED PAYMENTS	TOTAL EM- PLOYMENT BENEFITS	% PER- FORMANCE RELATED
		ANNUAL EMOLUMENTS	BO- NUSES	OTHER				
P.G. RITCHIE 2009	General Manager - Ginger	158,580	—	37,580	14,500	—	210,660	—
P.G. Ritchie 2008		158,580	—	27,550	14,500	—	200,630	—
K.L. ROGERS 2009	Company Secretary/	136,707	7,500	31,870	13,250	—	189,327	3.96%
K.L. Rogers 2008	Chief Financial Officer	138,058	—	43,629	13,942	—	195,629	—
J.H. WILKIE 2009	General Manager	148,325	—	42,698	6,030	—	197,053	—
J.H. Wilkie 2008	-MacFarms of Hawaii	131,238	—	4,738	10,800	—	146,776	—
A.B.CUNNINGHAM 2009	Group	113,011	—	21,247	10,333	—	144,591	—
A.B.Cunningham 2008	Commercial Manager	116,656	—	27,090	10,667	—	154,413	—
D.J. CASHIN 2009	General Manager -	131,238	—	21,838	10,800	—	163,876	—
D.J. Cashin 2008	Buderim Baking	114,014	7,500	24,971	9,383	—	155,868	4.81%
TOTAL EXECUTIVES 2009		687,861	7,500	155,233	54,913	—	905,507	0.83%
Total Executives 2008		658,546	7,500	127,978	59,292	—	853,316	0.88%

NOTES

The terms 'director' and 'officer' have been treated as mutually exclusive for the purposes of this disclosure.

- > All elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.
- > Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.
- > The category 'Other' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, and/or professional membership subscriptions.

- > During the financial year ended 31 December 2009, there were 55,000 shares issued under the employee incentive scheme (under which shareholders approved the issue to the Managing Director of a maximum of 100,000 shares per annum over a period not more than three years from 27 April 2007.) These shares were issued on 31 March 2009 at a value of \$0.40 per share fully paid (2008: issue date of 20,000 shares was 23 April 2008 at a value of \$0.5250 per share). Under the terms of the Managing Director's employment arrangements, an annual bonus of up to 20% of the total value of Mr O'Brien's package may be paid as incentive subject to performance targets being met. Performance targets are based on achieving or exceeding the profit target set by the Board of Directors annually. The bonus is calculated as a cash sum and converted to shares based on the average ASX

closing price of the Company's shares on ASX for the 2 trading days immediately after release of the Company's annual result to ASX each year. In the current 3 year term since the last shareholder approval on 27 April 2007, 75,000 shares have been issued to Mr O'Brien under the incentive scheme, with no shares forfeited to date in this period. Under an agreement between the Company and the Managing Director, the appropriateness of share issues under the Managing Director's employee incentive scheme or under the any proposal by the Managing Director to obtain additional shares in the Company, is discussed at Board level to enable Directors to assess and limit exposure to risk in relation to the number of shares held by the Managing Director. 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 executive and directors to sign annual declarations of compliance with this policy throughout the period.

- > A \$7,500 performance based cash bonus was paid to K Rogers on 9 October 2009. This figure represented 100% of the bonus approved by the Board. In 9 February 2008 a \$7,500 performance based cash bonus was paid to D Cashin. This represented 100% of the bonus approved by the Board.

End of Audited Remuneration Report.

DIRECTORS' MEETINGS

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

MEETINGS OF COMMITTEES

	MEETINGS	AUDIT	REMUNERATION
NUMBER OF MEETINGS HELD:	16	4	2
NUMBER OF MEETINGS ATTENDED:			
J.M Ruscoe	16	—	2
G.D. O'Brien	15	—	—
J.H.P. Roy	12	—	2
S.J. Maitland	16	4	—
S.T. Templeton	16	4	—

NOTES

- > J.M. Ruscoe, Chairman was in attendance at two audit & compliance committee meetings during the year under review.
- > G. D. O'Brien, Managing Director was in attendance at three audit & compliance committee meetings and two remuneration committee meetings during the year under review.

COMMITTEE MEMBERSHIP

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

Members acting on the committees of the board during the year were:

Audit & Compliance

S.J. Maitland (chair)
S.T. Templeton

Remuneration

J.M. Ruscoe (chair)
J.H.P. Roy

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

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

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 18.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO. 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 receive or are due to receive the following amount for the provision of non-audit services:

Tax compliance and advisory services \$22,000

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.



J. RUSCOE, DIRECTOR

Yandina, 26 February 2010



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

As lead auditor of Buderim Ginger Limited for the year ended 31 December 2009, I declare that to the best of my knowledge and belief, there have been:

- No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- No contravention to 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.

T J Kendall

Director

BDO Audit (QLD) Pty Ltd

Brisbane, 26 February 2010

CORPORATE GOVERNANCE STATEMENT

INTRODUCTION

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

This statement is provided to inform shareholders and other stakeholders of the governance arrangements in the company for the period 1 January 2009 to 31 December 2009. Unless otherwise stated, the policies, practices and structures referred to in this Statement, have been in place for the whole of the reporting period. The company applies these arrangements to its operations both in Australia and internationally.

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

Principle 1	Lay solid foundations for management and oversight
Principle 2	Structure the board to add value
Principle 3	Promote ethical and responsible decision making
Principle 4	Safeguard integrity in financial reporting
Principle 5	Make timely and balanced disclosure
Principle 6	Respect the rights of shareholders
Principle 7	Recognise and manage risk
Principle 8	Remunerate fairly and responsibly

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

NON COMPLIANCE WITH BEST PRACTICE RECOMMENDATIONS OF ASX CORPORATE GOVERNANCE COUNCIL

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

DISCLOSURE

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

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

MANAGEMENT AND BOARD OVERSIGHT (PRINCIPLE 1)

Role of the Board

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

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

Role of the Chairman

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

The Chairman also has the role of interfacing with the Managing Director, and the conduct of the Managing Director's performance appraisal.

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

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

Directors

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

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

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

Directors of the company hold the majority of directorships in all subsidiary companies, except in Buderim Macadamia Pty Ltd t/a Agrimac Macadamias, Buderim Macadamias of Hawaii, LLC dba MacFarms of Hawaii, Buderim Ginger America, LLC, Pan Pacific Foods, LLC and the joint venture companies Ginger HeadQuarters Pty Ltd. In accordance with the Fiji Corporations Act, which requires at least one resident director, Mr Satish Kumar, the General Manager of the company's Fiji operations, has been appointed as a director of Frespac Ginger (Fiji) Limited.

CORPORATE GOVERNANCE STATEMENT

Delegation to Management

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

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

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

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

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

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

BOARD STRUCTURE (PRINCIPLE 2)

Directors

The Board is currently comprised of five non-executive and one executive director being the Managing Director. Details of those directors serving at year-end are outlined in the Directors' Report. The maximum number of directors permitted by the Constitution is seven directors.

Retirement and Re-Election of Directors

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

Director Independence

Of the five non-executive directors, three are considered independent. Hence, ASX Best Practice Recommendation 2.1 "A majority of the Board should be independent directors" is currently complied with.

Mr Ruscoe, the Chairman is considered independent in spite of past executive experience. It is noted that the Chairman ceased employment with the company over 17 years ago. The Chairman, Mr Ruscoe, was employed as a managing director of the company for a period of 12 years. The board believes that his past employment does not impair his independence as a director, but rather allows the company to positively benefit from his depth of industry and technical experience.

Mr Maitland is considered to be an independent non-executive director as he is not a substantial shareholder nor a major supplier of the company.

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

The board and Mr Templeton are diligent in ensuring that a conflict of interest does not interfere with his obligations towards the company.

Mr Roy, who was appointed to the board on 28 February 2005 may not be regarded as independent as a director and as a member of the Remuneration Committee by virtue of his substantial share holding in the company. However, his extensive experience in the Australian and global food industry and the retailing sector, provide a significant input to the board and the company's operations as a whole. Mr Roy would also be regarded as qualified for Remuneration Committee purposes because of his long standing senior involvement with several other companies. The board and Mr Roy are diligent in ensuring that a conflict of interest does not interfere with his obligations towards the company.

Mr Steve Morrow was appointed as a director on 26 February 2010 to fill a casual vacancy until re-election by shareholders at the Annual General Meeting on 30 April 2010. Mr Morrow is considered to be an Independent non-executive director as he is not a substantial shareholder nor a major supplier of the company.

Chair

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

Director Nomination Committee

The function of a Director Nomination Committee is performed by the whole of the board.

The board reviews the company's succession plan, and assesses the necessary and desirable competencies of directors. External advice is sought in sourcing new directors.

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

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

ETHICAL AND RESPONSIBLE DECISION MAKING (PRINCIPLE 3)

Corporate Code of Conduct

The company has developed a Code of Conduct to ensure the entity acts in a lawful, highly-principled and socially responsible manner in all of its business practices. Under this Code of Conduct introduced in 2003 directors, executives and staff are expected to:

- > have an overriding responsibility to all stakeholders of the business and not to any sectional or personal interests;
- > display the highest standards of personal behaviour at all times;
- > use every opportunity to promote the interests of the group in the community at large;
- > act honestly and with the utmost integrity, and comply with the letter and spirit of any laws, rules and policies of the company and this Code of Conduct;

- > receive no benefit from their position other than approved remuneration and conditions of employment, and to use the assets of the company economically and efficiently for business purposes only;
- > respect all people with whom they come into contact in their work;
- > bring to their work all the skills and experience they possess and diligently apply themselves to their duties;
- > participate freely in all discussions and will always be allowed to express their opinions;
- > conduct business in the strictest confidence, and avoid any discussion of the information received in their duties unless it is approved for distribution;
- > consider binding all decisions of the board, without public dissent from such decisions; and maintain good relations within the group;
- > consistently and effectively comply with all established policies and procedures; act within delegated authorities;
- > uphold the concept of a competitive economic environment, abstaining from price fixing, misleading or false representations regarding our products or those of our competitors.

Directors & Executive Securities Trading Policy

The company has established the following policy to control the trading in the company's securities by directors and senior executives:

Insider Trading

Directors and other officers of Buderim Ginger Limited are subject to restrictions under the Corporations Law relating to dealings in securities. As required by law and in line with its Insider Trading Policy, buying or selling Buderim Ginger securities is not permitted at any time by any person who possesses price-sensitive information not available to the market in relation to those securities.

In addition to these restrictions, the board's policy is that directors and officers may only buy or sell Buderim Ginger securities, after notifying the Chairman, in the six weeks immediately following our half year and full year financial results announcements and any General Meeting. At all other times directors and officers require the prior consent of the board to buy or sell Buderim Ginger securities, with the board examining each transaction prior to approval to ensure it is not related to insider trading. Exceptions to this process include shares issued under the company's Dividend Re-investment Plan, the recently implemented Dividend Share Issue Plan and the Share Purchase Plan.

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

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

Disclosure of Directors' Security Transactions

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

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

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

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

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

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

Stakeholder Interests

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

Among the stakeholders are:

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

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

INTEGRITY OF FINANCIAL REPORTING (PRINCIPLE 4)

Audit & Compliance Committee

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

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

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

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

CORPORATE GOVERNANCE STATEMENT

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

The committee has standing invitations to the following attendees:

- > Auditor,
- > Chairman of the Board,
- > Managing Director,
- > Chief Financial Officer (CFO).

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

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

CEO and CFO Certification

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

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

The Board agrees with the views of the ASX on this matter and notes that due to its nature, internal control assurance from the CEO and CFO can only be reasonable rather than absolute. This is due to such factors as the need for judgement, the use of testing on a sample basis, the inherent limitations in internal control and because much of the evidence available is persuasive rather than conclusive and therefore is not and cannot be designed to detect all weaknesses in control procedures.

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

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

TIMELY AND BALANCED DISCLOSURE (PRINCIPLE 5)

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

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

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

Similarly, annual reports and notices of meetings, dividend re-investment, dividend share Issue plan and share plan documentation are released

through ASX On-Line prior to being distributed to shareholders via the website or through the mail.

Detailed commentary on financial results is included in the Annual Report, and in the Chairman's and Managing Director's Addresses at the Annual General Meeting. These details are available on the web site under Shareholder Announcements.

Further commentary on half-yearly results is included in the press release announcing those results. These details are available on the web site under Shareholder Announcements.

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

RESPECT FOR SHAREHOLDERS (PRINCIPLE 6)

Effective Communication

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

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

Access to Information

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

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

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

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

Any company announcement is published on the company's web site.

Annual General Meeting

The company conducts its Annual General Meetings at either its corporate headquarters and factory site at Yandina or in Queensland's nearby financial capital of Brisbane.

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

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

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

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

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

RISK MANAGEMENT (PRINCIPLE 7)

Systems

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

Policies

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

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

Review

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

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

Internal Audit

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

Insurance

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

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

IMPROVING PERFORMANCE THROUGH FAIR & RESPONSIBLE REMUNERATION (PRINCIPLE 8)

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

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

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

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

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

REMUNERATION

Remuneration Committee

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

The committee comprises two non-executive directors. It is chaired by the Chairman of the board.

The role of the Remuneration Committee is to:

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

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

Directors and Senior Management

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

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

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

Senior management are engaged on contracts with no fixed term, with remuneration comprising three possible elements:

- > fixed component – comprising salary, superannuation, motor vehicle and other standard industry benefits;
- > performance component – comprising cash bonus for performance above pre-agreed objective hurdles. The maximum bonus payable is 20% of the fixed component;
- > Managing Director employee incentive scheme – as part of the Managing Director's remuneration package, an annual bonus of up to 20% of the total value of the Managing Director's package may be paid as incentive subject to performance targets being met. Under this shareholder approved arrangement, a maximum number of 100,000 shares in the company may be issued each year over a period of 3 years. Any proposed extensions to the scheme are considered by shareholders at Annual General Meetings on a 3 yearly basis. The bonus is calculated as a cash sum which is then divided by the average ASX closing price of the company's shares for the 2 trading days immediately after release of the company's annual result to ASX.

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

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

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STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CURRENT ASSETS					
Cash and cash equivalents	10	1,059	2,163	—	33
Trade and other receivables	11	13,332	14,831	7,212	7,429
Inventories	12	24,448	25,675	12,144	10,143
Current tax asset	7	1,259	115	48	—
Other current assets	13	714	1,248	182	602
Derivative financial instruments		13	7	13	7
TOTAL CURRENT ASSETS		40,825	44,039	19,599	18,214
NON-CURRENT ASSETS					
Receivables	14	—	—	16,626	18,156
Investments in controlled entities	15	—	—	10,051	10,708
Investment accounted for using the equity method	16	1,222	1,620	1,222	1,186
Property, plant and equipment	17	32,968	34,828	21,181	21,377
Deferred tax assets	7	837	761	674	597
Intangible assets and goodwill	18	4,335	4,700	356	355
TOTAL NON-CURRENT ASSETS		39,362	41,909	50,110	52,379
TOTAL ASSETS		80,187	85,948	69,709	70,593
CURRENT LIABILITIES					
Trade and other payables	19	13,446	14,981	5,647	6,295
Financial liabilities	20	30,501	12,548	29,338	12,403
Short-term provisions	21	843	732	669	623
Current tax liability	7	69	412	—	24
Derivative financial instruments		—	46	—	46
TOTAL CURRENT LIABILITIES		44,859	28,719	35,654	19,391
NON-CURRENT LIABILITIES					
Trade and other payables	19	—	—	1,416	699
Financial liabilities	20	360	16,747	320	16,620
Deferred tax liabilities	7	3,368	4,438	3,230	3,567
Long-term provisions	21	93	129	52	74
TOTAL NON-CURRENT LIABILITIES		3,821	21,314	5,108	20,960
TOTAL LIABILITIES		48,680	50,033	40,672	40,351
NET ASSETS		31,507	35,915	29,037	30,242
EQUITY					
Contributed equity	22	23,008	22,259	23,008	22,259
Reserves	22	5,683	7,208	6,152	6,845
Retained earnings		3,810	6,448	(123)	1,138
Total parent entity interests		32,501	35,915	29,037	30,242
Minority interests		(994)	—	—	—
TOTAL EQUITY		31,507	35,915	29,037	30,242

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
INCOME					
Sale of goods		90,392	72,645	28,121	29,450
Rental revenue		202	193	202	193
Other income	6 (a)	1,476	911	1,024	772
Finance revenue		44	54	5	37
TOTAL INCOME		92,114	73,803	29,352	30,452
Cost of sales		(72,975)	(54,617)	(19,558)	(20,339)
GROSS PROFIT		19,077	19,186	9,794	10,113
Share of profit/(loss) of jointly controlled entities		—	168	37	60
Discount on acquisition – business combination	31	—	2,050	—	—
Selling and distribution expenses		(13,264)	(9,085)	(4,340)	(3,896)
Marketing expenses		(569)	(354)	(569)	(354)
Tourism expenses		(2,016)	(1,770)	(2,016)	(1,770)
Administration expenses		(6,262)	(5,128)	(1,733)	(2,551)
OPERATING PROFIT/(LOSS) FROM BEFORE TAX AND FINANCING COSTS		(2,972)	5,067	1,173	1,602
Finance costs	6 (b)	(1,546)	(1,880)	(1,414)	(1,114)
PROFIT/(LOSS) BEFORE INCOME TAX		(4,518)	3,187	(241)	488
Income tax (expense) / benefit	7	1,749	(1,128)	(37)	(107)
NET PROFIT/(LOSS) FOR THE YEAR		(2,769)	2,059	(278)	381
OTHER COMPREHENSIVE INCOME/(LOSS)					
Currency translation		(832)	454	—	—
Cash flow hedges – Gain taken to equity		7	(116)	7	(116)
Changes in fair value of land		(1,000)	—	(1,000)	—
Income tax on other comprehensive income items		300	—	300	—
Total other comprehensive income/(loss) net of tax		(1,525)	338	(693)	(116)
TOTAL COMPREHENSIVE INCOME/(LOSS) NET OF TAX		(4,294)	2,397	(971)	265
TOTAL NET PROFIT/(LOSS) AFTER TAX IS ATTRIBUTABLE TO:					
Equity holders of Buderim Ginger Limited		(1,715)	2,006	(278)	381
Minority interest		(1,054)	53	—	—
		(2,769)	2,059	(278)	381
TOTAL COMPREHENSIVE INCOME/(LOSS) IS ATTRIBUTED TO:					
Equity holders of Buderim Ginger Limited		(3,240)	2,344	(971)	265
Minority interest		(1,054)	53	—	—
		(4,294)	2,397	(971)	265
Basic earnings per share (cents per share)	8	(4.19)	6.52		
Diluted earnings per share (cents per share)	8	(4.19)	6.52		
Franked dividends per share (cents per share)	9	—	—		

The above Statement of Comprehensive Income should be read in conjunction with accompanying notes.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2009

	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of GST)		94,867	69,709	28,660	28,592
Payments to suppliers and employees (inclusive of GST)		(94,923)	(67,201)	(30,942)	(29,234)
Other receipts		784	639	414	313
Interest received		44	54	5	37
Interest and other finance costs paid		(1,546)	(1,880)	(1,414)	(1,114)
Income tax received		—	112	—	7
Income tax paid		(260)	(260)	(85)	—
Goods and services tax received/(paid)		(527)	(806)	63	(159)
Receipt of government grant		819	596	819	596
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	10	(742)	963	(2,481)	(962)
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		—	446	—	2
Purchase of property, plant and equipment		(3,297)	(3,670)	(2,225)	(1,926)
Acquisition of other business investments		(435)	(7,634)	—	—
Loans to other entities		—	—	—	(8,883)
Loan repayments from other entities		178	242	2,289	—
Payment of deferred consideration on Agrimac acquisition		(378)	—	(378)	—
Proceeds from sale of Aldente business		—	563	—	—
Acquisition of outside equity interests		—	(1,500)	—	(800)
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(3,932)	(11,553)	(314)	(11,607)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares (SPP and Placements)		—	3,867	—	3,867
Proceeds from borrowings		7,113	13,702	6,610	13,636
Repayments of borrowings		(3,819)	(4,942)	(3,831)	(4,866)
Payment of dividends on ordinary shares (net of dividend re-investment and dividend share issue)		(256)	(400)	(256)	(400)
Payment of outside equity interest		(125)	(53)	—	—
Repayment of finance lease principal		(285)	(179)	(278)	(170)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		2,628	11,995	2,245	12,607
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,046)	1,405	(550)	(502)
Cash and cash equivalents at beginning of period		2,133	728	3	505
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	87	2,133	(547)	3

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

CONSOLIDATED	ISSUED CAPITAL	RESERVES *			RETAINED EARNINGS	TOTAL	OUTSIDE EQUITY INTEREST	TOTAL EQUITY
		ASSET REVALUATION	FOREIGN CURRENCY TRANSLATION	CASH FLOW HEDGES				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AS AT 1 JANUARY 2008	17,472	6,838	(90)	122	5,016	29,358	810	30,168
TOTAL COMPREHENSIVE INCOME FOR THE YEAR								
Net profit/(loss) for year	—	—	—	—	2,006	2,006	53	2,059
Other comprehensive income/(loss)								
Currency translation	—	—	454	—	—	454	—	454
Change in fair value of cash flow hedges	—	—	—	(116)	—	(116)	—	(116)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	—	—	454	(116)	2,006	2,344	53	2,397
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS								
Transfer outside equity interest to parent	—	—	—	—	—	—	(800)	(800)
Equity dividend	—	—	—	—	(574)	(574)	(63)	(637)
Shares issued under DRP	174	—	—	—	—	174	—	174
Shares issued under MD bonus Scheme	11	—	—	—	—	11	—	11
Shares issued under SPP	712	—	—	—	—	712	—	712
Shares issued under Placement	3,154	—	—	—	—	3,154	—	3,154
Shares issued as part payment of MacFarm business assets	736	—	—	—	—	736	—	736
AS AT 31 DECEMBER 2008	22,259	6,838	364	6	6,448	35,915	—	35,915
TOTAL COMPREHENSIVE INCOME FOR THE YEAR								
Net profit/(loss) for year	—	—	—	—	(1,715)	(1,715)	(1,054)	(2,769)
Other comprehensive income/(loss)								
Currency translation	—	—	(832)	—	—	(832)	—	(832)
Change in fair value of cash flow hedges	—	—	—	7	—	7	—	7
Change in fair value of land	—	(1,000)	—	—	—	(1,000)	—	(1,000)
Income tax on other comprehensive income items	—	300	—	—	—	300	—	300
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	—	(700)	(832)	7	(1,715)	(3,240)	(1,054)	(4,294)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS								
Retained earnings on change from joint venture to consolidated entity	—	—	—	—	60	60	60	120
Equity dividend	—	—	—	—	(983)	(983)	—	(983)
Shares issued under DRP	137	—	—	—	—	137	—	137
Shares issued under MD bonus Scheme	22	—	—	—	—	22	—	22
Shares issued under DSIP	590	—	—	—	—	590	—	590
AS AT 31 DECEMBER 2009	23,008	6,138	(468)	13	3,810	32,501	(994)	31,507

* refer Note 22 – Contributed Equity and Reserves

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2009

(cont'd)

PARENT	ISSUED CAPITAL	RESERVES *		RETAINED EARNINGS	TOTAL	OUTSIDE EQUITY INTEREST	TOTAL EQUITY
		ASSET REVALUATION	CASH FLOW HEDGES				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
AS AT 1 JANUARY 2008	17,472	6,838	123	1,331	25,764	—	25,764
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Net profit/(loss) for year	—	—	—	381	381	—	381
Other comprehensive income/(loss)							
Change in fair value of cash flow	—	—	(116)	—	(116)	—	(116)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	—	—	(116)	381	265	—	265
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Equity dividends	—	—	—	(574)	(574)	—	(574)
Shares issued under DRP	174	—	—	—	174	—	174
Shares issued under MD bonus							
Scheme	11	—	—	—	11	—	11
Shares issued under SPP	712	—	—	—	712	—	712
Shares issued under Placement	3,154	—	—	—	3,154	—	3,154
Shares issued as part payment of MacFarm business assets	736	—	—	—	736	—	736
AS AT 31 DECEMBER 2008	22,259	6,838	7	1,138	30,242	—	30,242
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Net profit/(loss) for year	—	—	—	(278)	(278)	—	(278)
Other comprehensive income/(loss)							
Change in fair value of cash flow	—	—	7	—	7	—	7
Change in fair value of land	—	(1,000)	—	—	(1,000)	—	(1,000)
Income tax on other comprehensive income items	—	300	—	—	300	—	300
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	—	(700)	7	(278)	(971)	—	(971)
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Equity dividends	—	—	—	(983)	(983)	—	(983)
Shares issued under DRP	137	—	—	—	137	—	137
Shares issued under MD bonus Scheme	22	—	—	—	22	—	22
Shares issued under DSIP	590	—	—	—	590	—	590
AS AT 31 DECEMBER 2009	23,008	6,138	14	(123)	29,037	—	29,037

* refer Note 22 – Contributed Equity and Reserves for movement in reserves

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

1. CORPORATE INFORMATION

The financial report of Buderim Ginger Limited for the year ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 26 February 2010. Buderim Ginger Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock 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 controlled entities, and Buderim Ginger Limited as an individual parent entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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(a) Basis of preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have also been prepared on a historical cost basis, except land and derivative financial instruments that have been measured at fair value. The financial statements have been prepared adopting the same accounting policies as those adopted in the annual financial statements for the year ended 31 December 2008, except for the classification of bill finance facilities provided by Rabobank Australia Limited. Normally the working capital facility and any repayment due in the following 12 month period are classified as current liabilities, while the amortising/multi-option bills are classified as long-term in non current liabilities. In this reporting period, both working capital facilities and long term amortising/multi-

option bills are classified as current due to continuing negotiations with financiers on a restructured debt facility which better accommodates the Group's expanded diversity of operations. The classification of borrowing facilities as current is also a requirement under AASB 101 if an entity breaches an undertaking under a long-term agreement on or before the reporting date. As at 31 December 2009 the company was in breach of two of its covenants. The directors believe that as a result of a proposed capital restructuring during 2010 and the proposed facility arrangements with a new financier, this matter is expected to be rectified in the short-term at which time these liabilities would again be classified as current and non-current.

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, and the financial statements of Buderim Ginger Limited as an individual parent entity complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the financial statements, complies with International Financial Reporting Standards ('IFRS').

(c) Basis of consolidation

The consolidated financial statements comprise the financial statements of Buderim Ginger Limited and its subsidiaries as at 31 December each year (the 'Group').

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 the parent entity's financial statements, investments in subsidiaries are carried at cost.

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.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

Minority interests not held by the Group are allocated their share of net profit in the income statement and are presented within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

(d) Business combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the combination. Where equity instruments are issued in a business combination, the fair value of the instruments is their published market price at the date of the exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator fair value and that other evidence and valuation methods provide a more reliable measure of fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Transaction costs arising on the issue of equity instruments are recognised directly in equity. All identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of cost of the business combination over the net fair value of the Group's share of the identifiable net assets acquired is recognised as goodwill. If the cost of acquisition is less than the Group's share of the net fair value of the identifiable net assets of the subsidiary, the difference is recognised as a gain in the income statement, but only after reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the 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.

(e) Segment reporting

A business segment is a distinguishable component of the entity that is engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is a distinguishable component of the entity that is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different than those of segments operating in other economic environments.

(f) Investment in jointly controlled entities

The Group has interests in joint ventures that are jointly controlled entities. A jointly controlled entity is a joint venture that involves the establishment of a corporation, partnership or other entity in which each venturer has an interest. The Group recognises its interest in jointly controlled entities using the equity method. Under the equity method, the investment in the joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associate. After application of the equity method, the Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the joint venture entity.

(g) Foreign currency translation

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

The functional currency of the overseas subsidiary, Buderim Ginger (UK) Limited, is (GBP). The functional currency of the overseas subsidiaries, Buderim Ginger America, Inc, Buderim Ginger America, LLC, Buderim Macadamias of Hawaii, LLC and Pan Pacific Foods, LLC is (USD). The functional currency of the overseas subsidiary, Frespac Ginger (Fiji) Limited, is (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 statement of financial position 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 these overseas subsidiaries are translated into the presentation currency of Buderim Ginger Limited at the rate of exchange ruling at the statement of financial position date and the income statements are translated at the weighted average exchange rates for the year.

The exchange differences arising on the translation are taken directly to a separate component of equity.

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

(h) Cash and cash equivalents

Cash and short-term deposits in the statements 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.

(i) Trade and other receivables

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

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

(j) Inventories

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

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

Raw materials – purchase cost on a first-in, first-out basis; and

Finished goods and work-in-progress - cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

(k) Property, plant and equipment

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

Major depreciation periods are:

Tourism buildings	15 years
Freehold buildings	50 years
Plant and equipment	3 – 10 years
Plant and equipment under lease	The lease term (3 – 5 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 2009 are consistent with those used in the prior year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Impairment

The carrying values of plant and equipment are reviewed for impairment at each reporting date, with recoverable amount being estimated when events or changes in circumstances indicate that the carrying value may be impaired.

The recoverable amount of plant and equipment is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate largely independent cash inflows, recoverable amount is determined for the cash-generating unit to which the asset belongs, unless the asset's value in use can be estimated to be close to its fair value.

An impairment exists when the carrying value of an asset or cash-generating units exceeds its estimated recoverable amount. The asset or cash-generating unit is then written down to its recoverable amount.

For plant and equipment, impairment losses are recognised separately in the income statement. However, because land is measured at revalued amounts, impairment losses on land are treated as a revaluation decrement.

Revaluations

Following initial recognition at cost, land is carried at a revalued amount which is the fair value at the date of the revaluation less any subsequent accumulated impairment losses.

Fair value is determined by reference to market-based evidence, which is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in any arm's length transaction as at the valuation date.

Any revaluation surplus is credited to the asset revaluation reserve included in the equity section of the statement of financial position unless it reverses a revaluation decrease of the same asset previously recognised in the income statement.

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve, to the extent of the credit balance existing in the revaluation reserve for that asset.

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 statement of financial position 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 income statement in the period the item is derecognised.

(i) 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. However, goodwill was amortised under previous AGAAP.

Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- > Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- > Is not larger than a segment determined in accordance with AASB 8 Segment Reporting.

Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates.

When the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised.

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

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained. Impairment losses recognised for goodwill are not subsequently reversed.

(m) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised developments 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 (Registration costs)
Impairment test / Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

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

(n) Impairment of assets

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

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

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

(o) Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowing. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

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

(p) Trade and other payables

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

(q) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement 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.

(r) Employee leave 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currencies that match, as closely as possible, the estimated future cash outflows.

(s) Share-based payment transactions

The Group provides benefits to the Managing Director of the Group in the form of share-based payment transactions, whereby the Managing Director renders services in exchange for shares or rights over shares ('equity-settled transactions').

The cost of these 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 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, at the time the share-based payment is made ('vesting date').

(t) Leases

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

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

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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 the income statement on a straight-line basis over the lease term.

(u) Revenue recognition

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

Sale of goods

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

Interest

Revenue is recognised as the interest accrues using the effective interest method, or at the time interest is credited to bank statements.

Rental Income

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

(v) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments. During the financial year ended 31 December 2009, grant funds were received under the Commercial Ready Program, an Australian government initiative. Expenses incurred and revenue received under this grant have been reported in accordance with the Commercial Ready Grant COM04389 between Buderim Ginger Limited and the Commonwealth of Australia.

(w) Income tax

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

Deferred income tax is provided on all temporary differences at the statement of financial position 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 associated with investments in subsidiaries, associates and interest in joint ventures, except where 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 assets and unused tax losses, 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 assets and unused tax losses 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 associated with investments in subsidiaries, associates and interest in joint ventures, in which case a deferred tax assets 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 statement of financial position 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Unrecognised deferred income tax assets are reassessed at each statement of financial position 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 statement of financial position date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in profit or loss.

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

(x) Other taxes

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

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

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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

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

(y) Derecognition of financial instruments

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

(z) Derivative financial instruments and hedging

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

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

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

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

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss. The changes in the fair value of the hedging instrument are also recognised in 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 directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred 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 taken to equity are transferred 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 transferred 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,

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 taken to profit or loss.

(aa) Impairment of financial assets

The Group assesses at each statement of financial position 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 at the reversal date.

(ab) Contributed equity

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

(ac) Earnings per share

Basic earnings per share is calculated as net profit attributable to members of the parent, adjusted to exclude any costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element. As there are no dilutive potential ordinary shares, diluted earnings per share is the same as basic earnings per share.

(ad) Accounting standards issued not effective

At the date of authorisation of the financial report (refer Note 1), certain Standards and Interpretations were on issue but not yet effective. These Standards and Interpretations have not been adopted in the preparation of the financial report for the year ended 31 December 2009.

The economic entity expects to first apply these Standard and Interpretations in the financial report of the economic entity relating to the annual reporting period beginning after the effective date of each pronouncement.

The directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material financial impact on the financial statements of the parent or the economic entity.

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. The Group's internal auditors also review the risk management policies and processes and report 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, finance leases, cash and short-term deposits.

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

The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations.

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

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken.

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

The Group also monitors the market price risk arising from all financial instruments. The magnitude of this risk that has arisen over the year is discussed in note 23.

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

Market risk

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 (cont'd)

(a) Interest rate risk

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

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

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

These swaps are designated to hedge underlying debt obligations.

At 31 December 2009, after taking into account the effect of interest rate swaps, there are currently no Group's borrowings at a fixed rate of interest (2008: 5%). Interest rate swaps will be put in place on the establishment of revised debt facility arrangements.

Interest rate risk is measured as the value of assets and liabilities at fixed rates compared to those at floating. Refer Note 23 for further details.

(b) Foreign currency risk

As a result of significant investment operations in the United Kingdom, Fiji and the United States, the Group's statement of financial position can be affected significantly by movements in the USD/AUD, FJD/AUD and GBP/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 measurement currency. Approximately 34% (2008: 35%) of the Group's sales are denominated in currencies other than the reporting currency of the operating unit making the sale, whilst almost 78% (2008: 74%) of costs are denominated in the unit's reporting 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. 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. At 31 December 2009, the Group had hedged 100% of its foreign currency sales for which firm commitments existed at the end of the reporting period, extending to 31 December 2010.

(c) Commodity price risk

The Group is exposed to commodity price risk in the ginger, baking and macadamia segments. Processes are in place to monitor the price movements associated with commodities such as ginger, macadamias and other ingredients such as meat, sugar and flour. 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.

Receivables

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.

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 result that the Group's exposure to bad debts is not significant.

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 entity has no concentration of credit risk from receivables or investments.

The consolidated entity's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset, is the carrying amount of those assets as indicated in the statement of financial position.

Liquidity risk

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

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

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

- > Continuously monitoring actual and daily cashflows of all group entities
- > Continuously monitoring longer-term forecast cashflow requirements of the group
- > Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows
- > Maintaining adequate borrowing facilities such as unused credit or overdraft facilities (refer Note 20)
- > Monitoring measures of borrowing such as EBIT/Interest, EBIT/Sales, Gearing and Debt to Equity ratios
- > Monitoring liquidity ratios such as working capital
- > Managing the timing of outflows designated for reduction for liabilities in accordance with usual industry practice

Liquidity risk is measured using liquidity ratios such as working capital. However, in this particular reporting period, the liquidity ratio has been distorted through a temporary change in classification of longer-term debt. As a consequence of ongoing negotiations with the Group's proposed re-financiers, all debt provided by Rabobank Australia Limited has been reclassified as current. Restructured facilities are expected to be finalised during February/March 2010. Normally the working capital facility and any repayment due in the following 12 month period are classified as current liabilities, while the amortising/multi-option bills are classified as long-term in non current liabilities. Under the new facility agreement being arranged

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

with the re-financers, approximately \$14m of current liabilities will be re-classified as long term and the liquidity ratio above will again revert to a surplus.

SUMMARY OF QUANTITATIVE DATA

	2009	2008
Current assets	40,825	\$44,039
Current liabilities	44,859	\$28,719
Surplus / (deficit)	(4,034)	\$15,320

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 bill facilities may be drawn down at any time but may be terminated by the bank without notice.

The bank loans may be drawn down at any time and have any average maturity of 3 years.

MATURITY ANALYSIS - GROUP - 2009

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	29,885	34,858	2,284	2,436	4,892	25,246
Trade Creditors	13,446	13,446	13,446	—	—	—
Finance lease liabilities	4	4	4	—	—	—
Bank overdrafts	972	1,219	41	41	165	972
TOTAL NON-DERIVATIVES	44,307	49,527	15,775	2,477	5,057	26,218
DERIVATIVES						
Interest rate swaps	—	—	—	—	—	—
Forward Exchange contracts	—	—	—	—	—	—
TOTAL DERIVATIVES	—	—	—	—	—	—

FINANCIAL ASSETS	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	< 6 MTHS \$'000	6- 12 MTHS \$'000	1-3 YEARS \$'000	> 3 YEARS \$'000
NON-DERIVATIVES						
Trade Creditors	12,830	12,830	12,830	—	—	—
Other receivables	1,216	1,216	1,216	—	—	—
Loans to related parties	—	—	—	—	—	—
Loan commitments granted by Bank	—	—	—	—	—	—
TOTAL NON-DERIVATIVES	14,046	14,046	14,046	—	—	—
DERIVATIVES						
Interest rate swaps	—	—	—	—	—	—
Forward Exchange contracts	13	13	13	—	—	—
TOTAL DERIVATIVES	13	13	13	—	—	—

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

Cash flows in the maturity analysis are not expected to occur significantly earlier, or at significantly different amounts.

The amounts disclosed in the table above for financial guarantee contracts are the maximum amounts in the earliest period in which the guarantees could be called upon. The group does not expect these payments to eventuate. Refer to Note 20 Financial Liabilities for further details.

MATURITY ANALYSIS - GROUP - 2008

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	27,476	33,367	1,589	1,690	4618	25,470
Trade Creditors	14,981	14,981	14,981	—	—	—
Finance lease liabilities	289	312	154	153	5	—
Bank overdrafts	30	36	1	1	4	30
TOTAL NON-DERIVATIVES	42,776	48,696	16,725	1,844	4,627	25,500
DERIVATIVES						
Interest rate swaps	1,500	1,500	1,500	—	—	—
Forward Exchange contracts	46	46	46	—	—	—
TOTAL DERIVATIVES	1,546	1,546	1,546	—	—	—

FINANCIAL ASSETS	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	< 6 MTHS \$'000	6- 12 MTHS \$'000	1-3 YEARS \$'000	> 3 YEARS \$'000
NON-DERIVATIVES						
Trade Creditors	14,189	14,189	14,189	—	—	—
Other receivables	1,711	1,711	1,711	—	—	—
Loans to related parties	179	185	185	—	—	—
Loan commitments granted by Bank	—	—	—	—	—	—
TOTAL NON-DERIVATIVES	16,079	16,085	16,085	—	—	—
DERIVATIVES						
Interest rate swaps	—	—	—	—	—	—
Forward Exchange contracts	7	7	7	—	—	—
TOTAL DERIVATIVES	7	7	7	—	—	—

MATURITY ANALYSIS - PARENT - 2009

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	29,111	34,033	1,893	2,045	4,849	25,246
Trade Creditors	7,063	7,063	6,119	472	472	—
Finance lease liabilities	—	—	—	—	—	—
Bank overdrafts	547	706	27	27	106	546
TOTAL NON-DERIVATIVES	36,721	41,802	8,039	2,544	5,427	25,792
DERIVATIVES						
Interest rate swaps	—	—	—	—	—	—
Forward Exchange contracts	—	—	—	—	—	—
TOTAL DERIVATIVES	—	—	—	—	—	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (cont'd)

FINANCIAL ASSETS	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	< 6 MTHS \$'000	6- 12 MTHS \$'000	1-3 YEARS \$'000	> 3 YEARS \$'000
NON-DERIVATIVES						
Trade Creditors	6,880	6,880	6,880	—	—	—
Other receivables	514	514	514	—	—	—
Loans to related parties	16,626	19,254	496	1,757	4,275	12,726
Loan commitments granted by Bank	—	—	—	—	—	—
TOTAL NON-DERIVATIVES	24,020	26,648	7,890	1,757	4,275	12,726
DERIVATIVES						
Interest rate swaps	—	—	—	—	—	—
Forward Exchange contracts	13	13	13	—	—	—
TOTAL DERIVATIVES	13	13	13	—	—	—

MATURITY ANALYSIS - PARENT - 2008

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	27,215	33,179	1,666	1,644	4,399	25,470
Trade Creditors	6,994	6,994	6,528	233	233	—
Finance lease liabilities	278	299	154	145	—	—
Bank overdrafts	30	36	1	1	4	30
TOTAL NON-DERIVATIVES	34,517	40,508	8,349	2,023	4,636	25,500
DERIVATIVES						
Interest rate swaps	1,500	1,500	1,500	—	—	—
Forward Exchange contracts	46	46	46	—	—	—
TOTAL DERIVATIVES	1,546	1,546	1,546	—	—	—

FINANCIAL ASSETS	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	< 6 MTHS \$'000	6- 12 MTHS \$'000	1-3 YEARS \$'000	> 3 YEARS \$'000
NON-DERIVATIVES						
Trade Creditors	7,004	7,004	7,004	—	—	—
Other receivables	848	848	848	—	—	—
Loans to related parties	18,335	21,063	1,939	1,411	6,034	11,679
Loan commitments granted by Bank	—	—	—	—	—	—
TOTAL NON-DERIVATIVES	26,187	28,915	9,791	1,411	6,034	11,679
DERIVATIVES						
Interest rate swaps	—	—	—	—	—	—
Forward Exchange contracts	7	7	7	—	—	—
TOTAL DERIVATIVES	7	7	7	—	—	—

The Group has committed borrowing facilities and other lines of credit that it can access to meet liquidity needs. There are no instruments in place which require accelerated repayment terms.

Financial assets above are exclusive of available funds committed by financing institutions to assist in fulfilling financial liability obligations.

Hierarchy

The Group has no listed equity securities, material financial asset derivatives or financial sales available for sale which will impact of the Group's profit or loss.

4. SIGNIFICANT ACCOUNTING JUDGEMENT, 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 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.

Impairment of non-financial assets other than goodwill

The Group assesses impairment of all assets at each reporting date by evaluating conditions specific to the Group and to the particular asset that may lead to impairment. These include product and manufacturing performance, technology, economic and political environments and future product expectations. If an impairment trigger exists the recoverable amount of the asset is determined. This involves value in use calculations, which incorporate a number of key estimates and assumptions.

(ii) Significant accounting estimates and assumptions

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

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 18.

Long service leave provision

The liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of the liability, attribution rates and pay increases through promotion and inflation have been taken into account.

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 debtors' inability to honour commitments.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment),

lease terms (for leased equipment) and turnover policies where applicable. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 6.

5. SEGMENT INFORMATION

Description of segments

The group has adopted AASB 8 Operating Segments from 1 January 2009 whereby segment information is presented using a 'management approach', i.e. segment information is provided on the same basis as information used for internal reporting purposes by the chief operating decision makers (the Board and executive management who makes strategic decisions). This has resulted in a slight representation of reportable segments but has had no impact on the allocation of goodwill to cash-generating units and no additional goodwill impairment has resulted from the application of the new standard. Comparatives for 2008 have been restated on this basis.

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 are as follows:

- > Ginger - manufacture in Australia and Fiji of a variety of confectionery ginger and other ginger-based products and marketing to industrial, food service and retail customers throughout the world;
- > Macadamias - Australia - production and manufacture in Australia of macadamia products and marketing to wholesale and retail customers throughout the world;
- > Macadamias - Hawaii - production and manufacture in the USA of macadamia products and marketing to wholesale and retail customers throughout North America;
- > Baking - manufacture of a variety of frozen bakery products and marketing to both food service and retail customers throughout Australia;
- > Tourism - the sale of ginger and other retail gift and food products, and the provision of leisure activities within the Australian tourism market; and
- > US Distribution - sales and distribution of ginger, macadamias and other speciality food products throughout the Americas.

Other

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

5. SEGMENT INFORMATION (cont'd)

REPORTABLE SEGMENTS

Segment information provided to the Board and executive management committee for the years ended 31 December 2009 and 2008 is as follows:

REPORTABLE SEGMENTS	GINGER		BAKING		TOURISM		MACADAMIAS AUSTRALIA		MACADAMIAS HAWAII		US DISTRIBUTION		TOTAL	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Income														
Sales to external customers	28,811	28,105	21,071	16,891	4,058	3,736	17,029	14,951	17,973	9,541	2,030	—	90,972	72,645
Other revenue from external customers	1,451	748	32	40	202	193	24	176	7	1	6	—	1,722	1,158
Total segment revenue	30,262	28,853	21,103	16,931	4,260	3,929	17,053	15,127	17,980	9,542	2,036	—	92,694	74,382
(b) Consolidated entity adjustments													(580)	(579)
(c) Total Income													92,114	73,803
(d) Results														
Segment result after outside equity interest	1,751	1,811	(411)	132	583	521	(83)	616	(3,318)	2,328	117	—	(1,361)	5,408
Share of profit/(loss) of jointly controlled entities'	—	108	—	—	37	60	—	—	—	—	—	—	37	168
Corporate overhead expenses	(698)	(926)	(488)	(544)	(98)	(126)	(395)	(486)	(413)	(307)	(47)	—	(2,140)	(2,389)
Contribution to group profit/(loss)*	1,053	993	(899)	(412)	522	455	(478)	130	(3,731)	2,021	70	—	(3,464)	3,187
Finance costs (less finance revenue)	559	1033	379	252	45	69	139	339	363	133	17	—	1,502	1,826
Depreciation & amortisation	1,077	1,122	614	519	243	335	399	567	469	—	—	—	2,802	2,543
EBITDA	2,689	3,148	94	359	810	859	60	1,036	(2,899)	2,154	87	—	841	7,556
Contribution to group profit/(loss) *													(3,464)	3,187
Minority interest													(1,504)	—
Profit/(loss) before income tax													(4,518)	3,187
Income tax (expense)/benefit													1,749	(1,128)
NET PROFIT/(LOSS) FOR THE YEAR													(2,769)	2,059

Revenues and non-current assets by geographic location are as follows:

GEOGRAPHIC LOCATION	AUSTRALIA		FIJI		USA		TOTAL	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2009 \$'000
Sales to external customers	63,233	60,013	3,514	3,589	24,878	11,186	91,625	74,788
Other revenue from external customers	1,316	1,139	348	18	58	1	1,722	1,158
Total segment revenue	64,549	61,152	3,862	3,607	24,936	11,187	93,347	75,946
(e) Consolidated entity adjustments							(1,233)	(2,143)
(f) Total Income							92,114	73,803
Non-Current Assets	31,262	35,184	928	1,445	7,172	5,280	39,362	41,909

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

During the year ended 31 December 2009, revenues of \$10,976,366 (2008: \$5,958,336) were derived from sales to Woolworths through the ginger and baking segment. The ginger segment's sales to Woolworths amounted to \$5,783,975 (2008: \$5,080,243). The baking segments sales to Woolworths amounted to \$5,192,391 (2008: \$878,093). In total the 2009 revenue recorded through sales to Woolworths amount to more than 10% of the group's revenues from external customers.

6. INCOME AND EXPENSES

	CONSOLIDATED		BUDERIM GINGER LIMITED	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(a) Revenue and other income				
Sale of goods	90,453	72,645	28,121	29,450
Rental revenue	202	193	202	193
Finance revenue – short term cash deposit income	44	54	5	37
Other income				
Gain on disposal of property, plant and equipment	1	5	1	2
Management fees	—	—	75	79
Sundry income	587	310	60	95
Government grants	888	596	888	596
Total other income	1,476	911	1,024	772
Grant funds were received on a dollar for dollar basis, under the Commercial Ready Program, an Australian government initiative to assist company's undertaking research and development activities. Expenses incurred and revenue received under this grant have been reported in accordance with the Commercial Ready Grant COM04389 between Buderim Ginger Limited and the Commonwealth of Australia.				
(b) Finance costs				
Bill facility	1,356	1,826	1,356	1,065
Bank loans and overdraft	171	24	42	22
Finance charges - lease liability	19	30	16	27
Total finance costs	1,546	1,880	1,414	1,114
(c) Depreciation and amortisation				
Amortisation of non-current assets				
Plant and equipment under lease	51	75	45	65
Depreciation of non-current assets				
Plant and equipment	2,320	2,069	770	839
Buildings	431	399	326	281
	2,751	2,468	1,096	1,120
Total depreciation and amortisation	2,802	2,543	1,141	1,185
(d) Lease payments and other expenses included in income statement				
Minimum lease payments on operating leases	242	224	202	185
(e) Employee benefits expense				
Wages and salaries	17,441	9,955	6,482	5,819
Workers Compensation costs	604	376	188	222
Superannuation costs	1,143	828	490	463
Cost of redundancies and terminations	—	4	—	—
	19,188	11,163	7,160	6,504
(f) Foreign currency expenses				
Net foreign currency losses/(gains) realised	(186)	(4)	(67)	(36)
Net foreign exchange translation losses/(gains) unrealised	(82)	253	69	205
	(268)	249	2	169
(g) Research and development costs				
Research and development costs	30	69	30	69
(h) Share based payments				
Managing director employee incentive scheme	22	11	22	11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

7. INCOME TAX

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Major components of income tax expense for the years ended 31 December 2009 and 2008 are:				
Statement of Comprehensive Income				
<i>Current income tax</i>				
Current income tax charge/(benefit)	(1,804)	487	(114)	97
Adjustments in respect of current income tax of previous years	55	18	151	10
<i>Deferred income tax</i>				
Relating to origination and reversal of temporary differences	—	623	—	—
	(1,749)	1,128	37	107
Statement of Changes in Equity				
<i>Deferred income tax related to items charged or credited directly to equity</i>				
Devaluation of land	300	—	300	—
Income tax reported in equity	300	—	300	—

A reconciliation of income tax expense/(benefit) applicable to accounting profit/(loss) before income tax at the statutory income tax rate, to income tax expense at the Group's effective income tax rate for the years ended 31 December 2009 and 2008 is as follows:

Accounting profit/(loss) before minority interest	(4,518)	3,187	(241)	488
Minority interest	1,054	(53)	—	—
Accounting profit/(loss) before income tax	(3,464)	3,134	(241)	488
At the statutory income tax rate of 42.8%* (Parent 30%) (2008: 30%)	(1,483)	1,151	(72)	146
Adjustments in respect on current income tax of previous years	55	18	151	10
Research and development deductions	(53)	(52)	(53)	(52)
Depreciation of buildings	19	19	19	19
Other	(287)	(8)	(8)	(16)
At effective income tax rate of 50% (Parent 15%) (2008: (36%) (Parent 22%))	(1,749)	1,128	37	107

* This is a weighted average rate. A large portion of before tax profit was earned in the United States where the combined Federal and State tax rate is 40.4%.

At 31 December 2009, there is no recognised or unrecognised deferred income tax liability (2008: \$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.

7. INCOME TAX (cont'd)

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 year ended 31 December 2009

	CONSOLIDATED					PARENT				
	REVALUATION OF LAND	ACCELERATED DEPRECIATION	EMPLOYMENT BENEFITS	FUTURE LOSSES TO OFFSET/OTHER	CONSOLIDATED TOTAL	REVALUATION OF LAND	ACCELERATED DEPRECIATION	EMPLOYMENT BENEFITS	FUTURE LOSSES TO OFFSET/OTHER	PARENT TOTAL
<i>Deferred tax liabilities</i>										
Opening balance	(3,212)	(1,025)	—	(201)	(4,438)	(3,212)	(146)	—	(209)	(3,567)
Recognition in equity	300	—	—	—	300	300	—	—	—	300
Recognition in profit	—	757	—	13	770	—	12	—	25	37
CLOSING BALANCE	(2,912)	(268)	—	(188)	(3,368)	(2,912)	(134)	—	(184)	(3,230)
<i>Deferred tax assets</i>										
Opening balance	—	—	542	219	761	—	—	408	189	597
Recognition in equity	—	—	14	62	76	—	—	—	—	—
Recognition in profit	—	—	—	—	—	—	—	7	70	77
CLOSING BALANCE	—	—	556	281	837	—	—	415	259	674

Movement in deferred tax for the year ended 31 December 2008

	CONSOLIDATED					PARENT				
	REVALUATION OF LAND	ACCELERATED DEPRECIATION	EMPLOYMENT BENEFITS	FUTURE LOSSES TO OFFSET/OTHER	CONSOLIDATED TOTAL	REVALUATION OF LAND	ACCELERATED DEPRECIATION	EMPLOYMENT BENEFITS	FUTURE LOSSES TO OFFSET/OTHER	PARENT TOTAL
<i>Deferred tax liabilities</i>										
Opening balance	(3,212)	(189)	—	(148)	(3,549)	(3,212)	(136)	—	(126)	(3,474)
Recognition in equity	—	—	—	—	—	—	—	—	—	—
Recognition in profit	—	(836)	—	(53)	(889)	—	(10)	—	(83)	(93)
CLOSING BALANCE	(3,212)	(1,025)	—	(201)	(4,438)	(3,212)	(146)	—	(209)	(3,567)
<i>Deferred tax assets</i>										
Opening balance	—	—	431	244	675	—	—	380	214	594
Recognition in equity	—	—	111	(25)	86	—	—	—	—	—
Recognition in profit	—	—	—	—	—	—	—	38	(25)	13
CLOSING BALANCE	—	—	542	219	761	—	—	408	189	597

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FOR THE YEAR ENDED 31 DECEMBER 2009

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

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	
	2009	2008
The following reflects the income and share data used in the total operations basic earnings per share computations:		
Net profit/(loss) attributable to ordinary shareholders of parent (\$'000)	(1,715)	2,006
Basic earnings per share (cents per share)	(4.19)	6.52
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	40,322,049	30,744,881

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		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Declared and paid during the year:				
Previous year final				
> Final unfranked dividend for 2008: 2.5 cents per share (1 cent cash and 1.5 cent share issue) (2007: 2 cents cash per share) *	983	573	981	573
Dividend proposed for approval at AGM:				
Dividends on ordinary shares:				
> There is no dividend proposed for 2009 (2008: 2.5 cents per share) *	—	981	—	981
Franking credit balance				
The amount of franking credits available for future reporting periods are:				
– franking account balance as at the end of the financial year at 30% (2008: 30%)	405	—	405	—
– franking credits that will arise from the refund of income tax paid as at the end of the financial year	(125)	—	(125)	—
– franking debits that will arise from the payment of dividends proposed. *	—	—	—	—
	280	—	280	—

* Subsequent to the end of the financial year, directors declared that no dividend be paid for the year ended 31 December 2009.

10. CASH AND CASH EQUIVALENTS

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Reconciliation of cash and cash equivalents				
Cash balance comprises:				
– cash on hand	1,059	2,163	—	33
– overdraft	(972)	(30)	(547)	(30)
Closing cash balance	87	2,133	(547)	3

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

Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. There were no short-term deposits in use as at 31 December 2009.

The fair value of cash and cash equivalents is \$87,017 (2008: \$2,133,127)

10. CASH AND CASH EQUIVALENTS (cont'd)

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Reconciliation of the operating profit/(loss) after tax to the net cash flows from operations				
Net profit/(loss)	(2,769)	2,059	(278)	381
Adjustments for:				
Depreciation of non-current assets	2,752	2,468	1,096	1,120
Amortisation of non-current assets	51	75	45	65
Net (profit)/loss on disposal of property	(1)	5	1	2
Share of profit of jointly controlled entities	—	(168)	(37)	(60)
Discount on acquisition of business assets	—	(2,050)	—	—
Other	(1)	(81)	—	9
Changes in assets and liabilities				
(Increase)/decrease in trade receivables	1,356	(5,324)	123	(1,096)
(Increase)/decrease in inventory	1,227	(4,107)	(2,001)	(2,233)
(Increase)/decrease in deferred tax assets	(1,220)	(86)	(124)	(3)
(Increase)/decrease in prepayments and other receivables	489	(314)	330	(7)
(Decrease)/increase in trade and other creditors	(1,927)	7,336	(1,612)	662
(Decrease)/increase in tax provision	(343)	297	(24)	(48)
(Decrease)/increase in deferred income tax liability	(770)	889	(38)	165
(Decrease)/increase in employee benefits	413	(36)	38	81
Net cash flow from operating activities	(742)	963	(2,481)	(962)

Disclosure of financing facilities

Refer to note 20.

Disclosure of non-cash financing and investing activities

During the year, the Group funded insurance premiums of \$803,684 (2008: \$743,416) by way of a loan.

There has been no plant and equipment acquired by way of lease during 2009 or 2008.

11. TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Trade receivables (i)	12,710	13,800	5,359	5,204
Deposits and other loans	26	11	26	11
Other receivables	476	631	306	414
	13,212	14,442	5,691	5,629
Related party receivables (ii)				
Jointly controlled entities	120	389	120	389
Controlled entities	—	—	1,401	1,411
	120	389	1,521	1,800
Carrying amount of trade and other receivables	13,332	14,831	7,212	7,429

- (i) Trade receivables are non-interest bearing and are generally on 30 -60 day terms. An allowance for doubtful debts is made when there is objective evidence that a trade receivable is impaired. The amount of an allowance is measured as the difference between the carrying amount of the trade receivables and the estimated future cash flows expected to be received from the relevant debtors. No allowance has been recognised as an expense for the current year as no evidence of a doubtful debt exists.

All receivables that are neither past due or impaired are with long standing clients who have a good credit history with the Group.

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

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current - 60 days	11,784	12,346	4,528	4,121
61 - 90 days	783	1,131	766	1,056
> 90 days	143	323	65	28
Total	12,710	13,800	5,359	5,205

- (ii) For items and conditions relating to related party receivables refer to Notes 28 and 30.

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FOR THE YEAR ENDED 31 DECEMBER 2009

12. INVENTORIES (CURRENT)

NOTES	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Raw materials (at cost)	3,218	3,526	1,490	1,592
Work-in-progress (at cost)	3,466	4,173	2,197	1,449
Finished goods (at cost)	17,764	17,976	8,457	7,102
	24,448	25,675	12,144	10,143

13. OTHER CURRENT ASSETS

Loan to joint venture	—	179	—	179
Prepayments	714	1,069	182	423
	714	1,248	182	602

14. RECEIVABLES (NON-CURRENT)

Loan to controlled entities	—	—	16,626	18,156
	—	—	16,626	18,156

15. INVESTMENT IN CONTROLLED ENTITIES

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY THE CONSOLIDATED ENTITY		INVESTMENT	
		2009 %	2008 %	2009 \$'000	2008 \$'000
Australian Golden Ginger Pty Ltd	(i) Australia	100	100	—	—
Gingertown Pty Ltd	(i) Australia	100	100	—	—
Buderim Ginger (Overseas) Holdings Pty Ltd	(i) Australia	100	100	—	—
Buderim Baking Company Pty Ltd	(i) Australian	100	100	4,180	4,180
Buderim Ginger America, Inc	(ii) United States	100	100	—	—
Buderim Ginger (UK) Ltd	(iii) United Kingdom	100	100	—	—
Frespac Ginger (Fiji) Ltd	(iii) Fiji	100	100	—	—
Buderim Macadamias Pty Ltd	(i) Australian	100	100	5,871	6,528
Buderim Macadamias of Hawaii, LLC	(iv) United States	75	100	—	—
Buderim Ginger America, LLC	(iv) United States	75	—	—	—
Pan Pacific Foods, LLC	(iv) United States	75	—	—	—
				10,051	10,708

- (i) Investments by Buderim Ginger Limited - The deferred consideration included in the investment in Buderim Macadamias Pty Ltd t/a Agrimac Macadamias has been reduced due to performance below forecast EBIT.
- (ii) Investment by Buderim Ginger (UK) Ltd.
- (iii) Investment by Buderim Ginger (Overseas) Holdings Pty Ltd.
- (iv) Investment by Buderim Ginger America, Inc

Acquisition of controlled entity

Buderim Macadamias of Hawaii, LLC dba MacFarms of Hawaii was incorporated on 4 August 2008 as a 100% owned subsidiary of Buderim Ginger America, Inc.

Effective 1 March 2009, Buderim Ginger Limited acquired 75% of the business assets of Pan Pacific Foods, LLC ("PPF") and a further 25% in Buderim Ginger America, LLC ("BGA") through its 100% owned subsidiary, Buderim Ginger America, Inc. As at this date, equity accounting for BGA ceased and both PPF and BGA were fully consolidated into the group accounts.

Part of the restructure of the Group's US subsidiaries included the transfer of 25% of the ownership units in Buderim Macadamias of Hawaii, LLC dba MacFarms of Hawaii to outside equity interest party, Akua Pty Ltd on 1 April 2009 and the write down in the carrying value of Buderim Ginger America, Inc's investment in MacFarms. All US entities are now 75% majority owned by Buderim Ginger America, Inc.

Deferred consideration included in the investment cost of Buderim Macadamias Pty Ltd, trading as Agrimac Macadamias, has been decreased based on EBIT achieved for 2009.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY THE ENTITY		INVESTMENT CONSOLIDATED	
		2009 %	2008 %	2009 \$'000	2008 \$'000
Ginger Head Quarters Pty Ltd	(i) Australia	50	50	1,222	1,186
Buderim Ginger America, LLC	(ii) United States	—	50	—	434
				1,222	1,620

NAME	COUNTRY OF INCORPORATION	PERCENTAGE OF EQUITY INTEREST HELD BY THE ENTITY		INVESTMENT PARENT	
		2009 %	2008 %	2009 \$'000	2008 \$'000
Ginger Head Quarters Pty Ltd	(i) Australia	50	50	1,222	1,186
				1,222	1,186

- (i) Buderim Ginger Limited has a 50% interest in jointly controlled entity 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.
- (ii) The subsidiary, Buderim Ginger America, Inc had a 50% interest in jointly controlled entity Buderim Ginger America, LLC with Greater Pacific Foods, LLC trading as Pan Pacific Foods, up until 1 March 2009. This entity is involved in the distribution of confectionery ginger and other ginger-based products. Effective 1 March 2009, Buderim Ginger Limited acquired a further 25% in Buderim Ginger America, LLC ("BGA") through its 100% owned subsidiary, Buderim Ginger America, Inc. As at this date, equity accounting for BGA ceased and BGA accounts were fully consolidated into the group accounts. Refer Note 15.

The reporting date of both entities is the same as Buderim Ginger Limited. There were no impairment losses, capital commitments or contingent liabilities relating to either investment in these entities.

The following table illustrates summarised information of the investment in Ginger Head Quarters Pty Ltd.

	CONSOLIDATED	
	2009 \$'000	2008 \$'000
Share of jointly controlled entities' statement of financial position:		
Current assets	79	68
Non-current assets	1,182	1,228
Current liabilities	(67)	(136)
Non-current liabilities	—	—
Net assets	1,194	1,160
Share of jointly controlled entities' revenues and profit:		
Revenue	371	343
Expenses	(319)	(283)
Profit before income tax	52	60
Income tax expense	(16)	—
Profit after income tax	36	60
Reconciliation of movement in investment		
Opening balance	1,186	1,126
Profit/(loss) after tax	36	60
Closing balance	1,222	1,186

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17. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Land				
Leasehold land at fair value	79	112	—	—
Freehold land at fair value	10,400	11,400	10,000	11,000
Total land	10,479	11,512	10,000	11,000
Buildings on leasehold land				
At cost	1,088	1,544	—	—
Accumulated depreciation	(571)	(718)	—	—
	517	826	—	—
Buildings on freehold land				
At cost	10,690	10,108	9,090	8,508
Accumulated depreciation	(4,870)	(4,512)	(4,806)	(4,480)
	5,820	5,596	4,284	4,028
Total land and buildings	16,816	17,934	14,284	15,028
Plant and equipment				
At cost	28,513	27,788	14,531	14,066
Accumulated depreciation	(14,777)	(13,298)	(9,889)	(9,184)
	13,736	14,490	4,642	4,882
Plant and equipment under lease				
At cost	36	573	—	537
Accumulated amortisation	(34)	(251)	—	(224)
	2	322	—	313
Total plant and equipment	13,738	14,811	4,642	5,195
Capital works in progress at cost	2,414	2,083	2,255	1,155
Total property, plant and equipment				
Fair value	10,479	11,512	10,000	11,000
Cost	40,327	40,013	23,621	23,111
	53,220	53,608	35,876	35,266
Accumulated depreciation and amortisation	(20,252)	(18,780)	14,695	(13,889)
Total written down amount	32,968	34,828	21,181	21,377

(a) Assets pledged as security

Rabobank Australia Limited holds a registered equitable mortgage over the Group's assets. The terms of this first mortgage preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times. Included in the balance of plant and equipment are assets under lease, which are pledged as security for the associated lease liability to Westpac Banking Corporation. The book value of plant and equipment under lease amounts to \$1,608 (2008: \$321,486).

17. PROPERTY, PLANT AND EQUIPMENT (cont'd)

(b) Valuations

The Group's tri-annual valuation of property, plant and equipment was undertaken as at 31 December 2009. Based on the valuation conducted by Colliers International, Directors reduced the carrying value of the Yandina land to \$10m resulting in a devaluation increment of \$1m. (The original cost of the land was \$295,000. Subsequent Directors' valuations resulted in incremental values of \$655k in June 1997, \$820k in June 2004, \$6.53m in June 2006 and \$2.7m in June 2007.)

Colliers International, registered valuers were engaged to value the land and buildings of the parent entity and property, plant and equipment at Frespac's site in Fiji. Laudiston Valuers were engaged to value plant and equipment at the parent entity's Yandina site, Buderim Baking's Kunda Park site and Buderim Macadamias Alstonville site. Allsopp Associates Pty Ltd were engaged to value the land and buildings owned by Buderim Macadamias Pty Ltd. American Appraisals were engaged to value plant and equipment at Buderim Macadamias of Hawaii, LLC site in Hawaii.

Other than in the case of the Yandina land value addressed above, Market Value for Existing use of all Group assets exceeded book value. Market valuations for Existing Use are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

Land at Buderim Macadamias Alstonville site was valued at \$400,000. Buildings across the Group were valued at \$11,343,081 on the basis of Market Value for Existing Use, \$28,513,081 for insurance purposes/reinstatement with new value, and \$11,061,395 on the basis of Liquidation Value. Plant and equipment across the Group was valued at \$22,326,818 on the basis of Market Value for Existing Use, \$46,896,935 for insurance purposes/reinstatement with new value, and \$9,826,458 on the basis of Liquidation Value.

In determining the fair value of plant and equipment assets, three approaches were considered, being the income approach, the cost approach and the sales comparison approach. The income approach was deemed inappropriate for the valuation of assets. The cost approach, more commonly known as the depreciated replacement cost method was used for assets in which there was only a limited amount of second hand sales data available. For assets for which the second hand market was fluid with ready access to sales of similar assets the sales comparison method was adopted. Each of the methods used gave consideration to physical deterioration, functional and economic obsolescence. In determining the insurance replacement value of the individual assets replacement cost estimates were obtained from suppliers where possible. Project cost breakdowns were also considered and adopted. For those assets where supplier comment was not available reference was made to recognised cost journals and other known similar projects where applicable. Valuations were prepared on the basis that all assets were valued on the assumption of continuing business enterprises at various locations, and were taken to be in a sound working order capable of profitable undertaking unless otherwise stated.

In determining the property valuation, the specialised nature of the various enterprises and industries in which they operate, were taken into account. Consideration was given to the market value (for mortgage security purposes) that a willing buyer would ascribe to site improvements and/or the development value of the property. In assessing the market value the direct comparison approach, analysed on a rate per square metre of the site is utilised. In assessing fair value for existing use, the depreciated replacement cost approach is utilised, being the current cost of replacement of an asset (providing a similar level of utility) less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

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17. PROPERTY, PLANT AND EQUIPMENT (cont'd)

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(c) Reconciliations				
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year.				
Leasehold land				
Carrying amount at beginning	112	99	—	—
Net foreign currency movements	(33)	13	—	—
	79	112	—	—
Freehold land				
Carrying amount at beginning	11,400	11,400	11,000	11,000
Land acquired in business combination	—	—	—	—
Revaluation decrement	(1,000)	—	(1,000)	—
	10,400	11,400	10,000	11,000
Buildings on Leasehold land				
Carrying amount at beginning	826	740	—	—
Transfers	—	74	—	—
Net foreign currency movements	(237)	98	—	—
Depreciation expense	(72)	(86)	—	—
	517	826	—	—
Buildings on freehold land				
Carrying amount at beginning	5,596	5,663	4,028	4,063
Transfers	583	246	582	246
Buildings acquired in business combination	—	—	—	—
Depreciation expense	(359)	(313)	(326)	(281)
	5,820	5,596	4,284	4,028
Plant and equipment				
Carrying amount at beginning	14,490	10,546	4,882	4,012
Additions	156	16	—	1,711
Plant acquired in business combination	—	3,765	—	—
Transfers	2,229	2,664	542	—
Disposals	(14)	(486)	(12)	(3)
Net foreign currency movements	(805)	54	—	—
Depreciation expense	(2,320)	(2,069)	(770)	(839)
	13,736	14,490	4,642	4,882
Plant and equipment under lease				
Carrying amount at beginning	321	513	313	496
Additions	—	—	—	—
Transfers	(268)	(117)	(268)	(117)
Amortisation expense	(51)	(75)	(45)	(65)
	2	321	—	313
Capital Works in progress at cost				
Carrying amount at beginning	2,083	1,490	1,155	1,185
Additions	2,874	(2,867)	1,956	(1,840)
Transfers	(2,543)	3,460	(856)	1,810
	2,414	2,083	2,255	1,155

18. INTANGIBLE ASSETS AND GOODWILL

	GOODWILL	CONSOLIDATED		TOTAL	GOODWILL	PARENT	TOTAL
	\$'000	BRAND VALUE \$'000	TRADE MARKS \$'000	\$'000	\$'000	TRADE MARKS \$'000	\$'000
At 1 January 2009							
Cost (gross carrying amount)	4,620	—	215	4,835	218	213	431
Accumulated amortisation and impairment (e)	(59)	—	(76)	(135)	—	(76)	(76)
Net carrying amount	4,561	—	139	4,700	218	137	355
Year ended 31 December 2009							
At 1 January 2009, net of accumulated amortisation	4,561	—	139	4,700	218	137	355
Additions (a), (d)	197	—	1	198	—	1	1
Decrease in Agrimac goodwill associated with decline in EBIT performance (b)	(657)	—	—	(657)	—	—	—
Foreign exchange movement / other	94	—	—	94	—	—	—
At 31 December 2009, net of accumulated amortisation	4,195	—	140	4,335	218	138	356
At 31 December 2009							
Cost (gross carrying amount)	4,254	—	216	4,470	218	214	432
Accumulated amortisation and impairment (e)	(59)	—	(76)	(135)	—	(76)	(76)
Net carrying amount	4,195	—	140	4,335	218	138	356

- (a) The acquisition of a further 25% in Buderim Ginger America, LLC ("BGA") included goodwill of \$21k, being for certain intangible assets that could not be individually separated and reliably measured due to their nature, such as market position, reputation, brand value, and customer relationships. Similarly, the acquisition of 75% of Pan Pacific Foods, LLC resulted in goodwill of \$176k for extensive marketing expertise with particular emphasis on the North American market, customer relationships, and a well established distribution network.
- (b) A decrease in goodwill on the Agrimac business resulted from an amendment to the deferred consideration payable in 2010 based on the actual 2009 EBIT performance.
- (d) Trademark additions are capitalised at cost. Their useful lives have been assessed as indefinite. Impairment testing is undertaken where an indicator of impairment arises, or annually.
- (e) No impairment loss was recognised for continuing operations in the 2009 or 2008 financial year.

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FOR THE YEAR ENDED 31 DECEMBER 2009

18. INTANGIBLE ASSETS AND GOODWILL (cont'd)

	GOODWILL	CONSOLIDATED		TOTAL	GOODWILL	PARENT	TOTAL
	\$'000	BRAND VALUE \$'000	TRADE MARKS \$'000	\$'000	\$'000	TRADE MARKS \$'000	\$'000
At 1 January 2008							
Cost (gross carrying amount)	4,968	480	214	5,662	218	213	431
Accumulated amortisation and impairment (e)	(59)	—	(76)	(135)	—	(76)	(76)
Net carrying amount	4,909	480	138	5,527	218	137	355
Year ended 31 December 2008							
At 1 January 2008, net of accumulated amortisation	4,909	480	138	5,527	218	137	355
Additions	—	—	1	1	—	—	—
Sale of Aldente business assets (b)	(83)	(480)	—	(563)	—	—	—
Movement associated with purchase of OEI	(100)	—	—	(100)	—	—	—
Increase in Agrimac goodwill associated with accounting and tax treatments (c)	153	—	—	153	—	—	—
Decrease in Agrimac goodwill associated with decline in EBIT performance (c)	(336)	—	—	(336)	—	—	—
Foreign exchange movement / other	18	—	—	18	—	—	—
At 31 December 2008, net of accumulated amortization	4,561	—	139	4,700	218	137	355
At 31 December 2008							
Cost (gross carrying amount)	4,620	—	215	4,835	218	213	431
Accumulated amortisation and impairment (e)	(59)	—	(76)	(135)	—	(76)	(76)
Net carrying amount	4,561	—	139	4,700	218	137	355

- (a) The acquisition of business assets within the macadamia segment on 11 August 2008, resulted in a discount on acquisition of \$2.05m after consideration of acquisition costs directly attributable to the business combination such as accounting, legal and valuation fees, stamp duty and other transactional costs. Hence there was no addition to intangible assets on acquisition of the MacFarm business assets.
- (b) The sale of the Aldente business within the baking segment simultaneously with the purchase of the outside equity interest in the baking segment resulted in a reduction of goodwill and brand values in 2008.
- (c) Decreases in goodwill on the Agrimac business resulted from an amendment to the deferred consideration for this business based on actual EBIT performance for 2008 and projected performance for 2009. Additionally, the valuation methodology used on acquired inventory was revised to more closely reflect accounting standard requirements.

19. TRADE AND OTHER PAYABLES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CURRENT				
Trade payables (i)	5,632	8,614	3,006	2,997
Other payables (i)	7,636	5,146	2,463	2,077
Interest payable (ii)	33	60	33	60
Deferred purchase consideration	25	1,061	25	1,061
	13,326	14,881	5,527	6,195
Related party payables (iii)				
Joint venture entities	120	100	120	100
	120	100	120	100
Carrying amount of trade and other payables	13,446	14,981	5,647	6,295
NON-CURRENT				
Controlled entity	—	—	1,416	699
	—	—	1,416	699

19. TRADE AND OTHER PAYABLES (cont'd)

- (i) Trade and other payables are non-interest bearing and are normally settled on 30 – 45 day terms. The net of GST payable and GST receivable is remitted to the appropriate tax body on a monthly basis, except for Buderim Baking Company Pty Ltd who remits the net GST payable on a quarterly basis.
- (ii) Interest payable is normally settled monthly throughout the financial year.
- (iii) For terms and conditions relating to related parties refer to note 28 and note 30.

Information regarding the effective interest rate and credit risk of current payables is set out in note 20.

As at 31 December 2009, the parent entity had received grant funds to the value of \$818,739 (2008: \$503,197) for which corresponding research and development activities have been committed to.

20. FINANCIAL LIABILITIES

	EFFECTIVE INTEREST RATE %	MATURITY	CONSOLIDATED		PARENT	
			2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CURRENT						
Secured						
Lease liability (i)	7.77	2010	4	285	—	278
Bank overdraft			972	30	547	30
Bank bill facility (ii)	5.97	rolling	28,246	11,850	28,246	11,850
Bank loans (iii)						
- Frespac Ginger (Fiji) Pty Ltd	11.49	2011	6	8	—	—
- Buderim Baking Company Pty Ltd	7.11	2011	224	130	—	—
- Buderim Ginger Limited	6.57	2012	545	245	545	245
- Buderim Ginger America, LLC	5.75	rolling	504	—	—	—
			30,501	12,548	29,338	12,403
NON-CURRENT						
Secured						
Lease liability (i)	—	2010	—	4	—	—
Bank bill facility (ii)	—	rolling	—	16,620	—	16,620
Bank loans (iii)						
- Frespac Ginger (Fiji) Pty Ltd	11.49	2011	5	17	—	—
- Buderim Baking Company Pty Ltd	8.00	2011	35	106	—	—
- Buderim Ginger Limited	6.57	2012	320	—	320	—
			360	16,747	320	16,620

Fair Value Disclosures

Details of the fair value of the Group's finance liabilities are set out in note 23.

(i) Lease liability

The lease liabilities are secured by a charge over the leased assets. The average interest rate on leases in 2009 is 7.77% (2008: 7.77%).

(ii) Bank overdraft and bill facilities

The bank overdrafts and bill finance facilities are secured by a registered equitable mortgage over the company's assets. The effective interest rate on the AUD bill facilities is currently 5.97 % (2008: 5.69%). The interest rate on Frespac Ginger (Fiji) Pty Ltd overdraft facility is 9.49% (2008: 9.49%). The overdraft interest rate paid by the parent is 9.71% (2008: 10.26%).

(iii) Bank loans

Bank loans are secured over the plant and equipment of the subsidiaries subject to the loan. Frespac Ginger (Fiji) Limited loan facilities are at an average interest rate of 11.49% (2008: 11.49%) and are supported by a guarantee from the parent entity. Buderim Baking Company Pty Ltd loans are at an average interest rate of 7.11%. (2008: 8.00%) Buderim Ginger Limited's loans are at an average interest rate of 6.57% (2008: 7.83%) and are secured over the plant and equipment subject to the loans.

(iv) Working Capital Facility

The working capital facility provided by Rabobank Australia Limited includes an amortising/multi-option component which is normally classified as long term (2008: \$16,620,000). However, due to continuing negotiations with a new financier on a restructured facility for the Group, and due to the breach of two covenants, all debt facilities provided by Rabobank Australia Limited have been classified as current. Included in the working capital facility at balance date, are overseas currency loans held as part of the company's hedge management strategy, combined with working capital requirements for its Hawaiian macadamia processing facility. The amortising facility reduced by the repayment amount of \$1,500,000 during the reporting period. The working capital facility is on 30 – 90 rollover terms with variable interest rates linked to BBSY rates.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

20. FINANCIAL LIABILITIES (cont'd)

Financing facilities available

Financiers

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

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

NOTES	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Total facilities				
- bank overdraft	1,520	900	620	450
- working capital facility	28,246	32,600	28,246	32,600
- bank loans	1,639	506	865	245
Facilities used at reporting date				
- bank overdraft	972	30	547	30
- working capital facility	28,246	28,470	28,246	28,470
- bank loans	1,639	506	865	245
Facilities unused at reporting date				
- bank overdraft	548	870	73	420
- working capital facility	—	4,130	—	4,130

Working Capital Facility

The working capital facilities above are provided by Rabobank Australia Limited. A restructured facility is currently being negotiated with a new financier and is expected to be in place in the first half of 2010. Refer Note 2 (a).

Bank Guarantee Facility

Rabobank Australia Limited provides for the issue of a \$1million guarantee(s) in favour of the consolidated entity's nominated banks in Australia and Fiji in connection with overdraft and transactional facilities. Additionally, a guarantee for \$US 850k is provided in favour of the US bank Central State Bank in connection with loan and transactional facilities supplied to Buderim Ginger America, LLC and Pan Pacific Foods, LLC.

21. PROVISIONS

NOTES	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CURRENT				
Employee benefits 25	843	732	669	623
	843	732	669	623
NON-CURRENT				
Employee benefits 25	93	129	52	74
	93	129	52	74
	936	861	721	697
(a) Movement in employee benefit provisions				
At 1 January	861	785	697	665
Arising during the year	159	311	77	85
Utilised	(84)	(235)	(53)	(53)
At 31 December	936	861	721	697

(b) Nature of Provisions

Provision for Employee Benefits

Provisions have been recognised for employee entitlements relating to short and long term long service leave. In calculating the present value of future cashflows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits has been included in Note 2 to this report.

22. CONTRIBUTED EQUITY AND RESERVES

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Issued and paid up capital				
40,896,353 ordinary shares fully paid (2008: 39,253,315)	23,008	22,259	23,008	22,259

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.

Movements in ordinary shares on issue	2009		2008	
	NUMBER OF SHARES	\$'000	NUMBER OF SHARES	\$'000
Beginning of the financial year	39,253,315	22,259	28,655,832	17,472
Issued during the year				
- managing director incentive scheme (i)	55,000	22	20,000	11
- dividend reinvestment scheme (ii)	286,977	137	355,249	174
- dividend share issue plan (iii)	1,301,061	590	—	—
- share purchase plan	—	—	1,587,951	712
- share placement program	—	—	7,033,556	3,154
- acquisition of MacFarm business assets	—	—	1,600,727	736
End of the financial year	40,896,353	23,008	39,253,315	22,259

- (i) On 31 March 2009, 55,000 ordinary shares were issued at a value of \$0.40 per share fully paid under the terms of the Managing Director's employee incentive scheme.
- (ii) On 13 May 2009, 286,977 ordinary shares were issued at a value of \$0.4785 per share fully paid under the company's dividend reinvestment plan.
- (iii) On 13 May 2009, 1,301,061 ordinary shares were issued at a value of \$0.4532 under the company's dividend share issue plan.

All shares issued during the period rank equally with all other ordinary shares.

Reserves

	CONSOLIDATED				PARENT		
	ASSET RE- VALUATION	FOREIGN CURRENCY TRANSLA- TION	CASH FLOW HEDGES	TOTAL	ASSET RE- VALUATION	CASH FLOW HEDGES	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 January 2008	6,838	(90)	122	6,870	6,838	123	6,961
Net gain on cash flow hedges	—	—	(116)	(116)	—	(116)	(116)
Currency translation Differences	—	454	—	454	—	—	—
As at 31 December 2008	6,838	364	6	7,208	6,838	7	6,845
Net gain on cash flow hedges	—	—	7	7	—	7	7
Net decrease in asset revaluation	(1,000)	—	—	(1,000)	(1,000)	—	(1,000)
Net tax effect of asset revaluation reserve	300	—	—	300	300	—	300
Currency translation differences	—	(832)	—	(832)	—	—	—
As at 31 December 2009	6,138	(468)	13	5,683	6,138	14	6,152

Nature and purpose of reserve

Asset Revaluation

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

Foreign currency translation

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

Cash flow hedge

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

23. FAIR VALUE AND MARKET RISKS

Fair values

The aggregate net fair values of financial assets and financial liabilities, both recognised and unrecognised, at the balance date, have been reviewed. Buderim Ginger Limited does not have any financial instruments that differ materially from carrying values. The carrying amount is the same as the fair value because of their short-term to maturity for all financial assets and liabilities.

The fair value of derivative items has been assessed and determined to be the same as carrying values, except for one fair value hedge discussed below.

(a) Interest rate risk

The following table sets out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

	<1 YEAR \$'000	>1-<2 YEARS \$'000	>2-<3 YEARS \$'000	>3-<4 YEARS \$'000	>4-<5 YEARS \$'000	>5 YEARS \$'000	TOTAL \$'000
CONSOLIDATED							
Fixed rate							
Obligations under finance leases	4	—	—	—	—	—	4
Frespac Ginger (Fiji) Pty Ltd bank loans	6	5	—	—	—	—	11
Buderim Baking Company bank loans	224	35	—	—	—	—	259
Buderim Ginger Limited bank loans	545	256	64	—	—	—	865
Buderim Ginger America, LLC	504	—	—	—	—	—	504
Floating rate							
Cash assets	87	—	—	—	—	—	87
Bill facility	28,246	—	—	—	—	—	28,246
PARENT							
Fixed rate							
Buderim Ginger Limited bank loans	545	256	64	—	—	—	865
Floating rate							
Cash liabilities	547	—	—	—	—	—	547
Bill facility	28,246	—	—	—	—	—	28,246

Refer to note 20 for disclosure on effective interest rates.

Summarised Sensitivity Analysis as at 31 December 2009

	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
<i>Financial assets</i>								
Cash and cash equivalents	—	—	—	—	—	—	—	—
Accounts Receivables	—	—	—	—	(63)	(63)	52	52
<i>Financial Liabilities</i>								
Derivatives – cash flow hedges	—	—	—	—	—	(140)	—	114
Bank Overdraft	10	10	(10)	(10)	(14)	(14)	18	18
Borrowings	282	282	(282)	(282)	(1,007)	(1,007)	999	999
Total increase/(decrease)	292	292	(292)	(292)	(1,084)	(1,224)	1,069	1,183

This analysis assumes that all other variables remain constant.

23. FAIR VALUE AND MARKET RISKS (cont'd)

Summarised Sensitivity Analysis as at 31 December 2008

	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
<i>Financial assets</i>								
Cash and cash equivalents	—	—	—	—	(6)	(6)	5	5
Accounts Receivables	—	—	—	—	(13)	(13)	11	11
<i>Financial Liabilities</i>								
Derivatives – cash flow hedges	—	—	—	—	—	(467)	—	382
Borrowings	285	285	(285)	(285)	(1,230)	(1,230)	1,230	1,230
Total increase/(decrease)	285	285	(285)	(285)	(1,249)	(1,715)	1,246	1,628

This analysis assumes that all other variables remain constant.

	<1 YEAR	>1-<2 YEARS	>2-<3 YEARS	>3-<4 YEARS	>4-<5 YEARS	>5 YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
CONSOLIDATED							
<i>Fixed rate</i>							
Bill facility	1,500	—	—	—	—	—	1,500
Obligations under finance leases	285	4	—	—	—	—	289
Frespac Ginger (Fiji) Pty Ltd bank loans	8	8	9	—	—	—	25
Buderim Baking Company bank loans	130	69	37	—	—	—	236
Buderim Ginger Limited bank loans	245	—	—	—	—	—	245
<i>Floating rate</i>							
Cash assets	2,133	—	—	—	—	—	2,133
Bill facility	26,970	—	—	—	—	—	26,970
PARENT							
<i>Fixed rate</i>							
Bill facility	1,500	—	—	—	—	—	1,500
Obligations under finance leases	278	—	—	—	—	—	278
Buderim Ginger Limited bank loans	245	—	—	—	—	—	245
<i>Floating rate</i>							
Cash assets	3	—	—	—	—	—	3
Bill facility	26,970	—	—	—	—	—	26,970

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.

The other financial instruments of the Group and Parent that are not included in the above tables are non-interest bearing and are therefore not subject to interest rate risk.

(b) Hedging risk

Cash flow hedges – foreign currency

At 31 December 2009, the Group held foreign exchange contracts designated as hedges of expected future sales to customers in the United Kingdom with varying maturity dates up to 25 March 2010 (2008: 30 July 2009). The average AUD/GBP exchange rate of these contracts is \$0.5577 (2008: \$0.4332) with an AUD equivalent of \$300,000 (2007: \$2,679,000). At 31 December 2009, the Group held foreign exchange contracts designated as hedges of expected future sales to customers in the United States of America with varying maturity dates up to 17 December 2010 (2008: 15 June 2009). The average AUD/USD exchange rate of these contracts is \$0.8656 (2008: \$0.7765) with an AUD equivalent of \$956,282 (2008: \$1,477,462). At 31 December 2009, the Group held no foreign exchange contracts designated as hedges of expected future sales in Euro's. (The varying maturity dates of contracts held at the end of 2008 were dated up to 13 March 2009 with an average AUD/EUR exchange rate of \$0.5948 and an AUD equivalent of \$141,216).

At 31 December 2009 and 31 December 2008, the Group held no foreign exchanges contracts designated as hedges of future purchases from overseas suppliers.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

23. FAIR VALUE AND MARKET RISKS (cont'd)

Cash flow hedge – interest rate swap

At 31 December 2009, the Group had no interest rate swap agreements in place (2008: \$1,500,000). The interest rate swap arrangement grants the Group the right to receive interest at a variable rate equal to the ABBSY on the notional amount and pay interest at a fixed rate (2008: 6.66%).

The swaps are used to hedge exposures to changes in the fair value of a portion of the Group's bill facilities. The bill facilities and the interest rate swaps have the same critical terms.

Hedge on investments in foreign entities

Included in the bill facility at 31 December 2009, are borrowings of USD \$8,038,234 (AUD \$9,028,680) and GBP 20,000 (AUD \$35,676). As at 31 December 2008, these borrowings were USD \$7,738,209 (AUD \$11,027,802) and GBP 20,000 (AUD \$41,093). These loans are being used to reduce the exposure to foreign exchange risk and to support the working capital requirements for MacFarms of Hawaii in the local currency. Exchange differences at balance date have been brought to account in profit or loss.

24. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as lessee

The Group has entered into commercial leases on certain motor vehicles and office space where it is not in the best interest of the Group to purchase these assets. These leases have an average life of 3 years.

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2009 are as follows:

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year	540	503	194	201
After one year and not more than five years	1,452	1,373	101	183
	1,992	1,876	295	384

Finance lease commitments – Group as lessee

The Group has finance leases and hire purchase contracts for various items of plant and machinery. These leases have both renewal or purchase options at the end of the lease terms. Renewals are at the option of the specific entity that holds the lease. Future minimum lease payments under finance leases are as follows:

	2009		2008	
	MINIMUM LEASE PAYMENTS \$'000	PRESENT VALUE OF LEASE PAYMENTS \$'000	MINIMUM LEASE PAYMENTS \$'000	PRESENT VALUE OF LEASE PAYMENTS \$'000
CONSOLIDATED				
Within one year	4	4	302	289
After one year and not more than five years	—	—	4	—
	4	4	306	289
Less amounts representing future finance charges	—	—	(17)	—
Minimum lease payments	4	4	289	289
	2009		2008	
	MINIMUM LEASE PAYMENTS \$'000	PRESENT VALUE OF LEASE PAYMENTS \$'000	MINIMUM LEASE PAYMENTS \$'000	PRESENT VALUE OF LEASE PAYMENTS \$'000
PARENT				
Within one year	—	—	294	278
After one year and not more than five years	—	—	—	—
	—	—	294	278
Less amounts representing future finance charges	—	—	(16)	—
Minimum lease payments	—	—	278	278

24. COMMITMENTS AND CONTINGENCIES (cont'd)

Capital commitments

At 31 December 2009 the Group has commitments of \$39,988 (2008: \$423,105) principally relating to plant and machinery upgrades planned for 2010. Commitments contracted at reporting date, but not recognised as liabilities are as follows:

	CONSOLIDATED		PARENT	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Within one year				
– plant and equipment upgrades	40	423	40	109
	40	423	40	109

Other Commitments

A final consideration based on 2009 EBIT performance of Buderim Macadamia Pty Ltd, has been provided in the accounts for the acquisition of Agrimac business assets. An amount of \$25,341 (2008: \$1,060,575) has been recognised as a short term liability, in relation to this commitment.

Guarantees

The parent company has guaranteed under the terms of an ASIC Class Order any deficiency of funds if Australian Golden Ginger Pty Ltd, Gingertown Pty Ltd and Buderim Ginger (Overseas) Holdings Pty Ltd are wound up. No such deficiencies exist.

The parent company has provided a guarantee to Westpac, Suva, Fiji in the sum of AUD \$450,000 to indemnify the Westpac Banking Corporation for an overdraft facility made available to Frespac Ginger (Fiji) Ltd.

Termination of service agreements

There are no contingent liabilities in respect of termination of service agreements with executives or directors.

25. EMPLOYEE BENEFITS

	NOTES	CONSOLIDATED		PARENT	
		2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Employee Benefits					
The aggregate employee benefit liability is comprised of:					
Trade and other payables	19	1,318	980	687	672
Provisions (current)	21	843	732	669	623
Provisions (non-current)	21	93	129	52	74
		2,254	1,841	1,408	1,369

Superannuation Commitments

All employees are entitled to varying levels of benefits on retirement, resignation, disability or death. The Buderim Ginger Employee superannuation plan operates as an accumulation fund with defined contributions. Employees contribute to the plan at various percentages of their wages and salaries. The consolidated entity also contributes to the plan, in accordance with award based superannuation requirements. The plan complies with the Superannuation Industry Supervision Act and Regulations. The company contributions are legally enforceable. Superannuation funds to which the company contributes on behalf of overseas employees, include American Funds, Buderim Ginger (UK) Limited Retirement and Death Benefit Scheme, Norwich Union Life and Pensions Limited Personal Pension Plan and Fiji National Provident Fund. All overseas plans operate as accumulation funds. Buderim Macadamias of Hawaii, LLC and Pan Pacific Foods, LLC employees contribute to 401(K) Pension Plans at various percentages of their salary and wages. These plans comply with US Federal regulations. Buderim Macadamia of Hawaii and Pan Pacific Foods provide employees with medical, dental, temporary disability and group life insurance cover through third party insurers.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

26. IMPAIRMENT TESTING OF INDEFINITE GOODWILL, TRADEMARKS AND BRAND VALUE

An independent assessment was obtained of a range of discount rates applicable for impairment testing to the Group's cash generating units on implementation of international accounting standards. The company engages external consultants to regularly assess the appropriateness of discount rates applied within impairment testing models. The identified cost generating units comprise the Australian and Fijian Ginger divisions, the Tourism division, the Baking division and the Australian and Hawaiian Macadamia divisions. 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
- > Baking cash generating unit
- > Macadamia Australian cash general unit
- > Macadamia Hawaii 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% and an inflationary factor of 2% have been applied to cash forecasts. The discount rate applied to the cash flow projections for each unit are as follows:

- > Ginger Australia 11.8%
- > Ginger Fijian 15.7%
- > Tourism 12.3%
- > Baking 12.4%
- > Macadamias – Hawaii 11.7%
- > Macadamias – Australia 12.1%

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

	GINGER SEGMENT		BAKING SEGMENT		TOURISM SEGMENT		US DISTRIBUTION		MACADAMIA SEGMENT		TOTAL	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
CONSOLIDATED												
Carrying amount of goodwill	230	153	2,016	2,016	218	218	214	—	1,517	2,174	4,195	4,561
Trademarks	140	139	—	—	—	—	—	—	—	—	140	139
	370	292	2,016	2,016	218	218	214	—	1,517	2,174	4,335	4,700
PARENT												
Carrying amount of goodwill	—	—	—	—	218	218	—	—	—	—	218	218
Trademarks	138	137	—	—	—	—	—	—	—	—	138	137
	138	137	—	—	218	218	—	—	—	—	356	355

Key assumptions used in value in use calculation for 31 December 2009 and 31 December 2008.

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill, trademarks and brand value.

Budgeted gross margins - the basis used to determine the value assigned to the budgeted gross margins is development of product standards based on known or estimated supply prices, volume throughput factors, labour negotiations, labour and material usage efficiencies and predicted changes in economic factors. The resulting product costs are combined with forecast sales volume for the forthcoming year.

Inflationary factors - the basis used to determine the value assigned to purchases is the forecast price indices during the budget year.

Exchange rates - the mean in the most recent Reuters FX Poll is assessed along with predictions from various banking organisations.

Values assigned to economic factors are consistent with external information sources.

27. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

Since the end of the reporting period, directors have declared that no dividend be paid for the year ended 31 December 2009.

28. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

J.M. Ruscoe	Chairman (non-executive)
G.D. O'Brien	Managing Director/CEO
S.J. Maitland	Director (non-executive)
J.H.P. Roy	Director (non-executive)
S.T. Templeton	Director (non-executive)

(ii) Executives

K. L. Rogers	Company Secretary/CFO
P. G. Ritchie	General Manager – Ginger
D. J. Cashin	General Manager – Baking
A. C. Heap	General Manager – Agrimac Macadamias
J. H. Wilkie	General Manager – MacFarms of Hawaii
N. L. Seymore	General Manager – Tourism
M. H. Fuller	General Manager – Pan Pacific Foods
A. B. Cunningham	Group Commercial Manager

(b) Details of Compensation of Directors and Executives

The company has taken advantage of the relief provided and has transferred the detailed remuneration disclosures to the directors' report. Details of the nature and amount of each element of the emolument of Key Management Personnel of the company and the consolidated entity for the financial year can be found in the remuneration report.

	CONSOLIDATED		PARENT	
	2009 \$	2008 \$	2009 \$	2008 \$
Short-term employee benefits	1,307,599	1,257,939	963,500	975,478
Post-employment benefits	104,995	109,374	88,165	89,191
Share-based payments	22,000	10,500	22,000	10,500
	1,434,594	1,377,813	1,073,665	1,075,169

(c) Shareholdings

ORDINARY SHARES HELD IN BUDERIM GINGER LIMITED	BALANCE 1 JANUARY 2009	MD'S INCENTIVE SCHEME	DIVIDEND REINVESTMENT ISSUE	DIVIDEND SHARE ISSUE PLAN	MARKET ACQUISITION / (SALE)	BALANCE 31 DECEMBER 2009
	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.
Directors						
J.M. Ruscoe	196,446	—	4,743	6,937	—	208,126
J. H.P. Roy	6,031,156	—	—	214,602	85,762	6,331,520
S.J. Maitland	111,955	—	2,703	3,953	—	118,611
S.T. Templeton	2,661,713 *	—	63,027	93,993	—	2,818,733
G.D. O'Brien	812,737	55,000	—	30,642	—	898,379
Executives						
P.G. Ritchie	25,852	—	337	492	(22,000)	4,681
P. Bialkowski	44,593	—	917	1,339	—	46,849
J.H. Wilkie	100,000	—	—	1,890	—	101,890
K.L. Rogers	1,560	—	37	55	—	1,652
Total	9,986,012					10,530,441

* Shares held nominally by directors include 201,912 held by S Templeton. Executive shareholdings are all nominally held.

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.

The interests of directors in shares of Buderim Ginger Limited as disclosed above, do not include shares held by parties related to directors where directors do not have the power to exercise or control the exercise of a right to vote attached to the shares.

- (1) J. Ruscoe holds a relevant interest in 208,126 shares registered in the name of J.M. & S.E. Ruscoe (Ruscoe Family Super Fund).
- (2) G. O'Brien holds a relevant interest in 898,379 shares registered in the name of Consolar Investments Pty Ltd.
- (3) J. Roy holds a relevant interest in 6,244,135 shares registered in the name of Big Sister Foods Pty Ltd and 87,385 shares register in the name of John Roy Pty Ltd (Roy Family Superannuation Fund).
- (4) S. Maitland holds a relevant interest in 118,611 shares registered in the name of S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund).
- (5) S. Templeton holds a relevant interest in 53,187 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, 2,563,634 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

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FOR THE YEAR ENDED 31 DECEMBER 2009

28. DIRECTORS AND EXECUTIVE DISCLOSURES (cont'd)

(c) Shareholdings (cont'd)

ORDINARY SHARES HELD IN BUDERIM GINGER LIMITED	BALANCE 1 JANUARY 2008	MD'S INCENTIVE SCHEME	DIVIDEND REINVESTMENT ISSUE	SHARE PURCHASE PLAN	MARKET ACQUISITION	SHARE PLACEMENT PROGRAM	BALANCE 31 DECEMBER 2008
	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.	ORDINARY NO.
Directors							
J.M. Ruscoe	149,480	—	6,103	11,148	—	29,715	196,446
J. H.P. Roy	6,020,008	—	—	11,148	—	—	6,031,156
S.J. Maitland	96,853	—	3,954	11,148	—	—	111,955
S.T. Templeton	1,468,739 *	—	55,851	22,296	—	1,114,827	2,661,713
G.D. O'Brien	781,589	20,000	—	11,148	—	—	812,737
Executives							
P.G. Ritchie	14,333	—	—	—	11,519	—	25,852
P. Bialkowski	—	—	—	—	—	44,593	44,593
J.H. Wilkie	—	—	—	—	—	100,000	100,000
K.L. Rogers	1,395	—	165	—	—	—	1,560
Total	8,532,397					—	9,986,012

* Shares held nominally by directors include 190,581 held by S Templeton. Executive shareholdings are all nominally held.

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.

The interests of directors in shares of Buderim Ginger Limited as disclosed above, do not include shares held by parties related to directors where directors do not have the power to exercise or control the exercise of a right to vote attached to the shares.

- (1) J.M. Ruscoe held a relevant interest in 196,446 shares registered in the name of J.M. & S.E. Ruscoe (Ruscoe Family Super Fund).
- (2) G.D. O'Brien held a relevant interest in 812,737 shares registered in the name of Consolar Investments Pty Ltd.
- (3) J.P.H. Roy held a relevant interest in 6,031,156 shares registered in the name of Big Sister Foods Pty Ltd.
- (4) S.J. Maitland held a relevant interest in 111,955 shares registered in the name of S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund).
- (5) S.T. Templeton held a relevant interest in 51,373 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, 2,419,759 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

(d) Other transactions and balances with specified directors and specified executives

Ginger Supplies

S. Templeton is a director of Templeton Holdings (Qld) Pty Ltd. Ginger supplies were purchased during the year from Templeton Holdings (Qld) Pty Ltd to the value of \$861,163 (2008: \$1,173,462) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers.

(e) Loans

There were no loans made to key management personnel during the year or prior year and there are no loans outstanding as at 31 December 2009.

29. AUDITORS' REMUNERATION

	CONSOLIDATED		PARENT	
	2009 \$	2008 \$	2009 \$	2008 \$
Amounts received or due and receivable by BDO Audit (Qld) Pty Ltd for:				
– an audit or review of the financial report of the parent entity and any other entity in the consolidated group	118,556	115,712	73,556	86,214
– tax advice in relation to the entity and any other entity in the consolidated entity	47,648	36,864	41,235	22,535
– other assurance services in relation to the entity and any other entity in the consolidated entity	—	3,708	—	—
	166,204	156,284	114,791	108,749
Amounts received or due and receivable by internationally related practices of BDO for:				
– an audit or review of the financial report of subsidiaries	62,384	62,192	—	—
– tax advice in relation to subsidiaries	36,619	30,783	—	—
	99,003	92,975	—	—
	265,207	249,259	114,791	108,749

30. RELATED PARTY DISCLOSURES

The consolidated financial statements include the financial statements of Buderim Ginger Limited and the subsidiaries listed in the following table.

Name		Country of incorporation	PERCENTAGE OF EQUITY INTEREST HELD BY THE CONSOLIDATED ENTITY		INVESTMENT	
			2009 %	2008 %	2009 \$'000	2008 \$'000
Australian Golden Ginger Pty Ltd	(i)	Australia	100	100	—	—
Gingertown Pty Ltd	(i)	Australia	100	100	—	—
Buderim Ginger (Overseas) Holdings Pty Ltd	(i)	Australia	100	100	—	—
Buderim Baking Company Pty Ltd	(i)	Australian	100	100	4,180	4,180
Buderim Ginger America, Inc	(ii)	United States	100	100	—	—
Buderim Ginger (UK) Ltd	(iii)	United Kingdom	100	100	—	—
Frespac Ginger (Fiji) Ltd	(iii)	Fiji	100	100	—	—
Buderim Macadamias Pty Ltd	(i)	Australian	100	100	5,871	6,528
Buderim Macadamias of Hawaii, LLC	(iv)	United States	75	100	—	—
Buderim Ginger America, LLC	(iv)	United States	75	—	—	—
Pan Pacific Foods, LLC	(iv)	United States	75	—	—	—
					10,051	10,708

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

Buderim Ginger Limited is the ultimate parent of the Group. The Group also has a 50% in the joint venture entity, Ginger Head Quarters Pty Ltd. Effective 1 March 2009, Buderim Ginger Limited acquired 75% of the business assets of Pan Pacific Foods, LLC ("PPF") and a further 25% in Buderim Ginger America, LLC ("BGA") through its 100% owned subsidiary, Buderim Ginger America, Inc. As at this date, equity accounting for BGA ceased and both PPF and BGA were fully consolidated into the group accounts. Part of the restructure of the Group's US subsidiaries included the transfer of 25% of the ownership units in Buderim Macadamias of Hawaii, LLC dba MacFarms of Hawaii to outside equity interest party, Akua Pty Ltd on 1 April 2009 and the write down in the carrying value of Buderim Ginger America, Inc's investment in MacFarms. All US entities are now 75% majority owned by Buderim Ginger America, Inc. Deferred consideration included in the investment cost of Buderim Macadamias Pty Ltd, trading as Agrimac Macadamias, has been decreased based on EBIT achieved for 2009.

(a) Entities subject to class order relief

Pursuant to Class Order 98/1418, relief has been granted to these 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. The effect of the deed is that Buderim Ginger Limited has guaranteed to pay any deficiency in the event of winding up of the controlled entities. The controlled entities 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", as identified by the symbol (a) above, are as follows:

	CLOSED GROUP	
	2009 \$'000	2008 \$'000
<i>(i) Consolidated Statement of Comprehensive Income</i>		
Profit/(loss) before income tax	(241)	488
Income tax (expense)/benefit	(37)	(107)
Profit/(loss) after income tax expense	(278)	381
Retained earnings at the beginning of the financial year	2,536	2,729
Dividends provided for or paid	(983)	(574)
Retained earnings at the end of the financial year	1,275	2,536

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FOR THE YEAR ENDED 31 DECEMBER 2009

30. RELATED PARTY DISCLOSURES (cont'd)

	CLOSED GROUP	
	2009 \$'000	2008 \$'000
(ii) Consolidated Statement of Financial Position		
CURRENT ASSETS		
Cash and cash equivalents	—	33
Trade and other receivables	7,246	7,464
Inventories	12,144	10,143
Current tax assets	72	25
Other current assets	182	602
Derivative financial instruments	13	7
TOTAL CURRENT ASSETS	19,657	18,274
NON-CURRENT ASSETS		
Receivables	16,626	18,156
Investments	11,201	11,859
Investments accounted for using equity method	1,222	1,186
Property, plant and equipment	21,181	21,377
Deferred income tax asset	674	597
Intangible assets and goodwill	356	355
TOTAL NON-CURRENT ASSETS	51,260	53,530
TOTAL ASSETS	70,917	71,804
CURRENT LIABILITIES		
Trade and other payables	5,643	5,619
Financial liabilities	29,338	12,403
Provisions	669	1,295
Current tax liability	—	24
Derivative financial instruments	—	46
TOTAL CURRENT LIABILITIES	35,650	19,387
NON-CURRENT LIABILITIES		
Payables	1,373	656
Financial liabilities	320	16,620
Deferred tax liabilities	3,230	3,567
Provisions	52	74
TOTAL NON-CURRENT LIABILITIES	4,975	20,917
TOTAL LIABILITIES	40,625	40,304
NET ASSETS	30,292	31,500
EQUITY		
Contributed equity	23,008	22,259
Reserves	6,009	6,705
Retained earnings	1,275	2,536
TOTAL EQUITY	30,292	31,500

Group transactions and balances

Sales and purchases between group entities 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 or received for any related party receivable except for the \$450,000 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 vent of winding up of the 100% controlled entities.

30. RELATED PARTY DISCLOSURES (cont'd)

The following table provides the total amount of transactions which have been entered into with related party entities within the Group for the relevant financial year and amount owing at year end (for further information regarding outstanding balances at year-end, refer to notes 11, 14 and 19). Refer to note 28 for details relating to directors and key management personnel.

RELATED PARTY	% EQUITY INTEREST	YEAR	SALES TO RELATED PARTIES \$'000	PURCHASES FROM RELATED PARTIES \$'000	AMOUNTS OWED BY RELATED PARTIES \$'000	AMOUNTS OWED TO RELATED PARTIES \$'000
(ii) (a) PARENT	(iii)	(iv)				
<i>Subsidiaries</i>						
Frespac Ginger (Fiji) Ltd	100	2009	421	185	—	1,374
	100	2008	413	790	—	656
Buderim Ginger (UK) Ltd	100	2009	2,876	—	1,054	—
	100	2008	4,051	—	1,411	—
Buderim Ginger America, Inc	100	2009	—	—	2,274	—
	100	2008	—	—	1,596	—
Buderim Baking Company Pty Ltd	100	2009	578	—	4,281	—
	100	2008	431	—	3,348	—
Buderim Macadamias Pty Ltd	100	2009	—	24	1,901	317
	100	2008	261	9	3,285	—
Buderim Macadamias of Hawaii, LLC	75	2009	—	—	8,307	—
	100	2008	66	—	9,926	—
Buderim Ginger America, LLC	75	2009	1,882	—	18	8
	50	2008	2,809	—	338	—
Pan Pacific Foods, LLC	75	2009	—	—	—	73
<i>Joint venture entities</i>						
Ginger Head Quarters Pty Ltd	50	2009	510	579	120	40
	50	2008	385	729	232	99
(b) SUBSIDIARIES						
BUDERIM GINGER AMERICA, INC						
<i>Other group entities</i>						
Buderim Macadamias of Hawaii, LLC	—	2009	—	—	2,081	—
FRESPAC GINGER (FIJI) LTD						
<i>Other group entities</i>						
Buderim Ginger (UK) Ltd	—	2009	—	—	—	—
	—	2008	85	—	—	—
BUDERIM MACADAMIAS PTY LTD						
<i>Other group entities</i>						
Buderim Ginger America, Inc	—	2009	1,297	—	617	—
	—	2008	1,470	—	883	—
Buderim Baking Company Pty Ltd	—	2009	24	—	50	—
	—	2008	15	—	7	—
Buderim Ginger (UK) Limited	—	2009	185	—	—	—
	—	2008	7	—	—	—
BUDERIM MACADAMIAS OF HAWAII						
<i>Other group entities</i>						
Buderim Ginger Macadamias Pty Ltd	—	2009	566	—	—	—
PAN PACIFIC FOODS, LLC						
<i>Other group entities</i>						
Buderim Macadamias of Hawaii, LLC	—	2009	732	—	390	6
Buderim Ginger America, LLC	—	2009	—	—	8	—

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FOR THE YEAR ENDED 31 DECEMBER 2009

30. RELATED PARTY DISCLOSURES (cont'd)

Related Party Transactions

The following table provides the total value of transactions which have been entered into with other related parties for the relevant financial year and amount owing at year end (for information regarding outstanding balances at year-end, refer to Note 11 and 19).

RELATED PARTY	% EQUITY INTEREST	YEAR	SALES TO RELATED PARTIES \$'000	PURCHASES FROM RELATED PARTIES \$'000	AMOUNTS OWED BY RELATED PARTIES \$'000	AMOUNTS OWED TO RELATED PARTIES \$'000
(ii) (a) PARENT	(iii)	(iv)				
Templeton Holdings (Qld) Pty Ltd *	100	2009	—	861	—	1
	100	2008	4	1,173	2	—
Redteam Pty Ltd **	100	2009	—	—	—	—
	100	2008	2	46	—	—

* refer note 28 (d)

** refer note 30 Key management personnel

The above amounts owing are represented by either loans or trade debtor amounts in the financial statements.

Sales and purchases from related parties are made in arm's length transactions both at normal market prices and on normal commercial terms.

For the year ended 31 December 2009, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties. (2008: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Then assessed as required the Group raises such a provision.

Director

S.T. Templeton is a director of Templeton Holdings (Qld) Pty Ltd. Ginger supplies were purchased during the year from Templeton Holdings (Qld) Pty Ltd to the value of \$861,163 (2008: \$1,173,462) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers.

Minority Interest

A further 25% of ownership units in the joint venture entity, Buderim Ginger America, LLC was acquired on 1 March 2009. Please refer to the Note 31 - Business Combination for further detail on this transaction.

31. BUSINESS COMBINATION

Acquisition of ownership units in Buderim Ginger America, LLC

On 1 March 2009, Buderim Ginger Limited acquired a further 25% in Buderim Ginger America, LLC ("BGA") through its 100% owned subsidiary, Buderim Ginger America, Inc as part of the restructure of the Group's US subsidiaries bringing its percentage ownership to 75%. As at this date, equity accounting for BGA ceased and the entity's financial results were fully consolidated into the group accounts.

The additional 25% ownership units purchased in Buderim Ginger America, LLC was acquired for a one off cash payment of \$US150k (\$A 217k), and is represented by assets detailed below.

	CONSOLIDATED RECOGNISED ON ACQUISITION \$'000	CARRYING VALUE \$'000
Cash	1	1
Trade and other receivables	70	70
Inventory	227	227
	298	298
Trade and other payables	(32)	(32)
Financial liabilities	(70)	(70)
Fair value of identifiable net assets	196	196
Goodwill arising on acquisition	21	
	217	
Consideration		
Cash paid	217	
	217	

31. BUSINESS COMBINATION (cont'd)

Included in the \$21k of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured due to their nature. Assets included in this balance consist of market position, reputation, brand value, and customer relationships. Since the acquisition of the additional 25% in Buderim Ginger America, LLC, this entity made a positive contribution to the Group's full-year result in terms of both revenue of \$1.8m and operating profit (before tax but after minority interest) of \$25k. Had the results relating to Buderim Ginger America, LLC been fully consolidated from 1 January 2009, it is estimated that the contribution to the Group's net profit for the full year would have been \$13k. This is due to the fact that losses were incurred in the first two months of this period under review during which equity accounting was applied at 50%.

Acquisition of ownership units in Pan Pacific Foods, LLC

As part of the restructure of the Group's US subsidiaries, Buderim Ginger Limited also acquired 75% of the business assets of Pan Pacific Foods, LLC ("PPF") through its 100% owned subsidiary, Buderim Ginger America, Inc on 1 March 2009. As at this date, PPF was fully consolidated into the group accounts. PPF manages the sales and distribution of Buderim Ginger and MacFarms of Hawaii products throughout the Americas.

Assets acquired in the Pan Pacific Foods, LLC business combination include cash, prepayments, inventory and plant and equipment. Liabilities assumed included bank liabilities and a few specific account payable commitments.

The purchase price for the 75% of ownership units was \$US150k (\$A 217k).

	RECOGNISED ON ACQUISITION \$'000	CONSOLIDATED RECOGNISED ON ACQUISITION \$'000
Cash	50	50
Prepayments	1	1
Inventory	61	61
Property, plant and equipment	3	3
	115	115
Financial liabilities	(74)	(74)
Fair value of identifiable net assets	41	41
Goodwill arising on acquisition	176	
	217	
Consideration		
Cash paid	217	
	217	

Included in the \$176k of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured due to their nature. Assets included in this balance consist of extensive marketing expertise with particular emphasis on the North American market, customer relationships, and a well established distribution network. Pan Pacific Foods, LLC made positive contributions to the Group's full-year result in terms of both revenue of \$1.6m and operating profit (before tax but after minority interest) of \$94k. Had the results relating to Pan Pacific Foods, LLC been consolidated from 1 January 2009, it is estimated that an additional contribution towards the Group's result approximating \$32k (before tax but after minority interest) would have been achieved for the year ended 31 December 2009.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2009

31. BUSINESS COMBINATION (cont'd)

Acquisition of MacFarms Macadamias

On 12 August 2008, Buderim Macadamias of Hawaii, LLC dba MacFarms of Hawaii, purchased the business assets of MacFarms of Hawaii, LLC. On acquisition, long term commercial leases on the 4,000 acre Kapua macadamia orchard and the associated on-site Mac Farms processing plant were also secured. Mac Farms operates the largest contiguous macadamia orchard in the world and the second largest macadamia nut processing facility in Hawaii, and markets macadamia nuts throughout the US in both industrial and retail markets under the Mac Farms® brand.

The fair value of the identifiable assets of MacFarms as at the date of acquisition were:

	CONSOLIDATED	
	RECOGNISED ON ACQUISITION	CARRYING VALUE
	\$'000	\$'000
Property, plant and equipment	3,765	3,765
Prepayments	104	104
Inventory	6,763	6,763
	10,632	10,632
Provision for employee entitlements	(133)	(133)
Accounts payable	(707)	(707)
	(840)	(840)
Fair value of identifiable net assets	9,792	9,792
Discount arising on acquisition	(2,050)	
	7,742	
Consideration		
Cash paid	6,907	
Buderim Ginger share issue	835	
	7,742	

The discount on acquisition represents the fair value of identifiable net assets in excess of the consideration, and net of acquisition costs such as tax, accounting, legal and other due diligence costs.

32. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes borrowings disclosed in Note 20, cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in Note 22 and on the face of the Statement of Changes in Equity. There are no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistently with others in the industry, the Group and the parent entity monitor 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.

Liquidity and Capital Resources

The consolidated statement of cash flows highlights a net decrease in cash and cash equivalents in the year ended 31 December 2009 of (\$2.046m) compared to a net increase \$1.405m in 2008. Outflows from operating activities were (\$742k) compared to an inflow of \$963k in the previous year. The decrease in interest over the previous year reflects favourable fluctuations in interest rates during 2009 compared to the prior year. Grant funds of \$819k were received under the Commercial Ready project undertaken in conjunction with the Department of Industry, Tourism and Resources of the Commonwealth of Australia and the Business Industry Transformation Incentives program funded through the State of Queensland. Investment activities included capital projects as follows:

32. CAPITAL RISK MANAGEMENT (cont'd)

Ginger Segment

- > factory building upgrades
- > syruping chain enhancements
- > sulphite stripping equipment
- > brine vat walkways and safety equipment
- > effluent treatment plant

Baking Segment

- > party pie line production equipment
- > static freezer installation
- > production room refrigeration replacement
- > production room flooring upgrade
- > automated meat pumping system

Tourism Segment

- > Buderim Ginger Cooking School equipment

Macadamia Segment

- > roaster conveyor belt
- > harvester/dehuskers

Additionally, investment activities included the acquisition of 75% of Pan Pacific Foods, LLC, the additional 25% of Buderim Ginger America, LLC on 1 March 2009, and the transfer of 25% of MacFarms of Hawaii to outside equity partners. Financing activities reflect drawdowns from Rabobank Australia to fund the business combinations as well as final payments for the 2008 ginger and macadamia crops in the first half of the year. All seasonal working capital requirements, including the Australian and Fiji ginger harvests, and the Australian and Hawaiian macadamia harvests, were funded internally. This is a significant achievement for the Group as cash outflows associated with the various ginger and macadamia harvests were \$3.8m and \$16.8m respectively. The company did not undertake either the Share Purchase Plan or a Share Placement Program during 2009.

A total of \$3.8m was raised through these programs in the prior year. The cash component of the final dividend paid out of profits for the year ended 31 December 2008 was \$256k with the combination of the dividend reinvestment and dividend share issue plans comprising \$727k of this dividend.

Asset and capital structure

	2009 TOTAL OPERATIONS \$'000	2008 TOTAL OPERATIONS \$'000
Net Gearing		
Debts		
Interest bearing loans and borrowings	30,861	29,295
Cash and short term deposits	(1,059)	(2,163)
Net debt	29,802	27,132
Total equity	31,507	35,915
Total capital employed	61,309	63,047
	48.6%	43.0%
ASSETS FUNDED BY EXTERNAL STAKEHOLDERS		
Total assets	80,187	85,948
Total liabilities	48,680	50,033
	60.7%	58.2%
DEBT/EQUITY		
Total equity	31,507	35,915
Intangibles	(4,335)	(4,700)
	27,172	31,215
Interest bearing loans and borrowings	30,861	29,295
	113.6%	93.8%

Total assets were reduced by \$1m at 31 December 2009 resulting from the Yandina land devaluation reflecting a temporary downward movement in market values since the previous valuation in June 2007. Goodwill on the investment in Buderim Macadamias Pty Ltd t/a Agrimac Macadamias was reduced by \$657k reflecting a reduction in the deferred consideration (an "earn-out" arrangement now completed) for this acquisition. The investment in Buderim Macadamia of Hawaii, LLC dba MacFarms of Hawaii was reduced by \$307k as part of the restructure of the Group's US subsidiaries.

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FOR THE YEAR ENDED 31 DECEMBER 2009

32. CAPITAL RISK MANAGEMENT (cont'd)

The Group's policies for determining the level of debt entered into is examined on a yearly basis in conjunction with financiers. As a consequence of ongoing negotiations with the Group's financiers the Group has reclassified all debt as current. In late 2009, GE Capital provided a proposal letter to re-finance the Group's funding needs. Negotiations on the terms of this proposal are expected to be completed in the first quarter of 2010 at which time all facilities currently held with the Group's current financiers will be transferred to GE Capital and re-classification of debt will be undertaken according to the new structure. The vast majority of the Group's debt funding relates to working capital requirements due to the inventory-intensive nature of the various businesses. The increase in overdrafts and loans over the prior year, reflects the additional working capital requirements for the new US business combinations effected on 1 March 2009, being Pan Pacific Foods, LLC and Buderim Ginger America, LLC. Although an additional 25% member units only were acquired in Buderim Ginger America, LLC, this entity is now owned 75% and as such, is fully consolidated into the Group accounts, whereas previously it was accounted for under the equity accounting methodology. In both the ginger and macadamia segments, the lead time between the funding of harvests and recovery of costs through conversion/value adding and sales is quite lengthy.

Shares issued during the year

Increases in contributed equity from \$22.3m at the end of 2008 to \$23m resulted from shares issued under the dividend share issue plan of \$590k, the dividend re-investment scheme of \$137k and the Managing Director incentive scheme of \$22k, – all of which related to the 2008 year's performance.

Profile of Debts

The profile of the Group's debt finance below reflects a reclassification of bill facilities provided by Rabobank Australia Limited. Bills classified as long-term in prior accounting periods have been re-classified as current as at 31 December 2009. The classification of borrowing facilities as current is a requirement under AASB 101 if an entity breaches an undertaking under a long-term agreement on or before the reporting date. As at 31 December 2009, the company was in breach of two covenants relating to gearing and debt service cover. Notwithstanding, the group continues to meet all principal and interest payment obligations. Directors believe that as a result of negotiations with a new financier on a restructured facility which better suits the Group's diversity and funding needs, and a proposed equity raising in 2010, this matter will be resolved during the current financial period at which time liabilities can be again classified as current and non-current. As demonstrated below, bill facilities provided by Rabobank Australia Limited have reduced during 2009. Additionally, as demonstrated on the Consolidated Statement of Financial Position, liabilities in total have reduced by \$1.4m during the current reporting period.

	2009 \$'000	2008 \$'000
CURRENT		
Bank Overdraft	972	30
Lease liability	4	285
Bank bill facility	28,246	11,850
Bank loans	1,279	383
	30,501	12,548
NON-CURRENT		
Lease liability - finance lease	—	4
Bank bill facility	—	16,620
Bank loans	360	123
	360	16,747

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 is undertaken through the use of interest rate swap contracts and foreign exchange contracts. No speculative trading in derivatives is undertaken. All derivatives have underlying commercial transactions. At year end, the Group held foreign exchange contracts valued at \$300,000 (2008: \$2,679,000) designated as hedges of expected future sales to customers in the United Kingdom, along with \$956,282 (2008: \$1,477,462) designated as hedges of expected future sales to customers in the United States of America. As at 31 December 2009 there were no foreign exchange contracts designated as hedges of expected future sales in Euro's (2008: \$141,216). The terms of all foreign exchange contracts to hedge sales have been negotiated to match the terms of the commitments. At 31 December 2009 and 31 December 2008, the Group held no foreign exchanges contracts designated as hedges of future purchases from overseas suppliers.

The interest rate swap in place at the end of 2008 expired in 2009. There were no interest rate swaps in place as at 31 December 2009 (2008: \$1.5m). The interest rate swap arrangement grants the Group the right to receive interest at a variable rate equal to the ABBSY on the notional amount and pays interest at a fixed rate (2008: 6.66%). Swaps are established to hedge exposures to changes in the fair value of a portion of the Group's bill facilities. Bill facilities and interest rate swaps have the same maturity terms.

DIRECTORS' DECLARATION

(1) In the opinion of the directors of Buderim Ginger Limited

(a) the financial statements and notes, and the Remuneration report in the Directors' Report, set out on pages 13 to 17 are in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the year ended on that date; and
- (ii) complying with Accounting Standards and Corporations Regulations 2001;

(b) the financial statements also comply with International Financial Reporting Standards as disclosed in note 2(a)

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(2) 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 31 December 2009.

(3) 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.

On behalf of the Board



J. RUSCOE, DIRECTOR

Yandina, 26 February 2010

INDEPENDENT AUDITOR'S REPORT



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Australia

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 statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies 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. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance 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 entity's preparation and fair presentation of the financial report 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 entity'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 would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's 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 company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 2(a) to the financial statements. Buderim Ginger Limited has breached an undertaking contained within its borrowing facilities and accordingly has classified all amounts owing under this facility as current liabilities as at 31 December 2009. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

The ability of the company to continue as a going concern is dependent upon re-negotiation or replacement of borrowing facilities and/or capital restructuring.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 17 of the directors' report for the year ended 31 December 2009. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Buderim Ginger Limited for the year ended 31 December 2009 complies with section 300A of the Corporations Act 2001.

BDO Audit (QLD) Pty Ltd

BDO

T J Kendall

Director

Brisbane, 26 February 2010

BDO Audit (QLD) Pty Ltd ABN 33 134 022 870

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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 3 March, 2010.

(a) Distribution of equity securities

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

	ORDINARY SHARES	
	NUMBER OF HOLDERS	NUMBER OF SHARES
1 – 1,000	267	98,767
1,001 – 5,000	710	1,760,615
5,001 – 10,000	225	1,535,786
10,001 – 100,000	406	10,204,868
100,001 and over	42	27,296,318
	1,650	40,896,354
The number of shareholders holding less than a marketable parcel of shares are:	483	373,684

(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	BUNDABERG SUGAR GROUP LTD	3,565,904	8.72
2	BIG SISTER FOODS PTY LTD	3,105,939	7.59
3	BIG SISTER FOODS PTY LTD	2,801,643	6.85
4	REDAREA PTY LTD	2,467,754	6.03
5	RATHVALE PTY LIMITED	1,863,660	4.56
6	NATIONAL NOMINEES LIMITED	1,657,154	4.05
7	YARRAN PARK PTY LTD	1,185,433	2.90
8	CONSOLAR INVESTMENTS PTY LTD	898,379	2.20
9	CLOWES INVESTMENTS PTY LTD	807,936	1.98
10	MRS FELICITY RUTH BENOIT & MR ASHLEY LAURENCE BENOIT	726,312	1.78
11	MR PATRICK JOHN O'BRIEN & MRS JANIS MARGARET O'BRIEN	570,993	1.40
12	AMAK PTY LTD	547,233	1.34
13	MR JAMES GORDON MOFFATT	534,143	1.31
14	SIBEN NOMINEES PTY LTD	467,079	1.14
15	MR JAMES GORDON MAXWELL	401,504	0.98
16	VITTORIO ALBERTI	395,818	0.97
17	WOODSIDE CRESCENT PTY LTD	346,258	0.85
18	TREGUNNA PTY LTD	342,065	0.84
19	KOSATA PTY LIMITED	341,536	0.84
20	THE CANNY INVESTOR PTY LTD	322,136	0.79
Report Total		23,348,879	57.09
Remainder		17,547,475	42.91
Grand Total		40,896,354	100.00

(c) Substantial shareholders

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

	NUMBER OF SHARES
Big Sister Foods Pty Ltd	6,331,520
Bundaberg Sugar Group Ltd	3,565,904
Redarea Pty Ltd (the Templeton Family Account)	2,902,206
Rathvale Pty Ltd and Associates	2,093,595

(d) Substantial shareholders

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

CORPORATE DIRECTORY

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BUDERIM GINGER LIMITED

BUDERIM GINGER LIMITED

ABN 68 010 978 800

ASX Code:

BUG

DIRECTORS

John M. Ruscoe (Chairman)
Gerard D. O'Brien (Managing Director)
Stephen J. Maitland
John H.P. Roy
Shane T. Templeton

COMPANY SECRETARY

Karon L. Rogers

SENIOR MANAGEMENT

Gerard D. O'Brien (Chief Executive Officer)
Karon L. Rogers (Chief Financial Officer)
Paul G. Ritchie (General Manager - Ginger)
Andrew C. Heap (General Manager - Agrimac)
John H. Wilkie (General Manager - MacFarms of Hawaii)
Daniel J. Cashin (General Manager - Buderim Baking)
Nichole L. Seymore (General Manager - Tourism)
Matthew H. Fuller (General Manager - Pan Pacific Foods)
Adam B. Cunningham (Group Commercial Manager)

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**CONSERVES
AISLE**



Over 16 million people have visited our Ginger Factory on the Sunshine Coast so over the years we've made quite a few of these delicious Ginger Scones... baked fresh every morning!

BUDERIM GINGER'S WORLD FAMOUS GINGER SCONES

Pssst - The secret is to knead the dough!

4 cups of self raising flour

3/4 cup of cream

2 tablespoons milk

60ml of **Buderim Ginger Refresher**

125ml of soda water

3 heaped tablespoons of finely chopped

Buderim Ginger Naked Ginger

Combine all the ingredients into a mixing bowl. Once combined, knead the dough until it turns noticeably pale. If you're using a mixer, use the dough hook and wait until the dough starts to climb out of the bowl. Allow the dough to rest for a few minutes before rolling and cutting into 10 scones. Bake in a medium oven until golden brown... YUM!

For a taste sensation smother your scones with **Buderim Ginger Original Ginger Marmalade!**

**CORDIAL
AISLE**



**Buderim
Ginger**®

BUDERIM GINGER'S GREEN & GOLD FRUIT SALAD

The perfect low fat and flavoursome start (or finish!) to any day.

6 Kiwi fruit, peeled and cut into chunks

50g **Buderim Ginger Naked Ginger** or **Glacé Ginger**, chopped

1 cup prepared fresh pineapple, cut into chunks, juice reserved

2 passionfruit

1 tablespoon **Buderim Ginger Refresher**

Sprig of mint to garnish

Put the prepared fruit into a bowl.

Sweeten the juice with the

Buderim Ginger Refresher

and pour over the fruit.

Serve in individual tall glasses

topped with mint to garnish.

Delish... EASY!



**BAKING
AISLE**



For more facts and great recipe ideas visit buderimginger.com or call 1800 067 686.

BUDERIMGINGER.COM