Buderim Ginger Limited

50 Pioneer Road
Yandina, Queensland, 4561
Telephone: (07) 5446 7100
Facsimile: (07) 5446 7520

ABN 68 010 978 800

ASX Code: BUG

Appendix 4E

For the twelve months ended 31 December 2008

Contents

Rules 4.2A.3

Appendix 4E

Preliminary Final Report

Introduced 1/1/2003

Name of entity

Buderim Ginger Limited

ABN or equivalent company reference	Year ended ('current period')
68 010 978 800	31 December 2008

Results for announcement to the market

				$A'000
Revenues from ordinary activities	Up	44%	To	73,803
Profit (loss) from ordinary activities after tax attributable to members	Up (from $671k		To	2,006
Net profit (loss) for the period attributable to members	Up (from $671k		To	2,006

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Final dividend *(proposed)**	Nil ¢	Nil ¢
Interim dividend *(There was no interim dividend paid)*	Nil ¢	Nil ¢
Previous corresponding period		
Final dividend *(final dividend for 2007)*	2.0 ¢	0.42¢
Interim dividend *(An interim dividend was not paid)*	Nil ¢	Nil ¢

***Subsequent to the end of the reporting period, directors declared that a 2.5 cent unfranked dividend amounting to $981k, be paid out of the profits for the reporting period ended 31 December 2008 in May 2008. The dividend will consist of a 1 cent cash component and a 1.5 cent bonus share issue. The dividend will be paid on 22 May 2009 with a record date of 30 April 2009. The dividend reinvestment plan will be operational for this dividend.**

Brief explanation of any of the figures reported above:

The consolidated entity recorded a before tax profit of $3.2m for the year ended 31 December 2008, exceeding the previous year's performance by $2.3m. The macadamia business operations contributed $23.0m to Group turnover and $2.9m to profit before corporate costs. $2m of the macadamia segment profit represents the discount on acquisition of MacFarms business assets, being the excess of fair value of identifiable net assets over consideration paid and other costs of acquisition incurred. The Group recorded after tax profit of $2.8m (after allowance for outside equity interest) compared to a profit of $724k in the prior year. The main features include:

- Group revenue increased 14.4% to $73.8m.
- An increase in earnings per share from 2.34 cents in 2007 to 6.52 cents in 2008, of which a one-off discount on acquisition of the MacFarm business assets contributed 3.1 cents per share.
- A 4.6% drop in ginger revenue, principally due to weakened demand in the company's important UK market as a result of a weak economy and a very competitive market. Buderim Ginger domestic branded retail sales, however, grew by 8% offsetting much of this decline.
- A 2.4% drop in Baking revenue due principally to the sale of the Aldente business in mid-year. Operational issues associated with the decommissioning of Aldente equipment and the installation of plant acquired from Maypole bakery late in the year contributed to a decline in bakery profitability for the year. Very high beef price increases during 2008 also reduced margins in this business.
- Tourism profitability declined by 10.5% due principally to reduced spend per head in the second half as economic conditions deteriorated.
- Expansion and diversification of the Group's macadamia operations with the acquisition of MacFarms of Hawaii business assets on 12 August 2008. This transaction included the long term commercial lease of the 4,000 acre Kapua macadamia orchard and the associated on-site Mac Farms processing plant. The combination of the Group's Hawaiian and Australian macadamia operations arguably represents the formation of the largest processor and marketer of macadamias in the world in an industry that holds considerable growth potential. It also complements Buderim Ginger's long-held position as the world's leading processor and marketer of confectionary ginger.

Further details are provided in the Operating and Financial Review section of the Directors' Report attached.

Net tangible asset backing	Current year	Previous year
Net tangible asset backing per ordinary security	80 cents	86 cents

Change in composition of entity

Settlement for the acquisition of business assets from Agrimac International Enterprises Pty Ltd occurred on 31 December 2007. Operations within this segment commenced on 2 January 2008. Hence, 2008 is the first full year of operations within the macadamia segment. On 12 August 2008, the macadamia segment was expanded with the establishment of Buderim Macadamias of Hawaii, LLC through which the business assets of MacFarms of Hawaii, LLC were acquired. As a consequence, the Group undertook two macadamia harvests in 2008, one in Australia and a partial harvest in Hawaii. On 20 June 2008, the remaining outside equity interest in Buderim Baking Company Pty Ltd was purchased. Simultaneously, the Aldente Foods business was sold.

Other than the above transactions, there have been no other changes in the composition of the Buderim Ginger Limited group during the reporting period associated with restructuring or the acquisition or disposal of a subsidiary.

Details of associates and joint venture entities

On 21 December 2004, Ginger Head Quarters Pty Ltd, ABN 54 112 289 988 was incorporated as a joint venture company through which a new tourism attraction, *Overboard*, commenced operations on 28 May 2005. The reporting entity holds 50% equity in Ginger Head Quarters Pty Ltd. The investment in Ginger Head Quarters Pty Ltd is accounted for using the equity method. The share of the entity's profit included in the consolidated entity's financial statements for the period ended 31 December 2008 is $60k (2007: $Nil).

On 1 July 2005, sales and distribution of Buderim Ginger products throughout the United States of America and Canada, commenced through the joint venture entity, Buderim Ginger America, LLC. The subsidiary Buderim Ginger America, Inc, holds 50% equity in Buderim Ginger America, LLC. The investment in Buderim Ginger America, LLC is accounted for using the equity method. The share of the entity's profit included in the attached consolidated entity's financial statements for the period ended 31 December 2008, is $108k (2007: ($40k)).

Details of investments in Ginger Head Quarters Pty Ltd and Buderim Ginger America, LLC, and of inter-group transactions with the joint ventures, are included in Note 16 and Note 30 to the Financial Statements attached.

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

Compliance statement

1 Accounting standards and policies

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

2. Audit

This report is based on accounts which are in the process of being audited. An audit report will be included with the completed annual report. The entity has a formally constituted Audit & Compliance committee.

Sign here: .... Date: ...27 February 2009..................

Karon L Rogers (Company Secretary)

Buderim Ginger Limited

ABN 68 010 978 800

ASX Code: BUG

Preliminary Final Report

For the twelve months ended 31 December 2008

Corporate Information

ABN 68 010 978 800
ASX Code: BUG

Directors
John M. Ruscoe (Chairman)
Gerard D. O'Brien (Managing Director)
John H.P. Roy
Stephen J. Maitland
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)
Dan J. Cashin (General Manager – Baking)
Adam B. Cunningham (General Manager – Agrimac)
John H. Wilkie (General Manager – MacFarms of Hawaii)
Nichole L. Seymore (General Manager – Tourism)

Auditors
BDO Kendalls
300 Queen Street
Brisbane, Queensland, 4000
Telephone: (07) 3237 5999
Facsimile: (07) 3221 9227

Solicitors
DLA Phillips Fox
Waterfront Place
1 Eagle Street
Brisbane, Queensland, 4000
Telephone: (07) 3246 4000
Facsimile: (07) 3229 4077

Bankers
Rabobank Australia Limited
GPO Box 2817
Brisbane, Queensland, 4001
Telephone: 1300 303 033
Facsimile: (07) 3115 1881
Westpac Banking Corporation
P O Box 108
Nambour, Queensland, 4560
Telephone: (07) 5441 1533
Facsimile: (07) 5441 4685

Share Register
Computershare Investor Services Pty Limited
307 Queen Street
Brisbane, Queensland, 4000
Telephone: (07) 3237 2127
Facsimile: (07) 3229 9860

Australian Head Office & Registered Office
50 Pioneer Road
Yandina, Queensland, 4561
Telephone: (07) 5446 7100
Facsimile: (07) 5446 7520
Email: buderimg@buderimginger.com

United Kingdom Office
Buderim Ginger (UK) Limited
306 Stafford Road
Croydon, London CRO 4NH
Telephone: 44 181 681 845
Facsimile: 44 181 680 8049
Email: sales@buderimginger.co.uk

United States Office
Buderim Ginger America, LLC
850 Montgomery Street, Suite 350,
San Francisco, CA 94133
United States of America
Telephone: 415 399 1211
Facsimile: 415 358 9769
Email: mfuller@panpacificfoods.com

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

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

Hawaiian Macadamia Office
Buderim Macadamias of Hawaii, LLC dba **MacFarms of Hawaii**
89-406 Mamalahoa Highway
Captain Cook, Hawaii, 96704
Telephone: (808) 328 2435
Facsimile: (808) 328 2080
Email: jwilkie@macfarms.com

Directors' Report

Your directors submit their report for the year ended 31 December 2008

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 68 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 47 years of age.

Stephen James Maitland, OAM, RFD, B.Ec., M.Bus., 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 Ltd, 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 58 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 71 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 director of the Victory COC (Gympie) board. Mr Templeton is 37 years of age.

Directors' Report

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 the AICD International Company Directors Diploma in 2008, 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)	190,581

(1) J.M. Ruscoe holds 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 holds a relevant interest in 812,737 shares registered in the name of Consolar Investments Pty Ltd.

(3) J.P.H. Roy holds a relevant interest in 6,031,156 shares registered in the name of Big Sister Foods Pty Ltd.

(4) S.J. Maitland holds 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 holds 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).

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	6.52
Diluted earnings per share	6.52

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 2007	2	574

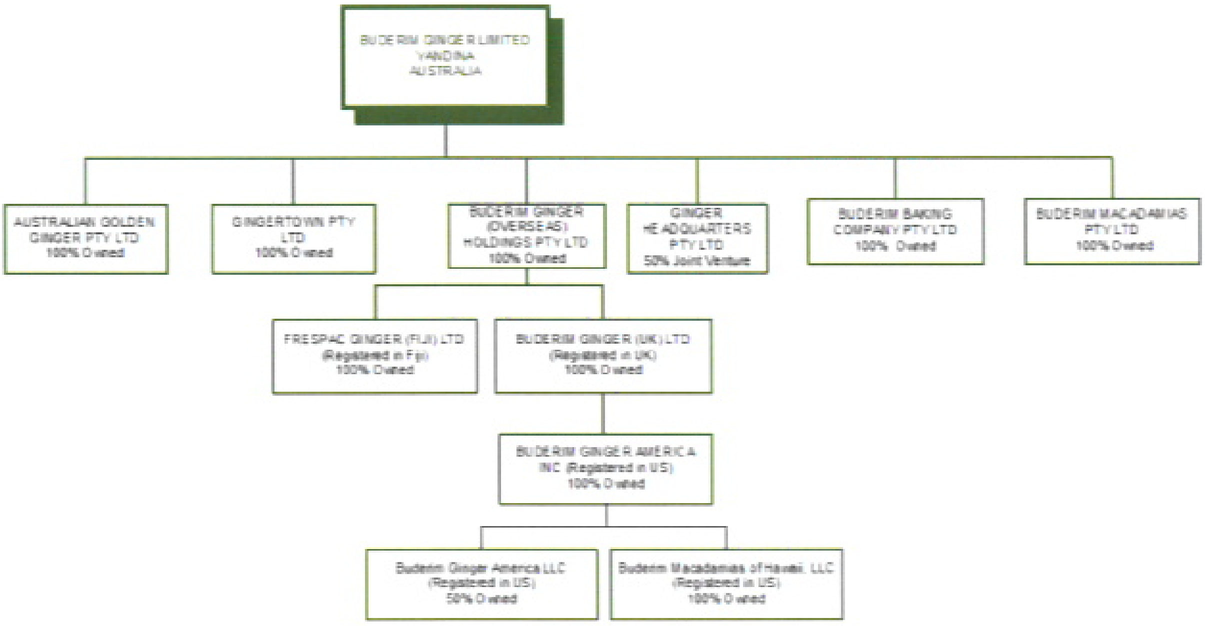
*Subsequent to the end of this reporting period, the directors have declared a 2.5 cent unfranked dividend amounting to $981,333, be paid out of the profits for the financial year ended 31 December 2008. The company's dividend reinvestment plan will be operational for this dividend distribution. The dividend will incorporate a cash component of 1 cent per share and a share issue amounting to 1.5 cents per share.

Directors' Report (continued)

CORPORATE INFORMATION

Corporate structure

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



Nature of operations and principal activities

The principal activities during the year of entities within the consolidated entity were:

- manufacture and marketing of a variety of confectionery ginger and other ginger-based products to industrial, food service and retail customers throughout the world;
- production, manufacture and marketing of wholesale and retail macadamia products throughout the world;
- manufacture and marketing of a variety of frozen savoury bakery products to both food service and retail customers throughout Australia; and
- tourism operations comprising the sale of ginger and other retail gift and food products, and the provision of leisure activities within the Australian tourism market.

The baking segment commenced in August 2004 with the 70% acquisition of I Spy pies through the subsidiary Buderim Baking Company Pty Ltd. Effective 20 June 2008, the remaining outside equity interest of the Buderim Baking Company Pty Ltd was acquired. The principal activity of the baking business is the manufacture and marketing of a variety of frozen savoury bakery products.

On 28 May 2005, Ginger HeadQuarters Pty Ltd commenced the Overboard tourism activities as a joint venture within the *Ginger Factory* tourism complex at Yandina. These activities fall under the principal activity of tourism.

The distribution of ginger products throughout North America commenced through the joint venture, Buderim Ginger America, LLC on 1 July 2005. This operation falls under the principal activity of marketing of a variety of confectionery ginger and other ginger-based products.

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 effective include the manufacture and marketing of a variety of macadamia products to industrial and retail customers throughout the world. This operation falls under the principal activity of manufacturing and marketing of wholesale and retail macadamia products.

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. This operation falls under the principle activity of production, manufacturing and marketing of wholesale and retail macadamia products.

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

Directors' Report (continued)

Employees

The consolidated entity employed 403 employees as at 31 December 2008 (2007: 271 employees). The Australian and Fijian ginger segments employed 119 and 72 employees respectively (2007: 105 and 82). The number of employees will vary from year to year due to seasonal factors. Employees engaged within the baking segment at year-end were 62 (2007: 68). Employees employed within the Australian macadamia segment were 13 (2007: 16 on acquisition). The Hawaiian macadamia segment (including the orchard operation) had 137 employees at year end.

OPERATING AND FINANCIAL REVIEW

A detailed review of operating and financial performance is contained on pages 4 to 6 of the annual report.

Summarised operating results are as follows:

	2008		2007	
	Revenues	**Results***	Revenues	Results*
	$'000	**$'000**	$'000	$'000
Business segments				
Ginger processing and distribution	**28,853**	**1,811**	30,255	1,260
Baking operations	**16,931**	**132**	17,341	563
Macadamia operations	**24,669**	**2,944**	—	—
Tourism operations	**3,929**	**521**	4,099	649
Total	**74,382**	**5,408**	51,695	2,472
Consolidated entity adjustments	**(573)**		(614)	—
Unallocated expenses including interest	—	**(2,389)****	—	(1,527)
Share of associate's profit/(loss)	—	**168**	—	(39)
Consolidated entity sales and profit/(loss) from ordinary activities before income tax expense	**73,803**	**3,187**	51,081	906

	2008	2007
	$'000	$'000
Geographic segments - revenue		
Australia	**61,152**	48,572
United States	**11,187**	—
Fiji	**3,607**	3,598
	75,946	52,170
Consolidated entity adjustments	**(2,143)**	(1,089)
Consolidated entity sales from ordinary activities before income tax excluding non-segment revenues	**73,803**	51,081

*Business segment results represent profit before interest and tax.

** The approach to calculation of unallocated expenses has been modified throughout 2008 to more closely reflect the evolving corporate structure.

Directors' Report (continued)

In Summary

2008 was a challenging but exciting year for the Buderim Ginger group with the impacts of the global financial crisis being felt by all business segments in the second half. In addition, the integration of the new businesses in the macadamia industry: Agrimac; and MacFarms of Hawaii, added to internal organisational complexity and challenges. However, it has added a very much needed new dimension to our business.

The consolidated entity recorded a before tax profit of $3.2m for the year ended 31 December 2008, exceeding the previous year's performance by $2.3m. The macadamia business operations contributed $23.0m to Group turnover and $2.9m to profit before corporate costs. $2m of the macadamia segment profit represents the discount on acquisition of MacFarms business assets, being the excess of fair value of identifiable net assets over consideration paid and other costs of acquisition incurred. The Group recorded after tax profit of $2.8m (after allowance for outside equity interest) compared to a profit of $724k in the prior year. The main features include:

- Group revenue increased 14.4% to $73.8m.
- An increase in earnings per share from 2.34 cents in 2007 to 6.52 cents in 2008, of which a one-off discount on acquisition of the MacFarm business assets contributed 3.1 cents per share.
- A 4.6% drop in ginger revenue, principally due to weakened demand in the company's important UK market as a result of a weak economy and a very competitive market. Buderim Ginger domestic branded retail sales, however, grew by 8% offsetting much of this decline.
- A 2.4% drop in Baking revenue due principally to the sale of the Aldente business in mid-year. Operational issues associated with the decommissioning of Aldente equipment and the installation of plant acquired from Maypole bakery late in the year contributed to a decline in bakery profitability for the year. Very high beef price increases during 2008 also reduced margins in this business.
- Tourism profitability declined by 10.5% due principally to reduced spend per head in the second half as economic conditions deteriorated.
- Expansion and diversification of the Group's macadamia operations with the acquisition of MacFarms of Hawaii business assets on 12 August 2008. This transaction included the long term commercial lease of the 4,000 acre Kapua macadamia orchard and the associated on-site Mac Farms processing plant. The combination of the Group's Hawaiian and Australian macadamia operations arguably represents the formation of the largest processor and marketer of macadamias in the world in an industry that holds considerable growth potential. It also complements Buderim Ginger's long-held position as the world's leading processor and marketer of confectionary ginger.

Shareholder Returns and Performance measurements

Accounting Standard		AIFRS	AIFRS	AIFRS	AIFRS	AIFRS	AGAAP
For the year ended		2008	2007	2006	2005	2004	2003
EBIT ($'000)		**4,960**	1,792	550	1,251	1,097	1,129
EBITDA ($'000)		**7,503**	3,682	2,491	3,160	2,578	2,505
Basic earning per share (cents)		**6.52**	2.34	(0.58)	1.97	1.43	2.30
EPS share excluding discount on acquisition		**3.42**	2.34	(0.58)	1.97	1.43	2.30
Dividend per share (cents)	**(a)**	**2.5**	2.0	—	1.0	—	1.5
Dividend payout ratio (%)	**(a)**	**38.3**	85.5	—	50.8	—	65.2
Available franking credits ($'000)	**(b)**	—	150	167	213	234	236
Return on assets (%)		**2.40**	2.22	(0.32)	1.1	1.3	1.7
Return on equity (%)		**5.73**	1.04	(0.60)	2.1	2.5	4.2
Debt / equity ratio (%)	**(c)**	**93.8**	85.1	51.1	58.4	40.7	33.4
Gearing ratio (%)	**(d)**	**58.2**	53.2	45.7	46.0	39.7	37.4
Current ratio (%)		**153.3**	150.7	139.0	154.8	203.8	298.9
Net tangible asset backing (cents)		**80**	86	85	73	77	80

(a) These figures reflect the dividend amounts declared subsequent to reporting dates (refer note 9). The company's dividend reinvestment plan will apply. 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)

Directors' Report (continued)

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 balance sheet (including minority interest) plus net debt.

Liquidity and Capital Resources

The consolidated cash flow statement highlights a net increase in cash and cash equivalents in the year ended 31 December 2008 of \$1,405k compared to a decrease of (\$408k) in 2007. Outflows from operating activities resulted in a net inflow of \$963k compared to (\$2.9k) in the previous year. The increase in interest over the previous year reflects the higher level of borrowings to support working capital requirements for the macadamia segment operations during 2008. Grant funds of \$596k were recorded pursuant to the Commercial Ready project undertaken in conjunction with the Department of Industry, Tourism and Resources of the Commonwealth of Australia. Investment activities included capital projects as follows:

Ginger Segment

- syrup chain enhancements
- sulphite stripping equipment
- drying upgrade
- crystallising plant improvements

Baking Segment

- spiral freezer addition
- xray machinery
- automated meat cooking and pumping
- automatic pastry laminator
- compressor upgrade

Tourism Segment

- general site improvements
- "Superbee" attraction construction works

Additionally, investment activities included the macadamia business combination transacted on 12 August 2008, the buy-out of the outside equity interest in Buderim Baking Company Pty Ltd and the simultaneous sale of the Aldente business assets.

Financing activities reflect drawdowns from Rabobank Australia to fund increased seasonal working capital requirements for the macadamia segment, combined with proceeds of \$712k from the Share Purchase Plan and \$3.2m from the company's Placement Program undertaken during 2008. The cash component of the final dividend paid out of profits for the year ended 31 December 2007 was \$400k with the dividend reinvestment plan contributing \$174k to this dividend.

Directors' Report (continued)

Review of Financial Condition (continued)

Asset and capital structure

	2008	2007
	Total Operations	Total Operations
Net Gearing	$'000	$'000
Debts:		
Interest bearing loans and borrowings	29,295	20,972
Cash and short term deposits	(2,163)	(1,031)
Net debt	27,132	19,941
Total equity	35,915	30,168
Total capital employed	63,047	50,109
	43.0%	39.8%
Assets funded by external stakeholders		
Total assets	85,948	64,477
Total liabilities	50,033	34,309
	58.2%	53.2%
Debt/equity		
Total equity	35,915	30,168
Intangibles	(4,700)	(5,527)
	31,215	24,641
Interest bearing loans and borrowings	29,295	20,972
	93.8%	85.1%

The Group's policies for determining the level of debt entered into is examined on a yearly basis in conjunction with financiers. The addition of the two macadamia business operations in 2008 (Agrimac's acquisition on 31 December 2007, combined with the MacFarms acquisition on 12 August 2008), has resulted in a restructured balance sheet with increased inventories, plant and equipment, and interest-bearing liabilities. No goodwill was brought to account on the MacFarms acquisition and intangibles have decreased due to reduction of deferred consideration included in the Agrimac investment. The increase in borrowings from $20.9m to $29.3m reflects the additional working capital requirements for the macadamia segment in which harvests in both Australia and Hawaii were undertaken in 2008. In both the ginger and macadamia segments, the lead time between funding of harvests and recovery of costs through sales is quite lengthy.

Shares issued during the year

In contrast to the previous year in which no changes in share capital occurred, the following increases were recorded in 2008, increasing issued capital from $17.5m to $22.3m: Managing Director incentive scheme $11k, dividend re-investment scheme $174k, share purchase plan $712k, share placement program $3,154k and the acquisition of MacFarms business assets $736k.

Profile of Debts

The profile of the Group's debt finance is as follows:

	2008 $'000	2007 $'000
Current		
Bank Overdraft	30	303
Lease liability	285	179
Bank bill facility	11,850	8,550
Bank loans	383	306
	12,548	9,338
Non-current		
Lease liability - finance lease	4	288
Bank bill facility	16,620	11,145
Bank loans	123	201
	16,747	11,634

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

Directors' Report (continued)

Review of Financial Condition (continued)

Treasury policy (continued)

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 $2,679,000 (2007: $1,873,006) designated as hedges of expected future sales to customers in the United Kingdom, along with $1,477,462 (2007: $1,030,274) designated as hedges of expected future sales to customers in the United States of America and $141,216 (2007: $Nil) designated as hedges of expected future sales to European customers. The terms of all foreign exchange contracts to hedge sales have been negotiated to match the terms of the commitments. At year end, there were no foreign exchanges contracts held as hedges of future purchases in USD from overseas suppliers (2007: $203,000).

Interest rate swaps at 31 December 2008, totalled $1.5m (2007: $2.5m). 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 pay interest at a fixed rate of 6.66% (2007: 5.86% and 6.66%). Swaps are established to hedge exposures to changes in the fair value of a portion of the Group's bill facilities. The remaining swap is due to expire in 2009. The bill facilities and the interest rate swaps have the same critical terms.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Settlement for the acquisition of business assets from Agrimac International Enterprises Pty Ltd occurred on 31 December 2007. Operations within this segment commenced on 2 January 2008. Hence, 2008 is the first full year of operations within the macadamia segment.

On 12 August 2008, the macadamia segment was expanded with the establishment of Buderim Macadamias of Hawaii, LLC through which the business assets of MacFarms of Hawaii, LLC were acquired. As a consequence, the Group undertook two macadamia harvests in 2008, one in Australia and a partial harvest in Hawaii.

On 20 June 2008, the remaining outside equity interest in Buderim Baking Company Pty Ltd was purchased. Simultaneously, the Aldente Foods business was sold.

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 a 2.5 cent unfranked dividend amounting to $981,333 be paid out of the profits for the year ended 31 December 2008. The dividend will include a 1 cent per share cash component and a 1.5 cent share issue. reinvestment plan will be operational for this dividend distribution.

Directors expect to finalise an equity-based transaction in March 2009 that will result in the company taking majority ownership positions in the existing US joint venture, Buderim Ginger America, LLC and in the company's current US sales agent, Pan Pacific Foods, LLC while also providing for a minority interest in MacFarms of Hawaii. The purpose of this transaction is to better integrate and control the marketing of macadamias and ginger in the large and important United States market.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The Group's profitability targets for 2009 have been established to reflect the highly uncertain market conditions in all key end-markets at present. All businesses are targeting improvements in operating profit despite this uncertainty, which reflects a general optimism in premium food retailing.

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 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:

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

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

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

Directors' Report (continued)

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS (continued)

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

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

Remuneration philosophy

The performance of the company depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives.
To this end, the company embodies the following principles in its remuneration framework:

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

Remuneration committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the 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 sought to be 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 each 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 some stake in the company.

The remuneration of non-executive directors for the period ending 31 December 2008 is detailed in Table 1 on below of this report.

REMUNERATION REPORT (continued)

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.

Directors' Report (continued)

REMUNERATION REPORT (continued)

Structure (continued)

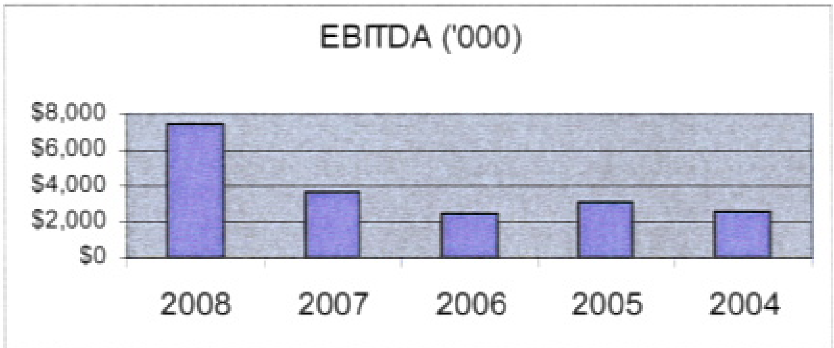
The company has predetermined benchmarks (generally based on year on year improvement) which must be met in order to trigger payments under the incentive scheme. The achievement of revenue targets does not warrant a bonus payment unless a minimum level of profitability target has also been achieved. 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.

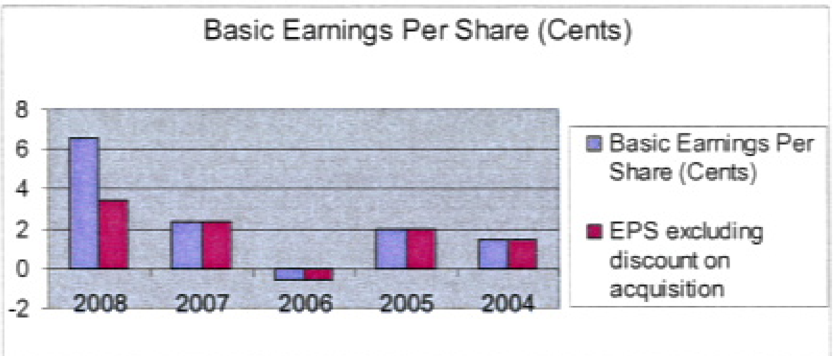
On an annual basis, consideration is given to the actual performance of the individual executive against KPIs, and the overall performance of the company. These factors are taken into account when determining the amount, if any, of incentive to be paid to each executive.

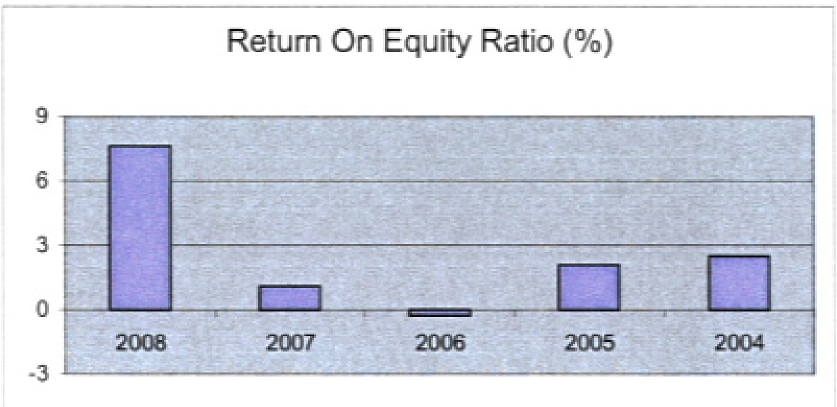
Annual incentive payments available for executives across the company are subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus, except under the Managing Director's Employee Incentive Scheme where fully paid shares only are issued, as approved by shareholders. 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 five years (including the current period).







Directors' Report (continued)

REMUNERATION REPORT (continued)

Shareholder Wealth

	31 December 2008	31 December 2007	31 December 2006	31 December 2005	31 December 2004
Share price (cents)	40	55	54	58	65
Dividend paid per share (cents)	—*	2	—	1	—

* Directors have declared a 2.5 cent dividend subsequent to 31 December 2008.

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 5 March 2007 and was extended to 31 December 2007. A new employment contract has subsequently been 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.

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	Primary			Post Employment Benefits		Share Based Payments	Total Employment Benefits	% Performance Related
		Annual Emoluments	Bonuses	Other	Super	Other			
J.M. Ruscoe 2008	Chairman (Non-executive)	60,000	-		5,400	-		65,400	-
2007		60,000	-		5,400	-		65,400	-
S.J. Maitland 2008	Director (Non- executive)	35,000	-		3,150	-		38,150	-
2007		35,000	-		3,150	-		38,150	-
J.H.P. Roy 2008	Director (Non- executive)	35,000	-		3,150	-		38,150	-
2007		35,000	-		3,150	-		38,150	-
S.T. Templeton 2008	Director (Non- executive)	35,000	-		3,150	-		38,150	-
2007		35,000	-		3,150	-		38,150	-
G.D. O'Brien 2008	Managing Director & CEO	256,875	-	52,540	35,232	-	10,500	355,147	2.96%
2007		244,643	-	36,614	35,466	-	-	316,723	-
Total Directors									
2008		**421,875**	-	**52,540**	**50,082**	-	**10,500**	**524,497**	2%
2007		**409,643**	-	**36,614**	**50,316**	-	-	**496,573**	-

Directors' Report (continued)

REMUNERATION REPORT (continued)

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	Primary			Post Employment Benefits		Share Based Payments	Total Employment Benefits	% Performance Related
		Annual Emoluments	Bonuses	Other	Super	Other			
P.G. Ritchie 2008	General Manager - Ginger	158,580	-	27,550	14,500	-	-	200,630	-
2007		153,986	2,816	28,094	18,879	-	-	203,775	1.38%
K.L. Rogers 2008	Company Secretary/Chief Financial Officer	138,058	-	43,629	13,942	-	-	195,629	-
2007		128,716	-	23,152	14,145	-	-	166,013	-
J.H. Wilkie 2008	General Manager -MacFarms of Hawaii	120,000	-	4,738	10,800	-	-	135,538	-
2007		-	-	-	-	-	-	-	-
A.B.Cunningham 2008	General Manager - Agrimac Macadamias	116,656	-	27,090	9,383	-	-	153,129	-
2007		77,456	-	570	7,746	-	-	85,772	-
D.J. Cashin 2008	General Manager - Buderim Baking	114,014	7,500	24,971	9,383	-	-	155,868	4.81%
2007		95,000	13,500	26,774	8,550	-	-	143,824	9.39%
Total Executives									
2008		**647,308**	**7,500**	**127,978**	**58,008**	-	-	**840,794**	0.89%
2007		**455,158**	**16,316**	**78,590**	**49,320**	-	-	**599,384**	2.72%

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.

There were 20,000 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.) 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.

End of 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:

	Directors' Meetings	Meetings of Committees: Audit	Meetings of Committees: Remuneration
Number of meetings held:	13	3	2
Number of meetings attended:			
J.M Ruscoe	13	—	2
G.D. O'Brien	13	—	—
J.H.P. Roy	11	—	2
S.J. Maitland	13	3	—
S.T. Templeton	13	3	—

Notes

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

Directors' Report (continued)

DIRECTORS' MEETINGS (continued)

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	Remuneration
S.J. Maitland (chair)	J.M. Ruscoe (chair)
S.T. Templeton	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 98/0100. 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

The directors received the following declaration from the auditor of Buderim Ginger Limited.

NON-AUDIT SERVICES

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

Tax compliance and advisory services	$20,000

Balance Sheet

AS AT 31 DECEMBER 2008	Notes	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
CURRENT ASSETS					
Cash and cash equivalents	10	**2,163**	1,031	**33**	505
Trade and other receivables	11	**14,831**	9,545	**7,429**	6,230
Inventories	12	**25,675**	14,805	**10,143**	7,910
Current tax asset	7	**115**	—	**—**	—
Other current assets	13	**1,248**	676	**602**	587
Derivative financial instruments		**7**	149	**7**	149
TOTAL CURRENT ASSETS		**44,039**	26,206	**18,214**	15,381
NON-CURRENT ASSETS					
Receivables	14	**—**	252	**18,156**	8,040
Investments in controlled entities	15	**—**	—	**10,708**	11,045
Investment accounted for using the equity method	16	**1,620**	1,366	**1,186**	1,126
Property, plant and equipment	17	**34,828**	30,451	**21,377**	20,756
Deferred tax assets	7	**761**	675	**597**	594
Intangible assets and goodwill	18	**4,700**	5,527	**355**	355
TOTAL NON-CURRENT ASSETS		**41,909**	38,271	**52,379**	41,916
TOTAL ASSETS		**85,948**	64,477	**70,593**	57,297
CURRENT LIABILITIES					
Trade and other payables	19	**14,981**	7,406	**6,295**	5,173
Interest-bearing loans and borrowings	20	**12,548**	9,338	**12,403**	8,960
Provisions	21	**732**	649	**623**	559
Current tax liability	7	**412**	—	**24**	—
Derivative financial instruments		**46**	—	**46**	—
TOTAL CURRENT LIABILITIES		**28,719**	17,393	**19,391**	14,692
NON-CURRENT LIABILITIES					
Payables	19	**—**	1,597	**699**	1,828
Interest-bearing loans and borrowings	20	**16,747**	11,634	**16,620**	11,433
Deferred tax liabilities	7	**4,438**	3,549	**3,567**	3,474
Provisions	21	**129**	136	**74**	106
TOTAL NON-CURRENT LIABILITIES		**21,314**	16,916	**20,960**	16,841
TOTAL LIABILITIES		**50,033**	34,309	**40,351**	31,533
NET ASSETS		**35,915**	30,168	**30,242**	**25,764**
EQUITY					
Issued capital	22	**22,259**	17,472	**22,259**	17,472
Reserves	22	**7,208**	6,870	**6,845**	6,961
Retained earnings		**6,448**	5,016	**1,138**	1,331
Parent interests		**35,915**	29,358	**30,242**	25,764
Minority interests		**—**	810	**—**	—
TOTAL EQUITY		**35,915**	30,168	**30,242**	25,764

The above balance sheet should be read in conjunction with the accompanying notes.

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2008	Notes	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
REVENUE					
Sale of goods		**72,645**	50,465	**29,450**	29,474
Rental revenue		**193**	203	**193**	203
Other revenue	6 (a)	**911**	338	**772**	381
Finance revenue		**54**	75	**37**	42
Revenue		**73,803**	51,081	**30,452**	30,100
Cost of sales		**(54,617)**	(36,998)	**(20,339)**	(20,613)
Gross profit		**19,186**	14,083	**10,113**	9,487
Share of profit/(loss) of jointly controlled entities		**168**	(39)	**60**	—
Discount on acquisition – business combination	31	**2,050**	—	—	—
Selling and distribution expenses		**(9,085)**	(7,166)	**(3,896)**	(3,938)
Marketing expenses		**(354)**	(491)	**(354)**	(491)
Tourism expenses		**(1,770)**	(1,722)	**(1,770)**	(1,722)
Administration expenses		**(5,128)**	(2,798)	**(2,551)**	(2,301)
OPERATING PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX and FINANCING COSTS		**5,067**	1,867	**1,602**	1,035
Finance costs	6 (b)	**(1,880)**	(961)	**(1,114)**	(605)
PROFIT/(LOSS) BEFORE INCOME TAX		**3,187**	906	**488**	430
Income tax (expense) / benefit	7	**(1,128)**	(182)	**(107)**	(60)
NET PROFIT/(LOSS) FOR THE PERIOD		**2,059**	724	**381**	370
Net (profit) / loss attributable to minority interest		**(53)**	(53)	—	—
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF PARENT		**2,006**	671	**381**	370

Basic earnings per share (cents per share)	8	**6.52**	2.34
Diluted earnings per share (cents per share)	8	**6.52**	2.34
Franked dividends per share (cents per share)	9	—	—

The above income statement should be read in conjunction with accompanying notes.

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2008	Notes	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of GST)		**69,709**	54,232	**28,592**	31,168
Payments to suppliers and employees (inclusive of GST)		**(67,201)**	(50,296)	**(29,234)**	(29,377)
Other receipts		**639**	459	**313**	540
Interest received		**54**	75	**37**	42
Interest paid		**(1,880)**	(961)	**(1,114)**	(605)
Income tax received		**112**	130	**7**	130
Income tax paid		**(260)**	(154)	**—**	(13)
Goods and services tax received/(paid)		**(806)**	(958)	**(159)**	(107)
Receipt of government grant		**596**	25	**596**	25
NET CASH FLOWS FROM / USED IN) OPERATING ACTIVITIES	10	**963**	2,552	**(962)**	1,803
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**446**	72	**2**	9
Purchase of property, plant and equipment		**(3,670)**	(1,589)	**(1,926)**	(1,043)
Acquisition of other business investments		**(7,634)**	(9,330)	**—**	(5,463)
Loans to other entities		**—**	(421)	**(8,883)**	(4,292)
Loan repayments from other entities		**242**	—	**—**	—
Proceeds from sale of Aldente business		**563**	—	**—**	—
Acquisition of outside equity interests		**(1,500)**	—	**(800)**	—
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(11,553)**	(11,268)	**(11,607)**	(10,789)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares (SPP and Placements)		**3,867**	—	**3,867**	—
Proceeds from borrowings		**13,702**	11,504	**13,636**	11,442
Repayments of borrowings		**(4,942)**	(3,036)	**(4,866)**	(2,813)
Payment of dividends on ordinary shares (net of dividend re-investment)		**(400)**	—	**(400)**	—
Payment of outside equity interest		**(53)**	(53)	**—**	—
Repayment of finance lease principal		**(179)**	(107)	**(170)**	(98)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**11,995**	8,308	**12,607**	8,531
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**1,405**	(408)	**(502)**	(455)
Cash and cash equivalents at beginning of period		**728**	1,136	**505**	960
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	**2,133**	728	**3**	505

The above cash flow statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED	Issued Capital $'000	Reserves * $'000	Retained Earnings $'000	Total $'000	Outside Equity Interest $'000	Total Equity $'000
As at 1 January 2008	17,472	6,870	5,016	**29,358**	810	**30,168**
Items of income/expense recognized directly in equity						
Currency translation	—	454	—	**454**	—	**454**
Cash flow hedges Loss taken to equity	—	(116)	—	**(116)**	—	**(116)**
Profit/(loss) for the period	—	—	2,006	**2,006**	53	**2,059**
Total income and expense for the period	—	338	2,006	**2,344**	53	**2,397**
Equity dividend	—	—	(574)	**(574)**	—	**(574)**
Outside equity distribution	—	—	—	—	(63)	**(63)**
Transfer outside equity interest to parent	—	—	—	—	(800)	**(800)**
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	7,208	6,448	**35,915**	—	**35,915**

PARENT	Issued Capital $'000	Reserves * $'000	Retained Earnings $'000	Total $'000	Outside Equity Interest $'000	Total Equity $'000
As at 1 January 2008	17,472	6,961	1,331	**25,764**	—	**25,764**
Items of income/expense recognized directly in equity						
Cash flow hedges Loss taken to equity	—	(116)	—	**(116)**	—	**(116)**
Profit for the period	—	—	381	**381**	—	**381**
Total income and expense for the period	—	(116)	381	**265**	—	**265**
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	6,845	1,138	**30,242**	—	**30,242**

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

The above equity statements should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2008

CONSOLIDATED	*Issued Capital*	*Reserves **	*Retained Earnings*	*Total*	*Outside Equity Interest*	*Total Equity*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
As at 1 January 2007	17,472	5,048	4,345	**26,865**	807	**27,672**
Items of income/expense recognized directly in equity						
Net increase in asset revaluation	—	2,700	—	**2,700**	—	**2,700**
Net tax effect of asset revaluation	—	(810)	—	**(810)**	—	**(810)**
Currency translation	—	(196)	—	**(196)**	—	**(196)**
Cash flow hedges Loss taken to equity	—	128	—	**128**	—	**128**
Profit/(loss) for the period	—	—	671	**671**	53	**724**
Total income and expense for the period	—	1,822	671	**2,493**	53	**2,546**
Outside equity distribution	—	—	—	—	(50)	**(50)**
As at 31 December 2007	17,472	6,870	5,016	**29,358**	810	**30,168**

PARENT	*Issued Capital*	*Reserves **	*Retained Earnings*	*Total*	*Outside Equity Interest*	*Total Equity*
	$'000	*$'000*	*$'000*	*$'000*	*$'000*	*$'000*
As at 1 January 2007	17,472	4,943	961	**23,376**	—	**23,376**
Items of income/expense recognized directly in equity						
Net increase in asset revaluation	—	2,700	—	**2,700**	—	**2,700**
Net tax effect of asset revaluation	—	(810)	—	**(810)**	—	**(810)**
Cash flow hedges Loss taken to equity	—	128	—	**128**	—	**128**
Loss for the period	—	—	370	**370**	—	**370**
Total income and expense for the period	—	2,018	370	**2,388**	—	**2,388**
As at 31 December 2007	17,472	6,961	1,331	**25,764**	—	**25,764**

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

The above equity statements should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

1. CORPORATE INFORMATION

The financial report of Buderim Ginger Limited for the year ended 31 December 2008 was authorised for issue in accordance with a resolution of the directors on 27 February 2009. 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

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(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except land and derivative financial instruments that have been measured at fair value. This financial report has been prepared adopting the same accounting policies as those adopted in the annual financial statements for the year ended 31 December 2007.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the class order applies.

(b) Statement of compliance

The consolidated financial report of Buderim Ginger Limited and controlled entities, and the financial report 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 report, comprising the financial statements and notes thereto, 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 balance sheet, 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.

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.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 balance sheet 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. and Buderim Macadamias of Hawaii, LLC is (USD). The functional currency of the overseas subsidiary, Frespac Ginger (Fiji) Limited, is (FJD). The functional currency of the overseas joint venture entity, Buderim Ginger America, LLC is (USD).

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 balance sheet 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 balance sheet 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 the income statement.

(h) Cash and cash equivalents
Cash and short-term deposits in the balance sheet 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 Cash Flow Statement, 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.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 2008 are consistent with those used in the prior year.

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 it 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 balance sheet 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 balance sheet 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Goodwill

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised. 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 based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114 *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.

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.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(m) Intangible assets (continued)

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	***Brand Value***	***Trademarks***
Useful lives	*Indefinite*	*Indefinite*	*Indefinite*
Method used	*Not amortised*	*Not amortised*	*Not amortised*
Internally generated / Acquired	*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*	*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 income statement 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 the income statement when the liabilities are derecognised.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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.

(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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Leases (continued)

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 the income statement over the expected useful life of the relevant asset by equal annual instalments. During the financial year ended 31 December 2008, 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 balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet 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

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Income tax (continued)

- 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 balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet 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 balance sheet 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 balance sheet.

Cash flows are included in the Cash Flow Statement 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.

Notes to the Financial Statements

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(z) Derivative financial instruments and hedging (continued)

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 the income statement 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 the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(aa) Impairment of financial assets

The Group assesses at each balance sheet 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 31 DECEMBER 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(aa) Impairment of financial assets (continued)

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 financials 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 2008.

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.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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.

(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 2008, after taking into account the effect of interest rate swaps, approximately 5% (2007: 13%) of the Group's borrowings are at a fixed rate of interest.

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 balance sheet 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 35% (2007: 18%) of the Group's sales are denominated in currencies other than the reporting currency of the operating unit making the sale, whilst almost 74% (2007: 82%) 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 2008, the Group had hedged 100% of its foreign currency sales for which firm commitments existed at the balance sheet date, extending to 31 December 2009.

Notes to the Financial Statements

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(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 balance sheet.

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.

Summary of quantitative data	2008	2007
Current assets	$44,039	$26,206
Current liabilities	$28,719	$17,393
Surplus / (deficit)	**$15,320**	**$8,813**

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.

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

The Group's primary reporting format is business segments and its secondary format is geographical segments.

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group operates predominantly in the food processing industry, including ginger, baking and macadamias, and in three geographic areas, Australia, Fiji and United States.

The ginger processing activities are carried out in two geographic areas, Australia and Fiji, and ginger products are marketed primarily in Australia, UK, Europe and North America. Ginger processing operations comprise the production and sale of a variety of sugar processed, brined, pureed and dried products to both wholesale and retail operations throughout the world.

The bakery segment comprises the manufacture and distribution of wholesale retail pastry and pasta products throughout Australia.

The macadamia segment commenced operations on 2 January 2008 in Australia after the acquisition of business assets from Agrimac Macadamias was effected on 31 December 2007. This segment was expanded on 12 August 2008 with the acquisition of MacFarms of Hawaii business assets, and now operates in two geographic areas, Australia and United States. The macadamia segment comprises the growing (Hawaii only), and the manufacture and distribution (from Australia and Hawaii) of wholesale and retail macadamia products throughout Australia, United States, Europe and Asia.

The tourism operations comprise the sale of ginger and other retail gift and food products and leisure activities within the Australian tourism market.

The group generally accounts for intersegmental 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, except for the approach to calculation of unallocated expenses which has been modified throughout 2008 to more closely reflect the evolving corporate structure.

Business segments

The following tables present revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2008 and 2007.

Notes to the Financial Statements

5. SEGMENT INFORMATION (continued)

Business segments	Ginger		Baking		Tourism		Macadamias		Eliminations		Consolidated	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Revenue												
Sales to external customers	**27,526**	29,279	**16,891**	17,290	**3,736**	3,896	**24,492**	—	**—**	—	**72,645**	50,465
Other revenue from external customers	**748**	362	**40**	51	**193**	203	**177**	—	**—**	—	**1,158**	616
Inter-segment sales	**579**	614	**—**	—	**—**	—	**—**	—	**(579)**	(614)	**—**	—
Total segment revenue	**28,853**	30,255	**16,931**	17,341	**3,929**	4,099	**24,669**	—	**(579)**	(614)	**73,803**	51,081
Results												
Segment result	**1,811**	1,260	**132**	563	**521**	649	**2,944**	—	**—**	—	**5,408**	2,472
Share of profit/(loss) of jointly controlled entities'	**108**	(39)	**—**	—	**60**	—	**—**	—	**—**	—	**168**	(39)
Unallocated expenses											**(2,389)**	(1,527)
Profit/(loss) before income tax expense and minority interest											**3,187**	906
Income tax (expense)/benefit											**(1,128)**	(182)
Net profit/(loss)											**2,059**	724
Assets and liabilities												
Segment assets	**72,366**	57,904	**10,550**	10,931	**1,469**	1,574	**32,777**	10,954	**(32,834)**	(18,252)	**84,328**	63,111
Investment in jointly controlled entities	**434**	240	**—**	—	**1,186**	1,126	**—**	—		—	**1,620**	1,366
Total assets	**72,800**	58,144	**10,550**	10,931	**2,655**	2,700	**32,777**	10,954	**(32,834)**	(18,252)	**85,948**	64,477
Segment liabilities	**40,083**	31,705	**5,761**	5,384	**268**	338	**19,741**	4,089	**(15,820)**	(7,207)	**50,033**	34,309
Other segment information:												
Capital expenditure including intangibles	**2,559**	1,096	**785**	389	**110**	32	**3,904**	6,865	**—**	—	**7,358**	8,382
Depreciation	**1,057**	1,048	**509**	543	**335**	212	**567**	—	**—**	—	**2,468**	1,803
Amortisation	**65**	77	**10**	10	**—**	—	**—**	—	**—**	—	**75**	87

FOR THE YEAR ENDED 31 DECEMBER 2008

5. SEGMENT INFORMATION (continued)

Geographic segments

The Group's geographical segments are determined based on the location of the Group's principal assets.

The following tables present revenue, expenditure and certain asset information regarding geographical segments for the years ended 31 December 2008 and 31 December 2007.

Year ended 31 December 2008	Australia		Fiji		United States		Eliminations		Consolidated	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000	**2008 $'000**	2007 $'000
Revenue										
Sales to external customers	**58,745**	47,981	**2,714**	2,484	**11,186**	—	**—**	—	**72,645**	50,465
Other revenue from external customers	**1,139**	591	**18**	25	**1**	—	**—**	—	**1,158**	616
Inter-segment sales	**1,268**	—	**875**	1,089		—	**(2,143)**	(1,089)	**—**	—
Total segment revenue	**61,152**	48,572	**3,607**	3,598	**11,187**	—	**(2,143)**	(1,089)	**73,803**	51,081
Other segment information										
Segment assets	**73,390**	60,171	**2,838**	3,171	**20,279**	—	**(12,179)**	(231)	**84,328**	63,111
Investment in jointly controlled entities	**1,186**	1,366	**—**	—	**434**	—		—	**1,620**	1,366
Total assets	**74,576**	61,537	**2,838**	3,171	**20,713**	—	**(12,179)**	(231)	**85,948**	64,477
Capital expenditure	**3,490**	8,258	**102**	124	**3,765**		**—**	—	**7,358**	8,382

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		BUDERIM GINGER LIMITED		
	2008	2007	2008	2007	
	$'000	$'000	$'000	$'000	
6. REVENUES AND EXPENSES					
(a) Revenue					
Sale of goods	**72,645**	50,465	**29,450**	29,474	Sale of goods
Rental revenue	**193**	203	**193**	203	Rental revenue
Finance revenue – short term cash deposit income	**54**	75	**37**	42	Finance revenue
Other revenue					
Gain on disposal of property, plant and equipment	**5**	13	**2**	3	
Management fees	**—**	—	**79**	87	
Sundry income	**310**	300	**95**	266	
Government grants	**596**	25	**596**	25	
Total other revenue	**911**	338	**772**	381	

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.

	2008	2007	2008	2007
(b) Finance costs – Financial liability at amortised cost				
Bill facility	**1,826**	822	**1,065**	550
Bank loans and overdraft	**24**	101	**22**	18
Finance charges - lease liability	**30**	38	**27**	37
Total finance costs	**1,880**	961	**1,114**	605
(c) Depreciation and amortisation				
Amortisation of non-current assets				
Plant and equipment under lease	**75**	87	**65**	77
Depreciation of non-current assets				
Plant and equipment	**2,069**	1,449	**839**	758
Buildings	**399**	354	**281**	276
	2,468	1,803	**1,120**	1,034
Total depreciation and amortisation	**2,543**	1,890	**1,185**	1,111
(d) Lease payments and other expenses included in income statement				
Minimum lease payments on operating leases	**224**	200	**185**	157
(e) Employee benefits expense				
Wages and salaries	**9,955**	10,072	**5,819**	5,523
Workers Compensation costs	**376**	355	**222**	266
Superannuation costs	**828**	730	**463**	455
Cost of redundancies and terminations	**4**	25	**—**	21
	11,163	11,182	**6,504**	6,265
(f) Foreign currency expenses				
Net foreign currency losses/(gains) realised	**(4)**	(9)	**(36)**	8
Net foreign exchange translation losses/(gains) unrealised	**253**	47	**205**	41
	249	38	**169**	49
(g) Research and development costs				
Research and development costs	**69**	18	**69**	18

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		BUDERIM GINGER LIMITED	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
6. REVENUES AND EXPENSES (continued)				
(h) Share based payments				
Managing director employee incentive scheme	11	—	11	—

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
7. INCOME TAX				
Major components of income tax expense for the years ended 31 December 2008 and 2007 are:				
Income Statement				
Current income tax				
Current income tax charge/(benefit)	**487**	168	**97**	79
Adjustments in respect of current income tax of previous years	**18**	25	**10**	—
Deferred income tax				
Relating to origination and reversal of temporary differences	**623**	(11)	**—**	(19)
	1,128	182	**107**	60
Statement of Changes in Equity				
Deferred income tax related to items charged or credited directly to equity				
Revaluation of land	**—**	(810)	**—**	(810)
Income tax reported in equity	**—**	(810)	**—**	(810)

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 2008 and 2007 is as follows:

Accounting profit/(loss) before minority interest	**3,187**	906	**488**	430
Minority interest	**(53)**	(53)	**—**	—
Accounting profit/(loss) before income tax	**3,134**	853	**488**	430
At the statutory income tax rate of 36.7%* (2007: 30%)	**1,151**	256	**146**	129
Adjustments in respect on current income tax of previous years	**18**	(67)	**10**	—
Research and development deductions	**(52)**	(89)	**(52)**	(89)
Depreciation of buildings	**19**	19	**19**	19
Non-assessable income from foreign operations	**—**	(22)	**—**	—
Other	**(8)**	4	**(16)**	1
At effective income tax rate of 36% (Parent 22%) (2007: (21%) (Parent 14%))	**1,128**	182	**107**	60

* 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 38.53%.

At 31 December 2008, there is no recognised or unrecognised deferred income tax liability (2007: $nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Buderim Ginger Limited and its wholly owned Australian resident subsidiaries are a tax consolidated group. All member 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 in Buderim Ginger Limited.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

7. INCOME TAX (continued)

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**
Deferred tax liabilities										
Opening balance	**(3,212.00)**	**(189.00)**	–	**(148.00)**	**(3,549.00)**	**(3,212.00)**	**(136.00)**	–	**(126.00)**	**-3,474**
Recognition in equity	–	–	–	–	**–**	–	–	–		**—**
Recognition in profit	–	(836.00)	–	(53.00)	**(889.00)**	–	(10.00)	–	(83.00)	**-93**
Closing balance	**(3,212.00)**	**(1,025.00)**	–	**(201.00)**	**(4,438.00)**	**(3,212.00)**	**(146.00)**	–	**(209.00)**	**-3,567**
Deferred tax assets										
Opening balance	–	–	**431.00**	**244.00**	**675.00**	–	–	**380.00**	**214.00**	**594**
Recognition in equity	–	–	111.00	(25.00)	**86.00**	–	–	–	–	**—**
Recognition in profit	–	–				–	–	38.00	(25.00)	**13**
Closing balance	–	–	**542.00**	**219.00**	**761.00**	–	–	**408.00**	**189.00**	**597**

Movement in deferred tax for the year ended 31 December 2007

	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**
Deferred tax liabilities										
Opening balance	**(2,402.00)**	**(118.00)**	–	**(113.00)**	**(2,633.00)**	**(2,402.00)**	**(168.00)**	–	**(109.00)**	**(2,679.00)**
Recognition in equity	(810.00)	–	–	–	**–**	(810.00)	–	–		**—**
Recognition in profit	–	(71.00)	–	(35.00)	**(106.00)**	–	32.00	–	(17.00)	**15.00**
Closing balance	**(3,212.00)**	**(189.00)**	–	**(148.00)**	**(3,549.00)**	**(3,212.00)**	**(136.00)**	–	**(126.00)**	**(3,474.00)**
Deferred tax assets										
Opening balance	–	–	**425.00**	**308.00**	**733.00**	–	–	**373.00**	**412.00**	**785.00**
Recognition in equity	–	–	–	–	–	–	–	–	–	**—**
Recognition in profit	–	–	6.00	(64.00)		–	–	7.00	(198.00)	**(191.00)**
Closing balance	–	–	**431.00**	**244.00**	**675.00**	–	–	**380.00**	**214.00**	**594.00**

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	
	2008	2007
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)	**2,006**	671
Basic earnings per share (cents per share)	**5.40**	2.34
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	**30,744,881**	28,655,832

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
9. DIVIDENDS PAID OR PROPOSED				
Declared and paid during the year:				
Previous year final				
Final dividend for 2007 franked to 21%: 2 cents per share (paid 2008)	**573**	—	**573**	—
(2006: nil cents per share)				
Dividend proposed for approval at AGM (not recognised as a liability as at 31 December):				
Dividends on ordinary shares:				
Final franked dividend for 2008: 2.5 cents per share (2007: 2 cents per share) *	**981**	573	**981**	573
(c) **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% (2007: 30%)	—	157	—	157
- franking credits that will arise from the refund of income tax paid as at the end of the financial year	—	(7)	—	(7)
- franking debits that will arise from the payment of dividends proposed. *	—	(150)	—	(150)
	—	—	—	—

*Subsequent to the end of the financial year, directors have declared a 2.5 cent dividend out of the profits of the year ended 31 December 2008. Dividends proposed will be unfranked. The dividend will include a 1 cent cash component and a 1.5 cent share issue.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		BUDERIM GINGER LIMITED	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000
10. CASH AND CASH EQUIVALENTS				
Reconciliation of cash and cash equivalents				
Cash balance comprises:				
– cash on hand	**2,163**	1,031	**33**	505
– overdraft	**(30)**	(303)	**(30)**	—
Closing cash balance	**2,133**	728	**3**	505

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 2008.

The fair value of cash and cash equivalents is $2,133,127 (2007: $728,065)

Reconciliation of the operating profit/(loss) after tax to the net cash flows from operations				
Net profit/(loss)	**2,059**	724	**381**	370
Adjustments for:				
Depreciation of non-current assets	**2,468**	1,803	**1,120**	1,034
Amortisation of non-current assets	**75**	87	**65**	77
Net (profit)/loss on disposal of property	**5**	(4)	**2**	3
Share of profit of jointly controlled entities	**(168)**	39	**(60)**	—
Discount on acquisition of business assets	**(2,050)**	—	**—**	—
Other	**(81)**	(7)	**9**	2
Changes in assets and liabilities				
(Increase)/decrease in trade receivables	**(5,324)**	381	**(1,096)**	49
(Increase)/decrease in inventory	**(4,107)**	(466)	**(2,233)**	40
(Increase)/decrease in deferred tax assets	**(86)**	58	**(3)**	191
(Increase)/decrease in prepayments and other receivables	**(314)**	(184)	**(7)**	(198)
(Decrease)/increase in trade and other creditors	**7,336**	133	**662**	236
(Decrease)/increase in tax provision	**297**	—	**(48)**	—
(Decrease)/increase in deferred income tax liability	**889**	106	**165**	(15)
(Decrease)/increase in employee benefits	**(36)**	(118)	**81**	14
Net cash flow from operating activities	**963**	2,552	**(962)**	1,803

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 $743,416 (2007: $628,996) by way of a loan.

There has been no plant and equipment acquired by way of lease during 2008 or 2007.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	Notes	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
11. TRADE AND OTHER RECEIVABLES (CURRENT)					
Trade receivables (i)		**13,800**	8,476	**5,204**	4,943
Deposits and other loans		**11**	12	**11**	12
Other receivables		**631**	665	**414**	311
		14,442	9,153	**5,629**	5,266
Related party receivables (ii)					
Jointly controlled entities		**389**	328	**389**	328
Controlled entities		**—**	—	**1,411**	636
Directors and director-related entities		**—**	64	**—**	—
		389	392	**1,800**	964
Carrying amount of trade and other receivables		**14,831**	9,545	**7,429**	6,230

(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*
Current - 60 days	12,346	4,121
61 - 90 days	1,131	1,056
> 90 days	323	28
Total	13,800	5,205

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

12. INVENTORIES (CURRENT)					
Raw materials (at cost)		**3,526**	2,086	**1,592**	1,213
Work-in-progress (at cost)		**4,173**	1,956	**1,449**	1,390
Finished goods (at cost)		**17,976**	10,763	**7,102**	5,307
		25,675	14,805	**10,143**	7,910
13. OTHER CURRENT ASSETS					
Loan to joint venture		**179**	207	**179**	207
Prepayments		**1,069**	469	**423**	380
		1,248	676	**602**	587
14. RECEIVABLES (NON-CURRENT)					
Other receivables		**—**	38	**—**	—
Loan to joint venture		**—**	214	**—**	214
Loan to controlled entities		**—**	—	**18,156**	7,826
		—	252	**18,156**	8,040

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

15. INVESTMENT IN CONTROLLED ENTITIES

Name		Country of incorporation	Percentage of equity interest held by the consolidated entity		Investment	
			2008	2007	2008	2007
			%	%	$'000	$'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**	80	**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	**6,528**	6,865
Buderim Macadamias of Hawaii, LLC	(iv)	United States	**100**	—	—	—
					10,708	11,045

(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. Business assets were acquired from MacFarms of Hawaii, LLC on 11 August 2008. Buderim Macadamias Pty Ltd, trading as Agrimac Macadamias, commenced operations on 2 January 2008, as a macadamia manufacturer and distributor of wholesale and retail macadamia products throughout the world. Deferred consideration included in the investment cost has been decreased based on EBIT achieved and forecast for 2009. Additionally, inventory values acquired have been amended to more closely reflect valuation methodologies required by accounting standards.

Notes to the Financial Statements (continued)

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name		Country of incorporation	Percentage of equity interest held by the entity		Investment Consolidated	
			2008	2007	2008	2007
			%	%	$'000	$'000
Ginger Head Quarters Pty Ltd	(i)	Australia	50	50	1,186	1,126
Buderim Ginger America, LLC	(ii)	United States	50	50	434	240
					1,620	1,366

Name		Country of incorporation	Percentage of equity interest held by the entity		Investment Parent	
			2008	2007	2008	2007
			%	%	$'000	$'000
Ginger Head Quarters Pty Ltd	(i)	Australia	50	50	1,186	1,126
					1,186	1,126

(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 has a 50% interest in jointly controlled entity Buderim Ginger America, LLC with Greater Pacific Foods, LLC trading as Pan Pacific Foods. The joint venture entity is involved in the distribution of confectionery ginger and other ginger-based products.

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 jointly controlled entities.

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

	CONSOLIDATED	
	2008	2007
	$'000	$'000
Share of jointly controlled entities' balance sheet:		
Current assets	68	73
Non-current assets	1,228	1,283
Current liabilities	(136)	(151)
Non-current liabilities	—	(107)
Net assets	1,160	1,098
Share of jointly controlled entities' revenues and profit:		
Revenue	343	188
Expenses	(283)	(188)
Profit before income tax	60	—
Income tax expense	—	—
Profit after income tax	60	—
Reconciliation of movement in investment		
Opening balance	1,126	1,126
Profit/(loss) after tax	60	—
Closing balance	1,186	1,126

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

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

The following table illustrates summarised information of the investment in Buderim Ginger America, LLC.

	CONSOLIDATED	
	2008	2007
	$'000	$'000
Share of jointly controlled entities' balance sheet:		
Current assets	**1,382**	630
Non-current assets	**—**	—
Current liabilities	**(609)**	(427)
Non-current liabilities	**—**	(1)
Net assets	**773**	202
Share of jointly contolled entities' revenue and profit:		
Revenue	**1,729**	1,427
Expenses	**(1,613)**	(1,462)
Profit/(loss) before income tax	**116**	(35)
Income tax expense	**(8)**	(5)
Profit (loss) after income tax	**108**	(40)
Reconciliation of movement in investment		
Opening balance	**240**	310
Profit/(loss) after tax	**108**	(40)
Exchange on translation	**86**	(30)
Closing balance	**434**	240

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
17. PROPERTY, PLANT AND EQUIPMENT				
Land				
Leasehold land at fair value	**112**	99	**—**	—
Freehold land at fair value	**11,400**	11,400	**11,000**	11,000
Total land	**11,512**	11,499	**11,000**	11,000
Buildings on leasehold land				
At cost	**1,544**	1,298	**—**	—
Accumulated depreciation	**(718)**	(558)	**—**	—
	826	740	**—**	—
Buildings on freehold land				
At cost	**10,108**	9,862	**8,508**	8,262
Accumulated depreciation	**(4,512)**	(4,199)	**(4,480)**	(4,199)
	5,596	5,663	**4,028**	4,063
Total land and buildings	**17,934**	17,902	**15,028**	15,063
Plant and equipment				
At cost	**27,788**	22,066	**14,066**	12,367
Accumulated depreciation	**(13,298)**	(11,520)	**(9,184)**	(8,355)
	14,490	10,546	**4,882**	4,012
Plant and equipment under lease				
At cost	**573**	807	**537**	771
Accumulated amortisation	**(251)**	(294)	**(224)**	(275)
	322	513	**313**	496
Total plant and equipment	**14,811**	11,059	**5,195**	4,508
Capital works in progress at cost	**2,083**	1,490	**1,155**	1,185
Total property, plant and equipment				
Fair value	**11,512**	11,499	**11,000**	11,000
Cost	**40,013**	34,033	**23,111**	21,400
	53,608	47,022	**35,266**	33,585
Accumulated depreciation and amortisation	**(18,780)**	(16,571)	**(13,889)**	(12,829)
Total written down amount	**34,828**	30,451	**21,377**	20,756

(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 $321,486 (2007: $513,164).

(b) **Valuations**

The Group's tri-annual valuation of property, plant and equipment was undertaken as at 30 June 2007. Based on the valuation conducted by Colliers International, Directors increased the carrying value of the Yandina land to $11m resulting in a revaluation increment of $2.7m in 2007. (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.)

FOR THE YEAR ENDED 31 DECEMBER 2008

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

Buildings and plant and equipment of the parent entity were valued by Colliers International, registered valuers at $15,899,200 on the basis of Market Value for Existing Use. The valuation of Yandina property, plant and equipment for insurance purposes/reinstatement with new value was at $48,753,500. Plant and equipment of Frespac Ginger (Fiji) Ltd were valued by CB Richard Ellis, registered valuers at $1,375,630 on the basis of Market Value for Existing Use. Valuation for insurance purposes/reinstatement with new value was at $3,630,740. Land and buildings owned by Frespac Ginger (Fiji) Ltd were valued by Rolle Associates at $2,101,830. Plant and equipment of Buderim Baking Company Pty Ltd were valued by Valuations & Appraisal Services Australiasia, registered valuers at $5,900,570 on the basis of Market Value for Existing Use. Valuation for insurance purposes/reinstatement with new value was at $2,349,540. 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.

American Appraisals were engaged to value the plant and equipment of MacFarms of Hawaii to assist Directors with the allocation of the purchase price for financial reporting purposes according to international financial reporting standards. Accordingly, plant and equipment were brought to account at a value of $2,641,900 USD ($3,765,000 AUD).

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.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
17. PROPERTY, PLANT AND EQUIPMENT (cont'd)				
(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	**99**	102	—	—
Net foreign currency movements	**13**	(3)	—	—
	112	99	—	—
Freehold land				
Carrying amount at beginning	**11,400**	8,300	—	8,300
Land acquired in business combination	—	400	—	—
Revaluation	—	2,700	—	2,700
	11,400	11,400	—	11,000
Buildings on Leasehold land				
Carrying amount at beginning	**740**	817	—	—
Transfers	**74**	31	—	—
Net foreign currency movements	**98**	(30)	—	—
Depreciation expense	**(86)**	(78)	—	—
	826	740	—	—
Buildings on freehold land				
Carrying amount at beginning	**5,663**	4,292	**4,063**	4,292
Transfers	**246**	47	**246**	47
Buildings acquired in business combination	—	1,600	—	—
Depreciation expense	**(313)**	(276)	**(281)**	(276)
	5,596	5,663	**4,028**	4,063
Plant and equipment				
Carrying amount at beginning	**10,546**	8,172	**4,012**	4,339
Additions	**16**	1,402	**1,711**	438
Plant acquired in business combination	**3,765**	2,508	—	—
Transfers	**2,664**	—	—	—
Disposals	**(486)**	(71)	**(3)**	(7)
Net foreign currency movements	**54**	(16)	—	—
Depreciation expense	**(2,069)**	(1,449)	**(839)**	(758)
	14,490	10,546	**4,882**	4,012
Plant and equipment under lease				
Carrying amount at beginning	**513**	600	**496**	573
Additions	**(117)**	—	**(117)**	—
Transfers	—	—	—	—
Amortisation expense	**(75)**	(87)	**(65)**	(77)
	321	513	**313**	496
Capital Works in progress at cost				
Carrying amount at beginning	**1,490**	1,413	**1,185**	628
Additions	**(2,867)**	1,557	**(1,840)**	1,042
Transfers	**3,460**	(1,480)	**1,810**	(485)
	2,083	1,490	**1,155**	1,185

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008

18. INTANGIBLE ASSETS AND GOODWILL

	CONSOLIDATED				PARENT		
	Goodwill $'000	Brand Value $'000	Trade marks $'000	Total $'000	Goodwill $'000	Trade marks $'000	Total $'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.

(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.

(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 2007 and 2008 financial year.

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED				PARENT		
	Goodwill $'000	Brand Value $'000	Trade marks $'000	Total $'000	Goodwill $'000	Trade marks $'000	Total $'000
18. INTANGIBLE ASSETS AND GOODWILL (continued)							
At 1 January 2007							
Cost (gross carrying amount)	2,618	480	214	**3,312**	218	213	**431**
Accumulated amortization and impairment	(59)	—	(76)	**(135)**	—	(76)	**(76)**
Net carrying amount	2,559	480	138	**3,177**	218	137	**355**
Year ended 31 December 2007							
At 1 January 2007, net of accumulated amortization	2,559	480	138	**3,177**	218	137	**355**
Additions	2,357	—	—	**2,357**	—	—	—
Foreign exchange movement / other	(7)	—	—	**(7)**	—	—	—
At 31 December 2007, net of accumulated amortisation	4,909	480	138	**5,527**	218	137	**355**
At 31 December 2007							
Cost (gross carrying amount)	4,968	480	214	**5,662**	218	213	**431**
Accumulated amortisation and impairment	(59)	—	(76)	**(135)**	—	(76)	**(76)**
Net carrying amount	4,909	480	138	**5,527**	218	137	**355**

	CONSOLIDATED		PARENT	
	2008 $'000	2007 $'000	**2008 $'000**	2007 $'000
19. TRADE AND OTHER PAYABLES				
CURRENT				
Trade payables (i)	**8,614**	3,574	**2,997**	2,324
Other payables (i)	**5,146**	3,135	**2,077**	2,152
Interest payable (ii)	**60**	4	**60**	4
Deferred purchase consideration	**1,061**	605	**1,061**	605
	14,881	7,318	**6,195**	5,085
Related party payables (iii)				
Joint venture entities	**100**	88	**100**	88
	100	88	**100**	88
Carrying amount of trade and other payables	**14,981**	7,406	**6,295**	5,173
NON-CURRENT				
Deferred purchase consideration	—	1,597	—	—
Controlled entity	—	—	**699**	231
	—	1,597	**699**	1,828

(i) Trade and other payables are non-interest bearing and are normally settled on 30 - 45day 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

As at 31 December 2008, the parent entity had received grant funds to the value of $503,197 for which it has committed to under research and development activities under various government grants. has been committed

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	Effective Interest rate %	Maturity	CONSOLIDATED 2008 $'000	CONSOLIDATED 2007 $'000	PARENT 2008 $'000	PARENT 2007 $'000
20. INTEREST-BEARING LOANS AND BORROWINGS						
CURRENT						
Secured						
Lease liability (i)	7.77	2010	**285**	179	**278**	170
Bank overdraft			**30**	303	**30**	—
Bank bill facility (ii)	5.69	rolling	**11,850**	8,550	**11,850**	8,550
Bank loans (iii)						
- Frespac Ginger (Fiji) Pty Ltd	11.49	2011	**8**	7	—	—
- Buderim Baking Company Pty Ltd	8.00	2011	**130**	59	—	—
- Buderim Ginger Limited	7.83	2009	**245**	240	**245**	240
			12,548	9,338	**12,403**	8,960
NON-CURRENT						
Secured						
Lease liability (i)	7.77	2010	**4**	288	—	—
Bank bill facility (ii)	5.69	rolling	**16,620**	11,145	**16,620**	11,145
Bank loans (iii)						
- Frespac Ginger (Fiji) Pty Ltd	11.49	2011	**17**	22	—	—
- Buderim Baking Company Pty Ltd	8.00	2011	**106**	169	—	—
- Buderim Ginger Limited	7.83	2009	—	—	—	10
			16,747	11,634	**16,620**	11,433

Fair Value Disclosures

Details of the fair value of the Group's interest bearing 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 2008 is 7.77% (2007: 7.61%).

(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 5.69 % (2007: 8.07%). The interest rate on Frespac Ginger (Fiji) Pty Ltd overdraft facility is 9.49% (2007: 11.99%). The overdraft interest rate paid by the parent is 10.26% (2007: 10.60%).

(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% (2007: 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 8.00%. (2007: 8.00%) Buderim Ginger Limited's loans are at an average interest rate of 7.83% (2007: 7.83%) and are secured over the plant and equipment subject to the loans.

Working Capital Facility

The working capital facility provided by Rabobank Australia Limited includes a long term amortising/multi-option component, $11,068,895 (2007: $543,929) of which is held in overseas currency loans at balance date 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 $750,000 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 (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008		CONSOLIDATED		PARENT	
		2008	2007	**2008**	2007
	Notes	**$'000**	$'000	**$'000**	$'000

20. INTEREST-BEARING LOANS AND BORROWINGS (continued)

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:

Total facilities				
- bank overdraft	**900**	850	**450**	450
- working capital facility	**32,600**	22,600	**32,600**	22,600
- bank loans	**300**	518	**108**	250
Facilities used at reporting date				
- bank overdraft	**30**	303	**30**	—
- working capital facility	**28,470**	19,695	**28,470**	19,695
- bank loans	**300**	518	**108**	250
Facilities unused at reporting date				
- bank overdraft	**870**	547	**420**	450
- working capital facility	**4,130**	2,905	**4,130**	2,905

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.

21. PROVISIONS

	Notes				
CURRENT					
Employee benefits	25	**732**	649	**623**	559
		732	649	**623**	559
NON-CURRENT					
Employee benefits	25	**129**	136	**74**	106
		129	136	**74**	106
		861	785	**697**	665
(a) Movement in employee benefit provisions					
At 1 January		**785**	739	**665**	628
Arising during the year		**311**	181	**85**	77
Utilised		**(235)**	(135)	**(53)**	(40)
At 31 December		**861**	785	**697**	665

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008		CONSOLIDATED		PARENT	
		2008	2007	2008	2007
	Notes	$'000	$'000	$'000	$'000
21. PROVISIONS					
(b) Movement in restructuring provisions					
At 1 January		—	111	—	111
Redundancy payments		—	(41)	—	(41)
Contract amendments		—	(70)	—	(70)
At 31 December		—	—	—	—

(c) Nature of Provisions

Provision for Employee Benefits

Provisions have been recognised for employee entitlements relating to annual leave, sick leave, 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 1 to this report.

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		PARENT	
	2008	2007	2008	2007
	$'000	$'000	$'000	$'000
22. CONTRIBUTED EQUITY AND RESERVES				
Issued and paid up capital				
39,253,315 ordinary shares fully paid (2007: 28,655,832)	**22,259**	17,472	**22,259**	17,472

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.

	2008		2007	
Movements in ordinary shares on issue	**Number of shares**	**$'000**	Number of shares	$'000
Beginning of the financial year	**28,655,832**	**17,472**	28,655,832	17,472
Issued during the year				
- managing director incentive scheme (i)	**20,000**	**11**	—	—
- dividend reinvestment scheme (ii)	**355,249**	**174**	—	—
- share purchase plan (iii)	**1,587,951**	**712**	—	—
- share placement program (iv)	**7,033,556**	**3,154**	—	—
- acquisition of MacFarm business assets (v)	**1,600,727**	**736**	—	—
End of the financial year	**39,253,315**	**22,259**	28,655,832	17,472

(i) On 23 April 2008, 20,000 ordinary shares were issued at a value of $0.5250 per share fully paid under the terms of the Managing Director's employee incentive scheme.

(ii) On 16 May 2008, 355,249 ordinary shares were issued at a value of $0.4899 per share fully paid under the company's dividend reinvestment plan.

(iii) On 20 August 2008, 1,587,951 ordinary shares were issued at a value of $0.4485 per share under the company's share purchase plan.

(iv) Between 7th and 10th November, 2008 a total of 7,033,556 ordinary shares were issued at a value of $0.4485 per share under a share placement program.

(v) On 7 November 2008, 1,600,727 ordinary shares were issued at a value of $0.4597 per share as part payment for the MacFarm business combination.

All shares issued during the period rank equally will all other ordinary shares

Reserves

	CONSOLIDATED				PARENT		
	Asset Revaluation	Foreign Currency Translation	Cash Flow Hedges	Total	Asset Revaluation	Cash Flow Hedges	Total
	$'000	$'000	$'000	$'000	$'000		$'000
As at 1 January 2007	4,948	106	(6)	**5,048**	4,948	(5)	**4,943**
Net gain on cash flow hedges	-	-	128	**128**	-	128	**128**
Net increase in asset revaluation	2,700	-	-	**2,700**	2,700	-	**2,700**
Net tax effect of asset revaluation reserve	(810)	-	-	**(810)**	(810)	-	**(810)**
Currency translation differences	-	(196)	-	**(196)**	-	-	-
As at 31 December 2007	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**

Notes to the Financial Statements (continued)

Nature and purpose of reserve

Asset Revaluation

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

Foreign currency translation

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

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.

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:

Year ended 31 December 2008	<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							
Bill facility	1,500	—	—	—	—	—	1,500
Obligations under finance leases	285	4	—	—	—	—	285
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
Floating rate							
Cash assets	2,133	—	—	—	—	—	2,133
Bill facility	26,970	—	—	—	—	—	26,970

Year ended 31 December 2008	<1 year $'000	>1-<2 years $'000	>2-<3 years $'000	>3-<4 years $'000	>4-<5 years $'000	>5 years $'000	Total $'000
PARENT							
Fixed rate							
Bill facility	1,500	—	—	—	—	—	1,500
Obligations under finance leases	278	—	—	—	—	—	278
Buderim Ginger Limited bank loans	245	—	—	—	—	—	245
Floating rate							
Cash assets	3	—	—	—	—	—	3
Bill facility	26,970	—	—	—	—	—	26,970

Refer to note 20 for disclosure on effective interest rates.

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
Financial assets								
Cash and cash equivalents					(6)	(6)	5	5
Accounts Receivables					(13)	(13)	11	11
Financial Liabilities								
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.

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

23. FAIR VALUE AND INTEREST RATE RISK (continued)

Summarised Sensitivity Analysis as at 31 December 2007

	Interest Rate Risk				Foreign Exchange Risk			
	-1%		+1%		-10%		+10%	
	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial assets								
Cash and cash equivalents					1	1	(1)	(1)
Financial Liabilities								
Derivatives – cash flow hedges						(297)		243
Borrowings	192	192	(192)	(192)	(55)	(55)	45	45
Total increase/(decrease)	192	192	(192)	(192)	(54)	(352)	45	288

This analysis assumes that all other variables remain constant.

Year ended 31 December 2007	<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							
Bill facility	2,500	—	—	—	—	—	2,500
Obligations under finance leases	179	284	4	—	—	—	467
Frespac Ginger (Fiji) Pty Ltd bank loans	7	7	8	7	—	—	29
Buderim Baking Company bank loans	59	64	69	36	—	—	228
Buderim Ginger Limited bank loans	240	10	—	—	—	—	250
Floating rate							
Cash assets	728	—	—	—	—	—	728
Bill facility	17,195	—	—	—	—	—	17,195
PARENT							
Fixed rate							
Bill facility	2,500	—	—	—	—	—	2,500
Obligations under finance leases	170	278	—	—	—	—	448
Buderim Ginger Limited bank loans	240	10	—	—	—	—	250
Floating rate							
Cash assets	505	—	—	—	—	—	505
Bill facility	17,195	—	—	—	—	—	17,195

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 2008, 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 30 July 2009. The average AUD/GBP exchange rate of these contracts is $0.4332 (2007: $0.4117) with an AUD equivalent of $2,679,000 (2007: $1,873,006). At 31 December 2008, 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 15 June 2009. The average AUD/USD exchange rate of these contracts is $0.7765 (2007: $0.8650) with an AUD equivalent of $1,477,462 (2007: $1,030,274). At 31 December 2008, the Group held foreign exchange contracts designed as hedges

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

23. FAIR VALUE AND INTEREST RATE RISK (continued)

(b) Hedging risk (continued)

of expected future sales to customers in Europe with varying maturity dates up to 13 March 2009. The average AUD/EUR exchange rate of these contracts is $0.5948 with an AUD equivalent of $141,216 (2007: $Nil).

At 31 December 2008, the Group held no foreign exchanges contracts designated as hedges of future purchases from overseas suppliers. The average AUD/USD exchange rate on such contracts in 2007 was $0.9022 with an AUD equivalent of $230,000.

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

Cash flow hedge – interest rate swap

At 31 December 2008, the Group had one interest rate swap agreements in place aggregating to a notional value of $1,500,000 (2007: $2,500,000). 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 of 6.66% (2007: 6.66%).

The swaps are being 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 2008, are borrowings of 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 MacFarms business combination and on-going working capital requirements in the local currency. Exchange differences at balance date have been brought to account in the income statement.

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008	CONSOLIDATED		PARENT	
	2008	2007	**2008**	2007
	$'000	$'000	**$'000**	$'000

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 2008 are as follows:

Within one year	**212**	176	**201**	155
After one year and not more than five years	**210**	186	**183**	170
	422	362	**384**	325

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;

	2008		*2007*	
	Minimum lease payments $'000	*Present value of lease payments* $'000	*Minimum lease payments* $'000	*Present value of lease payments* $'000
CONSOLIDATED				
Within one year	**302**	**289**	207	179
After one year and not more than five years	**4**	—	305	288
	306	**289**	512	467
Less amounts representing future finance charges	**(17)**	—	(45)	—
Minimum lease payments	**289**	**289**	467	467

	2008		*2007*	
	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**	196	170
After one year and not more than five years	—	—	294	277
	294	**278**	490	447
Less amounts representing future finance charges	**(16)**	—	(43)	—
Minimum lease payments	**278**	**278**	447	447

	CONSOLIDATED		PARENT	
	2008	**2007**	**2008**	**2007**
Capital commitments	**$'000**	**$'000**	**$'000**	**$'000**

At 31 December 2008 the Group has commitments of $423,105 (2007: $531,551) principally relating to plant and machinery upgrades planned for 2008. Commitments contracted at reporting date, but not recognised as liabilities are as follows:

Within one year				
– plant and equipment upgrades	**423**	531	**109**	406
	423	531	**109**	406

Notes to the Financial Statements (continued)

24. COMMITMENTS AND CONTINGENCIES (continued)

Other Commitments

A second and third consideration contingent upon the achievement of defined EBITs for the first two years of operation under Buderim Macamadamia's control, have been provided in the accounts for the acquisition of Agrimac business assets. An amount of $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 $600,000 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.

FOR YEAR ENDED 31 DECEMBER 2008	Notes	CONSOLIDATED		PARENT	
		2008	2007	2008	2007
		$'000	$'000	$'000	$'000
25. EMPLOYEE BENEFITS					
Employee Benefits					
The aggregate employee benefit liability is comprised of:					
Provisions (current)	21	**732**	649	**623**	559
Provisions (non-current)	21	**129**	136	**74**	106
		861	785	**697**	665

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 employees contribute to a 401(K) Pension Plan at various percentages of their salary and wages. The plan complies with US Federal regulations. Buderim Macadamia of Hawaii provides medical, dental, temporary disability and group life insurance through third party insurers at no cost to the employee. These plans include Option One Plus provided by Hawaii Medical Assurance Association, KP Group Plan provided by Kaiser Foundation Health Plan, Inc, Merit Rated Dental Program provided by Hawaii Dental Service, Group Life Insurance GL0599 provided by EMC National Life Co., and Temporary Disability Insurance provided by Pacific Guardian Life Insurance.

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. In 2008 a further external assessment was made of appropriate discount rates. 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 are 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 3.5% and an inflationary factor of 2.5% have been applied to cash forecasts. The discount rate applied to the cash flow projections for each unit are as follows:

- Ginger Australia 11.5%
- Ginger Fijian 15.7%
- Tourism 12.6%
- Baking 12.7%
- Macadamias – Hawaii 11.5%
- Macadamias – Australia 11.8%

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

26. IMPAIRMENT TESTING OF INDEFINITE LIVED GOODWILL AND BRAND VALUE (continued)

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

	Ginger Segment		*Baking Segment*		*Tourism Segment*		*Macadamia Segment*		*Total*	
	2008 $'000	*2007 $'000*	*2008 $'000*	*2007 $'000*	*2008 $'000*	*2007 $'000*	*2008 $'000*	*2007 $'000*	*2008 $'000*	*2007 $'000*
CONSOLIDATED										
Carrying amount of goodwill	**153**	135	**2,016**	2,199	**218**	218	**2,174**	2,357	**4,561**	4,909
Carrying amount of brand name	—	—	—	480	—	—	—	—	—	480
Trademarks	**139**	138	—	—	—	—	—	—	**139**	138
	292	273	**2,016**	2,814	**218**	218	**2,174**	2,357	**4,700**	5,527
PARENT										
Carrying amount of goodwill	—	—	—	—	**218**	218	—	—	**218**	218
Carrying amount of brand name	—	—	—	—	—	—	—	—	—	—
Trademarks	**137**	137	—	—	—	—	—	—	**137**	137
	137	137	—	—	**218**	218	—	—	**355**	355

Key assumptions used in value in use calculation for 31 December 2008 and 31 December 2007.

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 BALANCE SHEET DATE

Since the end of the reporting period, directors have declared that a 2 cent dividend be paid for the year ended 31 December 2008.

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

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	Chief Financial Officer
P. G. Ritchie	General Manager - Ginger
D. J. Cashin	General Manager – Baking
A. B. Cunningham	General Manager – Agrimac Macadamias
J. H. Wilkie	General Manager – MacFarms of Hawaii
N. L. Seymore	General Manager – Tourism

Details of Compensation of Directors and Executives

The company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 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 on page 12 of the remuneration report.

(c) Shareholdings of Directors and their director-related entities and by Executives are as follows:

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.

Notes to the Financial Statements (continued)

(1) J.M. Ruscoe holds 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 holds a relevant interest in 812,737 shares registered in the name of Consolar Investments Pty Ltd.

(3) J.P.H. Roy holds a relevant interest in 6,031,156 shares registered in the name of Big Sister Foods Pty Ltd.

(4) S.J. Maitland holds 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 holds 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.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 $1,173,462 (2007: $1,006,466) 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 2008.

Maypole Assets

On 15 December 2008 Buderim Baking Company Pty Ltd purchased pastry assets from Maypole Foods Pty Ltd, a Hobart-based manufacturer of party pies, sausage rolls and crumpets, indirectly owned by Mr J.H. Roy, a director and substantial shareholder of Buderim Ginger Limited. The terms of the asset purchase were negotiated on an "arm's length" basis. There is no ongoing commercial relationship between Buderim Baking and Mr Roy's businesses as a result of this transaction.

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

	CONSOLIDATED		BUDERIM GINGER LIMITED	
	2008	2007	2008	2007
	$	$	$	$
29. AUDITORS' REMUNERATION				
Amounts received or due and receivable by BDO Kendalls (Qld) for:				
– an audit or review of the financial report of the parent entity and any other entity in the consolidated group	**115,712**	88,000	**86,214**	73,000
– tax advice in relation to the entity and any other entity in the consolidated entity	**36,864**	20,000	**22,535**	15,000
– other assurance services in relation to the entity and any other entity in the consolidated entity	**3,708**	—		—
	156,284	108,000	**108,749**	88,000
Amounts received or due and receivable by related practices of BDO Kendalls (Qld) for:				
– an audit or review of the financial report of subsidiaries	**32,000**	29,066	**—**	—
– tax advice in relation to subsidiaries	**30,783**	21,140	**—**	—
	62,783	50,206	**—**	—
	219,067	158,206	**108,749**	88,000

Notes to the Financial Statements (continued)

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	
			2008	2007	2008	2007
			%	%	$'000	$'000
Australian Golden Ginger Pty Ltd	(i)	Australia (a)	**100**	100	**—**	—
Gingertown Pty Ltd	(i)	Australia (a)	**100**	100	**—**	—
Buderim Ginger (Overseas) Holdings Pty Ltd	(i)	Australia (a)	**100**	100	**—**	—
Buderim Baking Company Pty Ltd	(i)	Australian (d)	**100**	80	**4,180**	4,180
Buderim Ginger America, Inc	(ii)	United States (c)	**100**	100	**—**	—
Buderim Ginger (UK) Ltd	(iii)	United Kingdom (b)	**100**	100	**—**	—
Frespac Ginger (Fiji) Ltd	(iii)	Fiji (b)	**100**	100	**—**	—
Buderim Macadamias Pty Ltd	(i)	Australia (d)	**100**	—	**6,528**	6,865
Buderim Macadamias of Hawaii, LLC	(iv)	United States (c)	**100**	—	**—**	—
					10,708	11,045

(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% interest in two joint venture entities, Ginger Head Quarters Pty Ltd, and Buderim Ginger America, LLC (2007: 50%). On 20 June 2008, the remaining outside equity interest in Buderim Baking was purchased resulting in 100% ownership of this entity. The decrease in the investment in Buderim Macadamias Pty Ltd reflects an adjustment to the 2008 EBIT and the forecast EBIT for 2009, on which deferred consideration is calculated. The deferred consideration now included in the investment, and recorded as a short term liability is $1,060,575.

(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 financial performance 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	
	2008	2007
	$'000	$'000
(i) *Consolidated Income Statement*		
Profit/(loss) before income tax	**488**	881
Income tax (expense)/benefit	**(107)**	(60)
Profit/(loss) after income tax expense	**381**	821
Retained earnings at the beginning of the financial year	**2,729**	1,908
Dividends provided for or paid	**(574)**	—
Retained earnings at the end of the financial year	**2,536**	2,729

Notes to the Financial Statements (continued)

FOR THE YEAR ENDED 31 DECEMBER 2008	CLOSED GROUP	
	2008	2007
	$'000	$'000
30. RELATED PARTY DISCLOSURES (continued)		
(ii) Consolidated Balance Sheet		
CURRENT ASSETS		
Cash and cash equivalents	**33**	505
Trade and other receivables	**7,464**	6,680
Inventories	**10,143**	7,910
Current tax assets	**25**	—
Other current assets	**602**	587
Derivative financial instruments	**7**	149
TOTAL CURRENT ASSETS	**18,274**	15,831
NON-CURRENT ASSETS		
Receivables	**18,156**	7,671
Investments	**11,859**	13,322
Investments accounted for using equity method	**1,186**	—
Property, plant and equipment	**21,377**	20,756
Deferred income tax asset	**597**	619
Intangible assets and goodwill	**355**	355
TOTAL NON-CURRENT ASSETS	**53,530**	42,723
TOTAL ASSETS	**71,804**	58,554
CURRENT LIABILITIES		
Trade and other payables	**5,619**	4,550
Interest-bearing loans and borrowings	**12,403**	8,960
Provisions	**1,295**	1,182
Current tax liability	**24**	—
Derivative financial instruments	**46**	—
TOTAL CURRENT LIABILITIES	**19,387**	14,692
NON-CURRENT LIABILITIES		
Payables	**656**	1,828
Interest-bearing loans and borrowings	**16,620**	11,433
Deferred tax liabilities	**3,567**	3,474
Provisions	**74**	106
TOTAL NON-CURRENT LIABILITIES	**20,917**	16,841
TOTAL LIABILITIES	**40,304**	31,533
NET ASSETS	**31,500**	27,021
SHAREHOLDERS' EQUITY		
Contributed equity	**22,259**	17,472
Reserves	**6,705**	6,820
Retained earnings	**2,536**	2,729
TOTAL EQUITY	**31,500**	27,021

(b) Controlled entities which are audited by another member firm of BDO Kendalls (Qld).

(c) Controlled entity which is incorporated in Delaware. Under United States law the financial statements of this entity are not required to be audited and, accordingly, no auditor has been appointed.

(d) Buderim Baking is a 100% controlled entity as from 1 July 2008 (2007: 80%) incorporated in Australia but not as of yet covered by the Class Order 98/1418. Buderim Macadamias Pty Ltd is a 100% controlled entity not as yet covered by the Class Order 98/1418.

Notes to the Financial Statements (continued)

30. RELATED PARTY DISCLOSURES (continued)

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 $600,000 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.

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
(a) PARENT						
Subsidiaries						
Frespac Ginger (Fiji) Ltd	**100**	**2008**	**413**	**790**	—	**656**
	100	2007	439	878	—	231
Buderim Ginger (UK) Ltd	**100**	**2008**	**4,051**	—	**1,411**	—
	100	2007	4,310	—	636	—
Buderim Ginger America, Inc	**100**	**2008**	—	—	**1,596**	—
	100	2007	—	100	246	—
Buderim Baking Company Pty Ltd	**100**	**2008**	**431**	—	**3,348**	—
	80	2007	499	—	3,341	—
Buderim Macadamias Pty Ltd	**100**	**2008**	**261**	**9**	**3,285**	—
Buderim Macadamias of Hawaii, LLC	**100**	**2008**	**66**	—	**9,926**	—
Joint venture entities						
Ginger Head Quarters Pty Ltd	**50**	**2008**	**385**	**729**	**232**	**99**
	50	2007	212	417	464	85
Buderim Ginger America, LLC	**50**	**2008**	**2,809**	—	**338**	—
	50	2007	2,037	4	287	22
(b) SUBSIDIARIES						
BUDERIM GINGER AMERICA, INC						
Other group entities						
Buderim Ginger (UK) Ltd	—	**2007**	—	—	—	—
		2007	128	—	—	—
FRESPAC GINGER (FIJI) LTD						
Other group entities						
Buderim Ginger (UK) Ltd	—	**2008**	**85**	—	—	—
		2007	211	—	85	—
BUDERIM MACADAMIAS PTY LTD						
Other group entities						
Buderim Ginger America, Inc	—	**2008**	**1,470**	—	**883**	—
	—	2007	—	100	246	—
Buderim Baking Company Pty Ltd	—	**2008**	**15**	—	**7**	—
Buderim Ginger (UK) Limited	—	**2008**	**7**	—	—	—

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).

Templeton Holdings (Qld) Pty Ltd *	—	**2008**	**4**	**1,173**	**2**	—
	—	2007	12	1,006	1	17
Redteam Pty Ltd **	—	**2008**	**2**	**46**	—	—
	—	2007	21	45	64	—

30. RELATED PARTY DISCLOSURES (continued)

* 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 2008, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties. (2007: 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 $1,173,462 (2007: $1,006,466) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers.

On 15 December 2008 Buderim Baking Company Pty Ltd purchased pastry assets from Maypole Foods Pty Ltd, a Hobart-based manufacturer of party pies, sausage rolls and crumpets, indirectly owned by Mr J.H. Roy, a director and substantial shareholder of Buderim Ginger Limited. The terms of the asset purchase were negotiated on an "arm's length" basis. There is no ongoing commercial relationship between Buderim Baking and Mr Roy's businesses as a result of this transaction.

Key management personnel

Jeff Sanders is a director of Buderim Baking Company Pty Ltd and the proprietor of Redteam Pty Ltd. During the year, the balance of the loan to Jeff Sanders was deducted by the sale proceeds owed to Buderim Baking for the Aldente business assets.

Minority Interest

The 20% minority interest in Buderim Baking Company Pty Ltd was purchased from the outside equity owner in the first half of 2008.

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

31. BUSINESS COMBINATION

Acquisition of MacFarms of Hawaii

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.

Significant operational and marketing synergies exist between the new business combination and other entities within the Buderim Ginger group, especially the Australia macadamia processing operation which commenced on 2 January 2008. The combination of both the Hawaiian and Australian macadamia operations arguably represents the formation of the largest processor and marketer of macadamias in the world in an industry that holds enormous growth potential. It also complements Buderim Ginger's long-held position as the world's leading processor and marketer of confectionary ginger, positioning the group to capitalize on the many synergies between these businesses and its Ginger and Baking businesses, maximising product offering opportunities and leveraging in areas such as customer base, geographic penetration, distribution, sales and marketing, manufacturing, logistics and agriculture.

Assets acquired in the MacFarms business combination include plant and equipment, and inventory. Liabilities assumed included employee entitlements and a few specific account payable commitments. As the fair value of identifiable net assets exceeded the consideration, a discount on acquisition of $2.05m was brought to account.

The purchase price was made up of both cash and an issue of Buderim Ginger Limited shares, calculated at a volume weighted average market price and an exchange rate struck in accordance with contract terms, resulting in the issue of 1,600,727. Fair value is equal to the carrying value.

The new business made positive contributions to the Group's overall revenue and operating profit in 2008. Operating results are expected to improve in 2009.

The business will be well positioned to capitalize on the expected improvement in pricing in the global macadamia market over the coming years and on the long term increase in world demand. The combination of the Group's macadamia operations will become a significant contributor to Group operating profit in 2009 and beyond, particularly as integration benefits are realized.

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

	CONSOLIDATED	
	Recognised on acquisition $'000	*Carrying value $'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. Discount on acquisition is included on the face of the Income Statement as a separate line item in accordance with accounting standard AASB3: *Business Combinations*. This business combination contributed favourably to the Group's 2008 result in terms of both revenue of $9.5m and operating profit (before tax and discount on acquisition) of $278k. Had the results relating to Buderim Macadamia of Hawaii been consolidated from 1 January 2008, consolidated profit approximating $2.9m for the year ended 31 December 2008.

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

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 balance sheet (including minority interest) plus net debt.

Liquidity and Capital Resources

The consolidated cash flow statement highlights a net increase in cash and cash equivalents in the year ended 31 December 2008 of $1.4m compared to a decrease of ($408k) in 2007. Outflows from operating activities resulted in a net inflow of $963k compared to ($2.9k) in the previous year. The increase in interest over the previous year reflects the higher level of borrowings to support working capital requirements for the addition of the macadamia segment operations during 2008. Grant funds of $596k were recorded pursuant to the Commercial Ready project undertaken in conjunction with the Department of Industry, Tourism and Resources of the Commonwealth of Australia.

Investment activities included capital projects as follows:

Ginger Segment
- syruping chain enhancements
- ozone and sulphite stripping equipment
- drying upgrade
- crystallising plant improvements

Baking Segment
- spiral freezer addition
- xray machinery
- automated meat cooking and pumping
- fritsch laminator
- compressor upgrade

Tourism Segment
- general site improvements
- "Superbee" attraction construction works

Additionally, investment activities included the macadamia business combination transacted on 12 August 2008, the buy-out of the outside equity interest in Buderim Baking Company Pty Ltd and the simultaneous sale of the Aldente business assets.

Financing activities reflect drawdowns from Rabobank Australia to fund increased working capital requirements for the macadamia segment, combined with proceeds of $712k from the Share Purchase Plan and $3.2m from the company's Placement Program undertaken during 2008. The cash component of the final dividend paid out of profits for the year ended 31 December 2007 was $400k with the dividend reinvestment plan contributing $174k to this dividend.

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

32. CAPITAL RISK MANAGEMENT (continued)

Asset and capital structure

	2008	2007
	Total Operations	Total Operations
Net Gearing	$'000	$'000
Debts:		
Interest bearing loans and borrowings	29,295	20,972
Cash and short term deposits	(2,163)	(1,031)
Net debt	27,132	19,941
Total equity	35,915	30,168
Total capital employed	63,047	50,109
	43.0%	39.8%
Assets funded by external stakeholders		
Total assets	85,948	64,477
Total liabilities	50,033	34,309
	58.2%	53.2%
Debt/equity		
Total equity	35,915	30,168
Intangibles	(4,700)	(5,527)
	31,215	24,641
Interest bearing loans and borrowings	29,295	20,972
	93.8%	85.1%

Liquidity and Capital Resources (continued)

The Group's policies for determining the level of debt entered into is examined on a yearly basis in conjunction with financiers. The addition of the two macadamia business operations in 2008 (Agrimac's acquisition on 31 December 2007 and commencement and commencement of its operations on 2 January 2008, combined with the MacFarms business combination on 12 August 2008, has resulted in a restructured balance sheet with increased inventories, plant and equipment, and interest-bearing liabilities. Whilst there was no goodwill brought to account on the MacFarms acquisition, intangibles have decreased due to reduction of deferred consideration included in the Agrimac investment. The increase in borrowings from $20.9m to $29.3m reflects the additional working capital requirements for the macadamia segment in which a harvest in both Australia and Hawaii were undertaken in 2008, reflected also in the increase in inventories.

Shares issued during the year

In contrast to the previous year in which no changes in share capital occurred, the following increases were recorded in 2008, increasing issued capital from $17.5m to $22,3m: Managing Director incentive scheme $11k, dividend investment scheme $174k, share purchase plan $712k, share placement program $3,154k and the acquisition of MacFarms business assets $736k.

Profile of Debts

The profile of the Group's debt finance is as follows:

	2008 $'000	2007 $'000
Current		
Bank Overdraft	30	303
Lease liability	285	179
Bank bill facility	11,850	8,550
Bank loans	383	306
	12,548	9,338
Non-current		
Lease liability - finance lease	4	288
Bank bill facility	16,620	11,145
Bank loans	123	201
	16,747	11,634

Notes to the Financial Statements (continued)

FOR YEAR ENDED 31 DECEMBER 2008

32. CAPITAL RISK MANAGEMENT (continued)

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.

At year end, the Group held foreign exchange contracts valued at $2,679,000 (2007: $1,873,006) designated as hedges of expected future sales to customers in the United Kingdom, along with $1,477,462 (2007: $1,030,274) designated as hedges of expected future sales to customers in the United States of America and $141,216 (2007: $Nil) designated as hedges of expected future sales to European customers. The terms of all foreign exchange contracts to hedge sales have been negotiated to match the terms of the commitments.

At year end, there were no foreign exchanges contracts held as hedges of future purchases in USD from overseas suppliers (2007: $203,000).

Interest rate swaps at 31 December 2008, totalled $1.5m (2007: $2.5m). 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 pay interest at a fixed rate of 6.66% (2007: 5.86% and 6.66%). Swaps are established to hedge exposures to changes in the fair value of a portion of the Group's bill facilities. The remaining swap is due to expire in 2009. The bill facilities and the interest rate swaps have the same critical terms.

Directors' Declaration

In accordance with a resolution of the directors of Buderim Ginger Limited, I state that:

(1) In the opinion of the directors:

(a) the financial statements and notes of the company and of the consolidated entity 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 2008 and of their performance for the year ended on that date; and

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

(b) 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 2008.

(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.