Annual Report 2003

Buderim Ginger

Buderim Ginger Limited

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Annual General Meeting

The Annual General Meeting of Buderim Ginger Limited will be held at Royal on the Park, Cnr of Alice and Albert Streets, Brisbane on 30 April 2004 at 10 a.m. The business of the meeting is outlined in the formal Notice of Meeting and Proxy Form which are enclosed with this report.

STRATEGIC PLAN

OUR VISION

"The World's Finest Ginger"

OUR MISSION

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

- Confectionery Ginger Supply
- Branded Specialty Food Products; and

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

OUR STRATEGIC OBJECTIVES

- Get the Core Business Right
- Build Critical Mass
- Develop Tourism
- Strengthen Management of the Business

OUR VALUES

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

Profile

"The World's Finest Ginger"

Established in 1941 as a grower co-operative, Buderim Ginger Limited has grown to become the world's leading producer of confectionery ginger. The company's core activity is the processing and marketing of a range of specialty ginger products. Buderim's competitive advantage is its reputation as "the world's finest ginger" which is continually reinforced by the quality of its products and service.

Buderim Ginger employs over 200 people through its head office and major processing plant on the Sunshine Coast in Queensland, Australia, and through secondary processing facilities in Fiji. The company has the capacity to process over 6,000 tonnes of raw ginger per annum.

Currently, over 75% of production is based in Australia with the remainder in the company's Fijian operation.

As part of an aggressive export focus, Buderim Ginger maintains international representation in more than 17 countries with sales and distribution offices in: London, UK, Hamburg, Germany and New Jersey, USA.

A large proportion of the ginger products processed by the company is marketed to industrial customers in the confectionery, beverage and food industries around the world. Of increasing importance is the company's innovative range of "Buderim Ginger" branded retail products which include jams, toppings, cordials, crystallised ginger and confectionery. These products are marketed through supermarkets and retail outlets in Australia and overseas. Exports represent around 60% of total group sales, with key overseas markets being North America, the United Kingdom, Germany, the Netherlands, New Zealand and Japan.

In recent years, the company has actively underpinned its competitive position in both domestic and export markets through an intensive capital investment program to update its manufacturing and distribution infrastructure. Buderim Ginger is committed to the highest standards of food safety, holding HACCP and Quality System Accreditation (ISO9001 -2000), Organic, Kosher and Hallal Certifications.

In addition to its traditional ginger processing activities, Buderim Ginger operates one of the Sunshine Coast's most popular and highly awarded tourist attractions "The Ginger Factory" at its Yandina Site.

Year in Review

2003 SNAPSHOT

- In spite of considerable positive achievements, the financial result is negatively influenced by currency movements and crop shortages.
- Revenue increases marginally to $30,691,000 (up 0.6%). Sales volume is up 3% but this was negated by the currency translation effect.
- Rapid escalation of the $A (up 34% against the $US, 22% against the £ Sterling, and 12% against the Euro) lead to translation losses and margin erosion despite the company's extensive hedging policies.
- A second consecutive year of drought in the Australian crop region reduces planned intake by 15% leading to under recovery of overhead and other processing inefficiencies.
- A disappointing result for the company's Fiji subsidiary, Frespac, owing to poor sales of second grade material and stock writedowns.
- Tourism facility exceeds targets with the new "Taste of Ginger Tour" a notable success.
- Sales of Buderim branded retail products up 8% with recent product innovations: Ginger Refresher and Ginger Bears leading the charge.
- Net profit after tax declines to $504,000 from $770,000 (down 34.5%).
- Earnings per share decline to 2.30c from 3.64c.
- Owing to the disappointing result and the need to invest in new opportunities, directors recommend a reduced dividend of 1.5c per share fully franked (down from 3c).
- Strengthened balance sheet and cash flow with further improvements in inventory levels.
- Continued investment in asset refurbishment, processing technology, and IT.
- The company remains on track to meet its long term strategic objectives.

" Tourism facility exceeds targets with the new "Taste of Ginger Tour" a notable success."

FINANCIAL SUMMARY

	2003	2002	2001	2000	1999
	$000	$000	$000	$000	$000
Revenue	30,691	30,523	30,641	28,256	28,017
Profit (loss) before income tax expense	752	1,108	1,688	(1,757)	1,634
Net profit (loss) after income tax expense	504	770	1,284	(1,611)	1,095
Total assets	28,939	28,479	28,512	28,271	28,303
Dividends declared/recommended*	-	-	628	-	837
Earnings per share (cents)	2.30	3.64	6.14	(7.70)	5.34
Net tangible asset backing (cents)	80	82	79	76	85
Dividend per share	1.5	3	3	-	4

NB* Subsequent to 31 December 2003, directors have declared a dividend of 1.5 cents per share amounting to $335,653 (2002: $636,683) to be paid on 20 May 2004 with a record date of 30 April 2004. In line with current accounting standards, this amount is not shown in the table above.

Chairman's Report

When this board was appointed a little over two years ago your directors set themselves the task of reforming a company which had lost its way with the objective of returning it to prosperity within a period of two to three years. Whilst we are pleased with many of our achievements we are disappointed that the fundamental improvements we have made to the business have not flowed through to the bottom line in 2003 because of the escalation in the value of the Australian dollar ($A) and to a lesser extent through two successive poor harvests.

For a company which derives about 60% of its total revenue from export earnings there was little that could be done to offset the unprecedented surge in the value of the Australian dollar. Our results would have been considerably worse had we not had a hedging policy and procedure in place. However we were not able to escape the full effects of translation losses incurred on the valuation of inventory and receivables held in our subsidiaries' accounts. As the year progressed we were forced to write new contracts at reduced margins in order to remain competitive and not lose market share. We have now restructured our borrowings to ensure that our foreign assets and liabilities will be more closely matched in the future.

We may have to live with a stronger $A for some time to come. Our forward planning recognises this and we have budgeted accordingly. We are determined to maintain our global market share and realistically this means accepting lower gross margins for some time to come. We will offset this through driving down costs, by increasing our volumes, developing new products and operating as efficiently as possible with the right marketing structures in the various regions.

During the 2003 harvest we were able to obtain only 85% of our desired tonnage from local growers which lead to an under recovery of overhead and to production inefficiencies. The quality of the crop was also down on expectation. This became obvious only as the year progressed and as we started to process the new crop. 2004 looks to be a better crop year as rainfall returns to a more normal pattern and weather conditions remain favourable.

Directors are pleased with progress made in many of the company's activities. In particular sales of retail branded products in the Australian market are particularly strong as is the valuable contribution from our Tourism facility. Good progress has been made in asset refurbishment, adoption of new processing technologies and implementation of new IT programs. Importantly, the company now has an integrated production, stock control and sales system. The balance sheet is strong and free cash flow has improved as a result of inventory reduction. Further significant capital expenditure is planned for 2004 on productivity improvement and business growth projects.

The board believes that it is on track to achieve most of the tasks and goals it set for itself two years ago under its current strategic plan although the negative influences of the past year have extended the timeframe in arriving at acceptable profitability. We are under no illusion that this will be easy.

The board believes that the company now needs to broaden its base and as a consequence it is now actively looking for strategic acquisitions. So far those examined have either not been available at the right price or failed to meet strict criteria during the due diligence process. The search goes on with some promising opportunities in prospect.

Because of our reduced profits for 2003 the board recommends a reduced dividend of 1.5c per share fully franked which represents a payout of 65.2%. Whilst this will disappoint many shareholders directors believe it to be prudent given the circumstances. It is also in line with the Board's long term policy to payout around 65% of its profits by way of dividend unless there is a compelling reason to deviate from this.

In conclusion I would like to thank my fellow directors for their efforts during a difficult year, our loyal staff and other stakeholders in the company particularly shareholders for their patience and support in the face of disappointing results. We see 2003 as a temporary setback and believe strongly that the company will now return to profit growth.

JOHN RUSCOE
Chairman

Review of Operations

OVERVIEW

Adverse external factors culminated in a full year profit before tax of $752,000, compared with $1.108m in the prior year. Consistent with the company’s revised forecast, the full year's after-tax earnings at $504,000 were 34.5% down on those of 2002. Earnings per share amounted to 2.30 cents (2002: 3.64 cents), resulting in a proposed reduction in dividend to 1.5 cents per share (2002: 3 cents per share). This fully franked final dividend will represent a total payout of $335,653. No interim dividend was paid. Record date for dividend entitlement is close of business 30 April, 2004.

The company faced a highly competitive market in 2003, featuring competitors from low-cost countries such as China, Fiji and Thailand. This situation was exacerbated by unfavourable exchange rate movements in both the Australian and Fiji dollars which affected Buderim more than most competitors. Despite this, Buderim Ginger was able to marginally lift total revenue which is a positive sign for our future international competitiveness, particularly should a more favourable exchange environment return as many forecast. Margins were also affected by lower than anticipated processing efficiency and recovery due to the drought affected Australian ginger crop.

EXPORT SALES

Export sales overall fell by around 3% in 2003 to $15.4 m, a relatively creditable performance when considering the prevailing currency and competitive pressures, particularly in North America and the UK. Providing a counter to these difficult markets, European performance was strong with our new structure working well in its first full year.

A 22% rise in the $A against the £ Sterling suppressed both revenue and margins in the UK ($A revenue was down around 10%). While the competitive structure in the UK market remained relatively unchanged during the year, continued intense pressure on food manufacturers in this market to cut costs made it virtually impossible to pass on the currency effects through price increases. Recent changes to our marketing structure are expected to drive improved sales of our branded retail products in the UK during 2004.

Despite a 12% rise in the $A against the Euro, revenue in European markets grew strongly. Performance was bolstered in this market by good performance under our new German office structure and because a high proportion of sales in this region remains denominated in $A. Pricing will, however, be tested in the year ahead as contracts are renewed.

Despite a lift in $US sales, a 34% rise in the $A against the $US seriously eroded both revenue and margins in the USA, while competitive factors contributed to a further decline in Canadian sales ($A revenue in North America was down around 17%). Much effort has been put into addressing these trends and the company is confident that recent and ongoing changes will deliver improved results in 2004. The US market continues to hold much potential for Buderim Ginger and despite the challenging environment in this market, it is critical that the company builds a strong and profitable presence here.

Sales in the Canadian market were depressed due to intense price-based competitive activity. Major distributors remain committed to the Buderim Ginger range and quality. Renewed profitable sales opportunities will emerge in the near term as consumers recognise quality differences.

Frespac sales growth in Europe was strong, underpinned by improved service and product quality. Frespac is now well-established as the premium name in Fijian ginger in the European market. Frespac external revenue was up around 2% in $A.

There continues to be strong long-term growth potential for ginger in most "western" markets due to its underlying health benefits. Coupled with the growth of the global functional and nutraceutical food sectors, and continued studies which support ginger’s wide-ranging health benefits, Buderim Ginger is confident of capitalising on these burgeoning opportunities for premium ginger-based products world-wide.

Ginger also has the added versatility of possessing both sweet and savoury flavouring attributes. This major quality is being fully explored through our new product development program. Buderim Ginger is committed to strengthening its leading status as an innovator in ginger products for the global retail and manufacturing industries.

“ Despite a 12% rise in the $A against the Euro,
markets grew strongly. Performance was
good performance under our new German
a high proportion of sales in this region remains

DOMESTIC SALES

Domestic sales grew by over 2% in 2003 to $12.1 m. This performance reflects the company's continued improved standing in the branded retail sector and the strong economic conditions in the domestic market.

Industrial sales in Australia were, however, marginally down at $4.2m for the year due to some end-market consolidation and increasingly irrational competitive activity. Buderim has and will protect its market position wherever possible by meeting market requirements and by continuing to deliver superior customer service, technical support and product quality performance.

The Buderim Ginger retail range continued its impressive growth path in 2003 with revenue up almost 8% to $8m. Consumers and retailers alike recognise the Buderim brand for its credibility and reputation for quality and innovation. Relatively new products such as Ginger Refresher and Ginger Bears primarily underpinned this growth. Both products were supported by advertising, and in a first for Buderim, Refresher was featured in an East Coast television campaign early this summer, which is building further on the great success so far.

The company anticipates further solid growth in Australian retail sales in 2004. This growth will be underpinned by continued new product innovation and by further leveraging the acknowledged strength of the Buderim brand.

revenue in European
bolstered in this market by
office structure & because
denominated in $A.”

DRIED GINGER

A special comment is necessary in regard to dried ginger where the company operates within the huge global market for dried spices. Buderim is a small specialist supplier to highly discerning international customers in this market and was severely affected by short supply due to drought in both 2002 and 2003. This situation became particularly acute during 2003 as stocks became depleted. In order to maintain supply to customers who rely on the Buderim quality, a new dryer operation was commissioned at our Fijian site to supplement supply and enable us to stretch our Australian stocks as far as possible. This initiative was successful and a tribute to the resourcefulness of our staff. Much thanks should also go to our customers for their understanding and flexibility in enabling us to get through this difficult situation. We are anticipating a replenishing of Australian supply in 2004 with the improved crop outlook.

Ginger Bear sampling to an “all age” demographic on Coolum Beach by Hickey Sports Marketing.

Review of Operations

Left: *Queensland's Premier, Peter Beattie at the "Taste of Ginger" opening.* ***Right:*** *Ginger Bear sampling promotion.*

" Several other new products are scheduled for release over recent years. In 2003, our highly popular, limited release in Queensland that a national

TOURISM

Sales from the Yandina tourism operations *"The Ginger Factory"* were up 15% to a record $3.4m in 2003, in spite of relatively static visitor numbers. Revenue for 2002 included $173,000 from Buderim Ginger store at Indooroopilly which was closed in August of that year. The tourism result was bolstered by the success of the newly introduced *"Taste of Ginger Tour"* which exceeded expectations.

The Tour, which was opened by the Premier of Queensland, Mr Peter Beattie in April 2003, was well received by visitors. This reaffirmed our strategic decision to reinvest in this area of our business.

The annual Ginger Flower Festival held at our Yandina site continues to be a key element of the centre's marketing strategy through attracting first time visitors. Its heightening success and profile is now widely recognised throughout the Queensland tourism industry. This success is clearly illustrated by the 2003 event achieving a 20% growth in activity over 2002. To capitalise on this profile and to make the event more manageable in future years, the company has decided to split the event over several uniquely-themed festivals from 2004. Further news on these events will be made available as planning progresses.

FIJIAN OPERATIONS

As previously advised our Fijian company, Frespac, now operates as a stand alone company. This was done in part to preserve the integrity of the higher priced premium Australian product. Transfers to Australia are now greatly reduced whilst sales to external customers have grown steadily during 2003. The strategic decision to separate the subsidiary's production and marketing from the parent company has led to a reduction in volume which has adversely affected profitability in the short term.

In early 2003 the loan for Frespac's crown lease properties from Yee Wah Sing was finalised.

During 2003 Frespac also incurred translation losses and margin erosion because of a relatively strong Fijian dollar. In addition slow sales of second grade product led to a stock writedown. Despite these setbacks, the company is confident that ongoing sales growth in key export markets combined with improvements in manufacturing efficiencies and infrastructure, will provide the basis for stronger performance by the Fiji facility in future years.

PRODUCTION

Over the past year, Buderim Ginger's production team continued to focus on its key operational drivers, such as seconds percentage, throughput and syruping uptake. Efficiencies were constrained by the smaller than anticipated Australian ginger harvest in February/March 2003 and the quality of this crop due to drought conditions. Nevertheless there was positive progress in production practices and processes during 2003 which will lead to financial improvement during 2004 and beyond. As the global leader in its field, Buderim Ginger is committed to the highest standards of food safety and maintains HACCP accreditation for its food safety plan. The company also produces a range of ginger products that are Australian Certified Organic. Standards to achieve this are internationally recognised.

The company also maintains Kosher and Halal certification for a range of ginger products.

Buderim is committed to an on going process of cost reduction in all facets of its business. Capital investment in 2003 was directed to productivity improvement projects at both Yandina and Suva.

The company has also taken large strides in its environmental practices, particularly focussing on water usage and wastewater quality and flows. In 2003, the company participated in an Eco-efficiency project under the United Nations Environment Program facilitated through the Environmental Management Centre of the University of Queensland and the Australian Industry Group. Under this project, the company identified a number of significant eco-efficient measures for implementation over 2004 and beyond.

The company continued to generate improvements in its measured level of customer service and anticipates further improvement as the benefits of its integrated Enterprise Resource Planning package (operational from 1 September 2003) flow through. Other benefits from this investment are expected in inventory and administrative efficiencies.

RESEARCH & DEVELOPMENT

The company continues to utilise a mix of internal and external resources to maximise outcomes of its research and development program. The program is equally committed to both process improvement and to new product development. In this latter area, for example, Buderim has collaborated with another Queensland icon food manufacturer to develop a spread which is targeted for launch into mainstream retail outlets in Australia and overseas in coming months. Several other new products are scheduled for release in 2004 culminating from the R&D investment over recent years. In 2003, our highly popular, Buderim Ginger Bears, was so successful on its limited release in Queensland that a national rollout was implemented late in the year.

in 2004 culminating from the R&D investment Buderim Ginger Bears, was so successful on its rollout was implemented late in the year."

OUR PEOPLE

Buderim Ginger has been short-listed in the Australian Chamber of Commerce and Industry/Business Council of Australia National Work and Family Awards 2003/2004 in recognition of its work/life policies and practices. This is demonstrative of our commitment to providing, not only a safe and rewarding work environment, but one which is flexible enough to respond to the issue of work/life balance in a commercially appropriate manner.

Many of these initiatives have been incorporated in the company's Enterprise Agreement which was successfully re-negotiated during 2003. This resulted in a three year agreement expiring 31 December 2006 focussing on affordable gains for staff along with productivity improvements.

Review of Operations

" Priorities for 2004 will focus squarely on new business opportunities, new products and investments that deliver significant productivity improvements."

OUTLOOK

Operationally, our major areas for focus in the year ahead remain:

- Leveraging the "Buderim" brand and branding skills; the company's international sales and distribution infrastructure; and its corporate structure to deliver a rapid escalation in profitable sales growth;
- Investing in process improvements designed to deliver substantial productivity gains while never compromising Buderim Ginger's premium position as "The World's Finest Ginger".

Priorities for 2004 will focus squarely on new business opportunities, new products and investments that deliver significant productivity improvements.

The recent leveling out of the $A and an improved outlook for the 2004 Australian ginger crop (early harvest underway at time of writing) are positives for 2004. However, the competitive environment remains intense across all markets. Gains made during 2003 give confidence that the company can deliver on its strategic plan for consolidating Buderim's global leadership position in confectionery ginger, while facilitating carefully planned growth in both traditional and non-traditional areas. Based on these factors, the outlook for 2004 is for solid improvement in net profit.

I would like to once again pay my personal tribute to the staff of Buderim Ginger who continually demonstrate their commitment to and passion for the business everyday. I thank each and every one of them for their support once again in 2003 and recognise that it is through their efforts and those of our suppliers and customers that Buderim Ginger, the World's Finest Ginger, is the global leader.

GERARD O'BRIEN
Managing Director and Chief Executive

Directors' Report

Your directors submit their report for the year ended 31 December 2003.

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 was elected by shareholders at the Extraordinary General Meeting held on 20th and 21st February, 2002, and re-elected at the 2002 Annual General Meeting. He was previously Chief Executive Officer of Buderim Ginger Limited and the previous 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 63 years of age.

Gerard Daniel O'Brien, *B Admin., MBA (Georgetown), ASA, 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 General Councillor of the Australian Industry Group (AIG) Queensland Branch. Mr O'Brien completed an MBA at Georgetown University USA in 1992 after a finance career in the construction industry. Mr O'Brien is 42 years of age.

Stephen James Maitland, B.Ec., FCPA, FAIBF, FCIS, FAIM, FAICD *(Non-executive Director and Chairman of the Audit & Compliance Committee)*

Mr Maitland was appointed to fill a casual vacancy on 26 February 2002 and elected by shareholders at the 2002 Annual General Meeting. He has had over 28 years experience in the banking and finance industries, and is the principal of Delphin Associates. He holds directorships with Tarong Energy Corporation Ltd, Grand United Friendly Society Ltd, Electricity Supply Industry Superannuation (Qld) Ltd, Centrepoint Finance Group of Companies, Mackay Permanent Building Society Ltd, Corporate Influences Pty Ltd. Mr Maitland is the Honorary Treasurer of the Surf Life Saving Foundation Inc., and a Councillor of the Royal National Agricultural & Industrial Association of Queensland. Mr Maitland is 53 years of age.

Doris Crerar, *(Non-executive Director and Member of the Remuneration Committee)*

Mrs Crerar was elected by shareholders at the Extraordinary General Meeting held on 20th and 21st February, 2002 and re-elected at the 2002 Annual General Meeting. She commenced employment with the Buderim Ginger Growers' Co-operative in 1950 and retired in 1989. During her early employment with the Co-operative, Mrs Crerar was appointed Secretary to the Board of the Buderim Ginger Growers Co-operative Association and The Ginger Marketing Board in 1954. In 1967 she became Production Manager and in 1971 was appointed an associate director in recognition of her outstanding service to the ginger industry. Mrs Crerar is 71 years of age.

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

Mr Templeton was elected by shareholders at the Extraordinary General Meeting held on 20th and 21st February, 2002. Mr Templeton 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 4 years. Mr Templeton is a director of Hatterwick Pty Ltd, Templeton Holdings (Qld) Pty Ltd and Redarea Pty Ltd. Mr Templeton is 32 years of age.

Interests in the shares and options of the company and related bodies corporate

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

	Ordinary Shares
J.M. Ruscoe (1)	-
G.D. O'Brien	259,694
D. Crerar	12,314
S.J. Maitland (2)	-
S.T. Templeton (3)	1,323

(1) J.M. Ruscoe holds a relevant interest in 109,579 shares registered in the name of J.M. & S.E. Ruscoe (Ruscoe Family Super Fund).

(2) S.J. Maitland holds a relevant interest in 32,684 shares registered in the name of S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund).

(3) S.T. Templeton holds a relevant interest in 31,708 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, 1,183,309 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

Directors' Report

EARNINGS PER SHARE

	Cents
Basic earnings per share	2.30
Diluted earnings per share	2.30

There were no options issued or exercised during the period.

DIVIDENDS

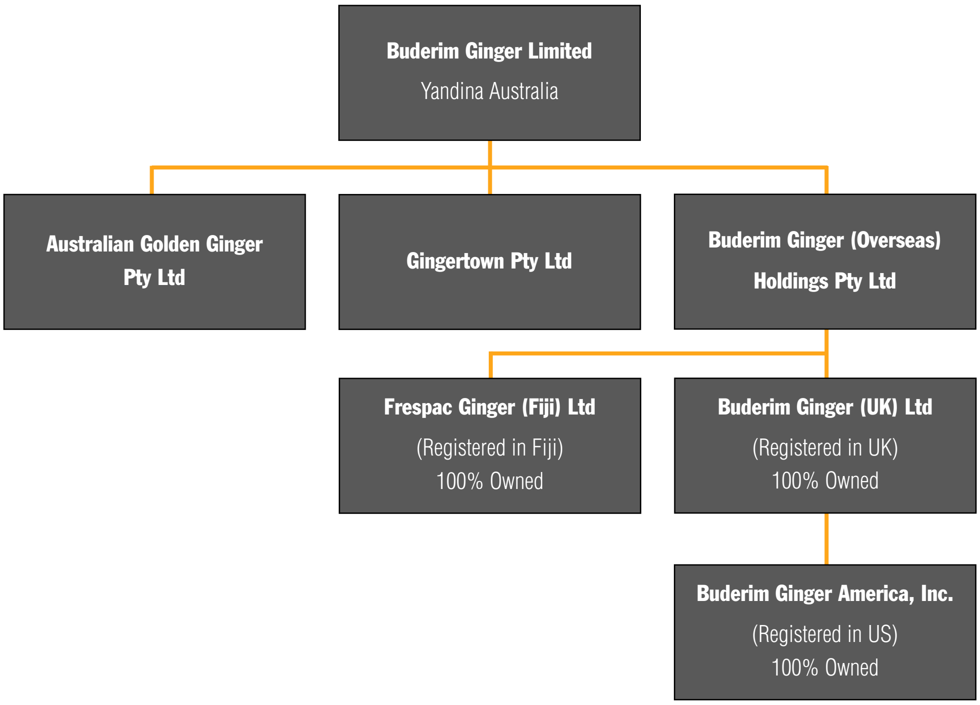
	Cents	$'000
Dividends paid in the year		
Final for 2002 approved subsequent to year end.	3.0	637

The final 2002 dividend was approved subsequent to year end as detailed in the half year accounts released through the ASX in August 2003. Subsequent to the end of this reporting period, the directors have declared a dividend of 1.5 cents per share amounting to $335,653, payable on 20 May 2004.

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 distribution of a variety of confectionery ginger and other ginger-based products to both industrial, food service and retail operations throughout the world; and
- tourism operations comprising the sale of ginger and other retail gift and food products within the Australian tourism market.

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

Employees

The consolidated entity employed 234 employees as at 31 December 2003 (2002: 232 employees). The number of employees will vary from year to year due to seasonal factors.

REVIEW AND RESULTS OF OPERATIONS

A detailed review of operations is contained on pages 4 to 8 of the annual report.

Summarised operating results are as follows:

	2003	
	Revenues $'000	Results $'000
Business segments		
Ginger processing and distribution	27,744	934
Tourism operations	3,678	718
	31,422	1,652
Consolidated entity adjustments	(731)	-
Unallocated expenses	-	(900)
Consolidated entity sales and profit from ordinary activities before income tax expense	30,691	752

In Summary

- The consolidated entity recorded a profit before tax of $752k for the year. This is 32% down on the corresponding period last year's profit before tax of $1,108k. After tax profit of $504k was 34.5% down on the $770k achieved last year.
- The rapid appreciation of the $A in this twelve month period, had a significant negative impact on the company's result. Due to the group's structure, with a significant proportion of stock and debtors held by foreign operations, consolidation of UK, US and Fiji subsidiary financial statements has resulted in translation losses of ($381k) for the twelve months ended 31 December 2003.
- Tourism revenue, (eliminating sales of the Indooroopilly store which was closed in August 2002), was up 13.7%, largely driven by improvements to the Yandina tourism site opened in April 2003.
- Due to drought conditions during the growing season, the 2003 intake was around 15% down on requirements. The lower than anticipated volume has hampered achievement of production efficiency targets and is making it difficult to meet market demand for some products, most notably in the dried ginger segment where we are working with customers on short term supply alternatives until we can rebuild supply in 2004.
- The company successfully completed its first Share Purchase Plan in May 2003, raising $500,000 to support recent and on-going improvements to its primary manufacturing plant and the upgrade of its tourism facility. Directors were very pleased with the strong response to the Plan which was substantially over-subscribed.
- Directors are pleased to report that the previously advised contingent liability associated with a claim lodged under the Queensland Anti-Discrimination Act 1991 by a former employee against Buderim Ginger Limited and two officers of the company, was satisfactorily settled during this reporting period. There are no other contingent liabilities in respect of termination of service agreements with executives or directors.

Directors' Report

Shareholder Returns and Performance measurements

	2003	2002	2001	2000	1999
EBIT ($'000)	**1,129**	**1,606**	2,293	(1,162)	2,044
EBITDA ($'000)	**2,505**	**2,869**	3,533	189	3,192
Basic earning per share (cents)	**2.30**	**3.64**	6.14	(7.70)	5.34
Dividend per share (cents)	***1.5**	***3**	3	-	4
Dividend payout ratio (%)	***65.2**	***82.4**	48.9	-	74.9
Available franking credits ($'000)	****236**	****149**	896	877	678
Return on assets (%)	**1.7**	**2.7**	4.5	(5.7)	3.9
Return on equity (%)	**4.2**	**6.2**	10.0	(10.0)	9.2
Debt / equity ratio (%)	**33.4**	**34.0**	37.5	47.0	41.0
Gearing ratio (%)	**37.4**	**37.6**	41.0	43.1	37.2
Current Ratio (%)	**298.9**	**235.7**	237.6	167.6	189.5
Net tangible asset backing (cents)	**80**	**82**	79	76	85

* These figures reflect the dividend amounts declared subsequent to reporting dates (refer note 5).

** These franking credits have been calculated on a tax paid basis.

Subsequent to 31 December 2003, directors have declared a dividend of 1.5 cents per share amounting to $335,653 to be paid on 20 May 2004 with a record date of 30 April 2004. Although this amount is not shown as proposed as at 31 December, 2003, franking debits will arise from the payment of the dividend in May 2004. (The 2003 franking credits have been calculated on a tax paid basis as required by the Australia Taxation Office.) As a consequence of this payment, the dividend payout ratio for 2004 will be 65.2%.

A dividend reinvestment plan was established in 1993, allowing shareholders to have dividends fully or partly contribute to the purchase of new ordinary shares. The shares issued under the plan are priced at a discount, as determined from time to time by the directors.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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 not otherwise disclosed in this report or the financial reports.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On the 22 January 2004, $2,500,000 of the $5,000,000 working capital facility provided by Rabobank Australia Limited was converted to overseas currency loans as part of the company's foreign currency hedge management strategy.

Subsequent to 31 December 2003, directors have declared a dividend of 1.5 cents per share amounting to $335,653 to be paid on 20 May 2004 with a record date of 30 April 2004.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The directors foresee an improvement on the 2003 result during 2004. These expectations realistically reflect the current business environmental factors of minimal ability for price increases due to competitive influences, rising costs and currency appreciation.

In keeping with our Strategic Objectives to get our core business right while looking to build critical mass through expansion into other complementary business areas, your board is actively seeking business opportunities both within the ginger industry and, more broadly, within the premium Australian food products sector.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The consolidated entity holds licenses issued by the Environmental Protection Agency 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.

There have been no significant known breaches of the consolidated entity's license conditions.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

At the AGM held in 2002, shareholders approved Buderim Ginger Limited and its subsidiaries entering 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 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.

The directors have not included details of the amount of the premium paid in respect of the directors and officers and legal expenses contracts as such disclosure is prohibited under the terms of the contract.

DIRECTORS' AND OTHER OFFICERS' EMOLUMENTS

Remuneration policy

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 emoluments 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. Such officers are given the opportunity to receive their base emolument 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.

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:

Emoluments of directors of Buderim Ginger Limited

	Annual Emoluments			Long Term Emoluments			
	Annual Emoluments	Bonus	Other	Super-annuation	Bonus Shares Issued		Leave Expensed
	$	$	$	$	Number	$	$
J.M. Ruscoe	50,000	-	-	8,665	-	-	
D. Crerar	27,525	-	-	-	-	-	
S.J. Maitland	25,000	-	-	2,250	-	-	
S.T. Templeton	25,000	-	-	2,250	-	-	
G.D. O'Brien	197,775	-	23,931	31,042	- (i)	-	18,522

Directors' Report

Emoluments of the five most highly paid executive officers of the company and the consolidated entity

	Annual Emoluments			Long Term Emoluments			
	Annual Emoluments	Bonus	Other	Super-annuation	Bonus Shares Issued		Leave Expensed
	$	$	$	$	Number	$	$
P.G. Ritchie	124,000	-	23,363	17,005			11,613
P. Bialkowski	141,391	-	24,830	15,896			17,946
A. Chinlyn	129,504	-	26,627	7,663			7,471
K.L. Rogers	99,000	-	23,211	11,720			9,272
S. Dennis	81,650	-	15,954	8,757			7,647

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.

(i) There were no 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 2001. Please refer to the proposed resolution in the notice of meeting to extend this scheme for a further three year period.

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 of Committees	
	Meetings	Audit	Remuneration
Number of meetings held:	13	2	2
Number of meetings attended:			
J.M Ruscoe	13	-	2
G.D. O'Brien	13	-	-
D. Crerar	13	-	2
S.J. Maitland	13	2	-
S.T. Templeton	13	2	-

Notes

- J.M. Ruscoe, Chairman was in attendance at one Audit & Compliance Committee meeting and G D O'Brien, Managing Director was in attendance at two Audit & Compliance Committee meetings during the year under review.

Committee membership

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

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

Audit & Compliance	Remuneration
S.J. Maitland (chair)	J.M. Ruscoe (chair)
S.T. Templeton	D. Crerar

TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRS")

Management is currently reviewing the potential changes in the company's current accounting policies associated with the transition to IFRS. The significant issues under consideration include foreign operations, financial instruments, business combinations and assets and impairment testing. Management and the board are in the process of review and at the date of this report, have not identified any material impacts.

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.

Signed in accordance with a resolution of the directors.

J. Ruscoe
Director

Yandina, 12 March 2004

Governance Statement 2003

INTRODUCTION

This statement is provided to inform shareholders and other stakeholders of the governance arrangements in the company for the period 1 January 2003 to 31 December 2003. The company applies these arrangements to its operations both in Australia and internationally.

It is based on the requirements of the Corporations Law, the Listing Rules of the ASX, the recommendations of the ASX Corporate Governance Council, and other Australian and international guidelines.

The statement is provided recognising the transitional provisions for companies in providing the information. Some of the governance practices described in this statement have not been in place for the entire reporting period, but are in place at year end.

The directors have unanimously resolved to adopt the statement. However this does not infer that the directors endorse all the recommended guidelines as being appropriate to the particular circumstances of the company.

Note should be taken of the descriptions and explanations of the governance arrangements of the company. The directors are firmly of the opinion that these represent a transparent and comprehensive regime that provides a high level of assurance to all stakeholders.

DISCLOSURE

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

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

MANAGEMENT AND BOARD OVERSIGHT

Role of the Board

The board has the ultimate responsibility to shareholders for the profitable and proper conduct of the company's operations.

In fulfilling its functions, the board has formally delegated specific authorities to management. These delegations are reviewed periodically.

The specific responsibilities of the board include:

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

Role of the Chairman

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

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

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

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

Directors

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

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

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

Directors of the company are also directors of all subsidiary companies, except Buderim Ginger America, Inc, for which only one director is required under local regulations. In addition, Mr Satish Kumar, the General Manager of the company's Fiji operations, has been appointed as a director of Frespac Ginger (Fiji) Limited in accordance with the Fiji Corporations Act, which requires at least one resident director.

Senior Management

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

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

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

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

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

BOARD STRUCTURE

Directors

There are five directors of the company, including the Managing Director. Details of those directors serving at year-end are outlined in the Directors' Report.

Commentary on Director Independence

Independent directors comprise the majority of the board.

It is noted that the chairman and Mrs Crerar ceased employment with the company over 10 and 15 years ago respectively. The Chairman, Mr Ruscoe, was employed as a managing director of the company for a period of 12 years. Mrs Crerar is recognised as a world leader in ginger processing with extensive expertise in this area. The board believes that their past employment does not impair their independence as directors, but rather allows the company to positively benefit from their depth of industry and technical experience.

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

Chair

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

Director Nomination Committee

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

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

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

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

ETHICAL AND RESPONSIBLE DECISION MAKING

Corporate Code of Conduct

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

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

Governance Statement 2003

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

Trading in Securities

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

Insider Trading

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

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

The Australian Stock Exchange has granted Buderim Ginger Limited a waiver from Listing Rule 10.11 to the extent necessary to permit the company to issue up to $5,000 worth of securities to each of its directors under the Share Purchase Plan, without obtaining shareholder approval, on condition that directors are offered securities under the plan on the same terms as other security holders.

Disclosure of Directors' Security Transactions

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

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

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

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

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

INTEGRITY OF FINANCIAL REPORTING

Audit Committee

The company has established an Audit Committee in order to:

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

The primary responsibilities of the Audit Committee are to:

- assist the board to exercise due care in reviewing the financial statements and assistance in fulfilling their legal responsibilities;
- oversee and appraise the quality of audits conducted by external auditor;
- perform an independent review of financial information prepared by management for external parties;
- assess the adequacy and effectiveness of the internal controls to ensure the integrity of the company's accounting records and to safeguard its assets;

"Under its Continuous Disclosure Policy Buderim Ginger Limited is committed to providing shareholders with comprehensive information about the company and its activities..."

- monitor compliance with Australian Accounting Standards, Taxation and Corporations Law, Australian Stock Exchange Listings Rules, and Australian Investment and Securities Commission regulations;
- ensure adherence to accepted standards of ethical conduct, laws and regulations (e.g. Industrial Relations, Industry Codes, Trade Practices, Consumer Protection, Occupational Health & Safety, Environmental Regulations);
- monitor corporate risk assessment and the internal controls instituted;
- supervise special investigations when requested by the board.

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

The committee has standing invitations to the following attendees:

Auditor; Managing director, Chief Financial Officer.

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

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

Letters of Representation

On behalf of management, the Managing Director and CFO, provide the board with a comprehensive letter of representation prior to the acceptance of the annual accounts by the board. The letter particularly certifies the correctness of the accounts, the integrity of the company's financial and risk management systems; and the state of compliance with legal and regulatory requirements.

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

TIMELY AND BALANCED DISCLOSURE

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

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

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

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

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

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

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

Governance Statement 2003

RESPECT FOR SHAREHOLDERS

Effective Communication

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

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

Access to Information

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

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

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

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

Annual General Meeting

The company conducts its Annual General Meetings in rotation between its corporate headquarters and factory site at Yandina and in Queensland’s nearby financial capital of Brisbane.

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

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

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

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

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

RISK MANAGEMENT

Systems

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

Policies

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

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

Review

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

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

Internal Audit

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

Insurance

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

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

An anti-discrimination claim lodged in 2000 was settled during the year with 50% of legal costs met by the company's insurers. The amounts are not material in the company's accounts.

IMPROVING PERFORMANCE

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

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

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

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

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

REMUNERATION

Remuneration Committee

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

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

The role of the Remuneration Committee is to:

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

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

Directors

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

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

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

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

- fixed component – comprising salary, superannuation, motor vehicle and other standard industry benefits;
- performance component – comprising cash bonus for performance above pre-agreed objective hurdles. The maximum bonus payable is 20% of the fixed component;
- Managing Director employee incentive scheme - as part of the Managing Director's remuneration package, an annual bonus of up to 20% of the total value of the Managing Director's package may be paid as incentive subject to performance targets being met. Under this shareholder approved arrangement, a maximum number of 100,000 shares in the company may be issued each year over a period of 3 years finishing April 26, 2004. The bonus is calculated as a cash sum which is then divided by the average ASX closing price of the company's shares for the 2 trading days immediately after release of the company's annual result to ASX.

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

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

STAKEHOLDER INTERESTS

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

Among the stakeholders are:

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

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

Corporate Directory

Directors

John M. Ruscoe
Chairman

Gerard D. O'Brien
Managing Director

Doris Crerar

Stephen J. Maitland

Shane T. Templeton

Company Secretary

Karon L. Rogers

Senior Management

Stephen T. Dennis
Process & Engineering Manager

Glenda C. Johns
Quality Manager

Peter W. Knight
Production & Supply Chain Manager

Paul G. Ritchie
General Manager - Marketing & Sales

Karon L. Rogers
Financial Controller

Joy L. Varney
Tourism Manager

Subsidiary Management

Paul Bialkowski
UK Manager

Astor Chinlyn
US Manager

Satish Kumar
Fiji Manager

Solicitors

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

Bankers

Westpac Banking Corporation
PO Box 108
Nambour, Queensland, 4560
Telephone: (07) 5441-1533
Facsimile: (07) 5441-4685

Rabobank Australia Limited
GPO Box 2817
Brisbane, Queensland, 4001
Telephone: 1300 303 033
Facsimile: (07) 3115-1881

Share Register

Computershare Investor Services Pty Limited
345 Queen Street
Brisbane, Queensland, 4000
(07) 3229 9860

Auditors

Ernst & Young
Level 5, Waterfront Place
1 Eagle Street
Brisbane, Queensland, 4000

Offices

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Telephone: (07) 5446 7100
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Facsimile: 679 3361 225
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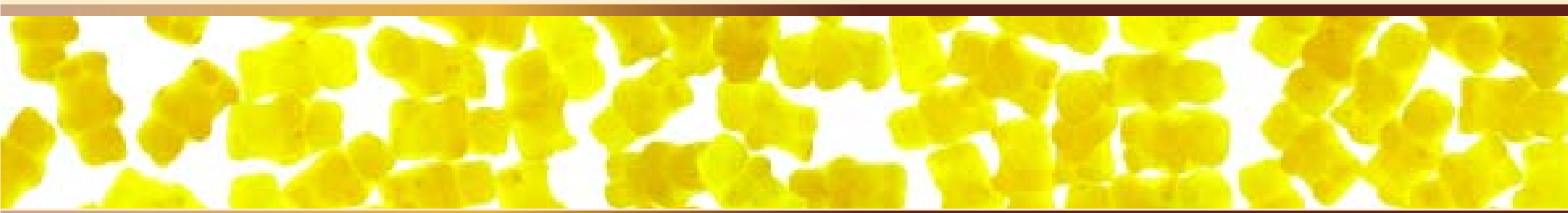
FINANCIAL STATEMENTS



Statement of Financial Performance

Year Ended 31 December 2003

	Notes	CONSOLIDATED		BUDERIM GINGER LIMITED	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
REVENUES FROM OPERATING ACTIVITIES	2	**30,691**	30,523	**27,086**	25,877
Expenses from operating activities excluding borrowing costs, depreciation and amortisation, and foreign exchange translation	3	**27,805**	27,402	**24,527**	24,041
Foreign exchange translation loss unrealised	3	**381**	42	**-**	-
Earnings before borrowing costs, tax, depreciation and amortisation (ebitda)		**2,505**	3,079	**2,559**	1,836
Borrowing costs expense	3	**377**	498	**345**	411
Depreciation and amortisation expense	3	**1,376**	1,263	**1,012**	891
PROFIT FROM OPERATING ACTIVITIES		**752**	1,318	**1,202**	534
Expenses from non-operating activities	3	**-**	210	**-**	210
PROFIT BEFORE INCOME TAX EXPENSE		**752**	1,108	**1,202**	324
Income tax expense	4	**248**	338	**190**	111
NET PROFIT FROM OPERATING AND NON-OPERATING ACTIVITIES AFTER RELATED INCOME TAX EXPENSE	19	**504**	770	**1,012**	213
Increase in retained profits on adoption of accounting standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	5,19	**-**	628	**-**	628
Net exchange difference on translation of financial statements of foreign controlled entities		**(178)**	-	**-**	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS		**326**	1,398	**1,012**	841
Basic earnings per share (cents per share)	26	**2.30**	3.64		
Diluted earnings per share (cents per share)	26	**2.30**	3.64		
Franked dividends per share (cents per share)	5	**1.50**	3.00		

Statement of Financial Position

At 31 December 2003

	Notes	CONSOLIDATED		BUDERIM GINGER LIMITED	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
CURRENT ASSETS					
Cash assets		**1,580**	642	**1,220**	130
Receivables	6	**5,785**	6,420	**5,415**	5,035
Inventories	7	**8,986**	10,190	**7,472**	8,822
Other	8	**590**	316	**578**	266
TOTAL CURRENT ASSETS		**16,941**	17,568	**14,685**	14,253
NON-CURRENT ASSETS					
Receivables	9	**-**	-	**684**	-
Property, plant and equipment	11	**11,423**	10,354	**9,626**	8,581
Deferred tax assets	4	**315**	266	**315**	266
Intangible assets	12	**260**	291	**123**	129
TOTAL NON-CURRENT ASSETS		**11,998**	10,911	**10,748**	8,976
TOTAL ASSETS		**28,939**	28,479	**25,433**	23,229
CURRENT LIABILITIES					
Payables	13	**3,394**	3,140	**3,028**	2,626
Interest-bearing liabilities	14	**1,191**	3,013	**1,127**	2,872
Current tax liabilities	4	**117**	306	**82**	91
Provisions	15	**966**	994	**907**	994
TOTAL CURRENT LIABILITIES		**5,668**	7,453	**5,144**	6,583
NON-CURRENT LIABILITIES					
Interest-bearing liabilities	16	**4,779**	2,919	**4,693**	2,140
Deferred tax liabilities	4	**228**	243	**246**	243
Provisions	17	**135**	101	**128**	93
TOTAL NON-CURRENT LIABILITIES		**5,142**	3,263	**5,067**	2,476
TOTAL LIABILITIES		**10,810**	10,716	**10,211**	9,059
NET ASSETS		**18,129**	17,763	**15,222**	14,170
EQUITY					
Contributed equity	18	**13,758**	13,081	**13,758**	13,081
Reserves	19	**389**	567	**655**	655
Retained profits	19	**3,982**	4,115	**809**	434
TOTAL EQUITY		**18,129**	17,763	**15,222**	14,170

Statement of Cash Flows

Year Ended 31 December 2003

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		**30,695**	30,725	**26,090**	26,498
Payments to suppliers and employees		**(26,717)**	(27,666)	**(23,095)**	(24,733)
Other income		**456**	328	**450**	381
Interest received		**18**	13	**16**	11
Borrowing costs		**(377)**	(498)	**(345)**	(411)
Income tax received		**36**	-	**36**	-
Income tax paid		**(538)**	(457)	**(281)**	(248)
Goods and services tax paid		**(237)**	(220)	**(237)**	(220)
NET CASH FLOWS FROM OPERATING ACTIVITIES	20	**3,336**	2,225	**2,634**	1,278
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**-**	16	**-**	16
Purchase of property, plant and equipment		**(2,428)**	(1,526)	**(2,048)**	(1,366)
Trademark registrations		**(21)**	(11)	**(21)**	(11)
Loans repaid by other entities		**-**	-	**(277)**	627
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(2,449)**	(1,521)	**(2,346)**	(734)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares (SPP)		**500**	-	**500**	-
Proceeds from borrowings – other		**3,860**	3,300	**3,860**	3,300
Repayments of borrowings – other		**(3,780)**	(3,201)	**(3,030)**	(3,130)
Payment of dividends on ordinary shares (net of dividend reinvestment)		**(460)**	(458)	**(460)**	(458)
Repayment of finance lease principal		**(69)**	(143)	**(68)**	(134)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**51**	(502)	**802**	(422)
NET INCREASE IN CASH HELD		**938**	202	**1,090**	122
Add opening cash brought forward		**642**	440	**130**	8
CLOSING CASH CARRIED FORWARD	20	**1,580**	642	**1,220**	130

Notes to the Financial Statements

Year Ended 31 December 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of accounting

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention, except for freehold land which is measured at the revalued amount.

(b) Changes in accounting policies

The accounting policies adopted are consistent with those of the previous year except for the accounting policy with respect to employee benefits.

AASB 1028 "Employee Benefits"

The consolidated entity has adopted the principles of the revised Accounting Standard AASB 1028 "Employee Benefits". There is no material change in the measurement of employee benefit liabilities as a consequence of adopting the standard. In accordance with the requirement of the revised Standard, the provision for employee benefits is measured, based on the remuneration rates expected to be paid when the liability is settled.

(c) Change in treatment under existing accounting policies

AASB 1012 "Foreign Currency Translations"

The consolidated entity has reclassified the Fiji subsidiary, Frespac Ginger (Fiji) Limited from integrated to "self-sustaining" as at 1 July 2003. The change in classification will result in the translation of the subsidiary's statement of financial position at spot rates rather than the rates applicable at the date of transaction, as applied under the temporal method used for the translation of integrated operations. Exchange variations on translation of self-sustaining operations are allocated to statement of financial position rather than the statement of financial performance. Foreign exchange variations on translation of Frespac Ginger (Fiji) Limited, allocated to reserves since re-classification to a self-sustaining operation on 1 July 2003 amount to $178,000.

(d) Principles of consolidation

The consolidated financial statements are those of the consolidated entity, comprising Buderim Ginger Limited (the parent company) and all entities that Buderim Ginger Limited controlled from time to time during the year and at reporting date.

Information from the financial statements of subsidiaries is included from the date the parent company obtains control until such time as control ceases. Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent company has control.

Subsidiary acquisitions are accounted for using the purchase method of accounting.

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.

All intercompany balances and transactions, including unrealised profits arising from intra-group transactions, have been eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(e) Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of entities within the consolidated entity are converted to Australian currency at the rate of exchange ruling at the date of the transaction unless hedged prior to the date of the transaction, whereupon the hedged rate is used.

Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year.

A monetary item arising under a foreign currency contract outstanding at the reporting date where the exchange rate for the monetary item is fixed in the contract is translated at the exchange rate fixed in the contract.

Except for certain specific hedges, all resulting exchange differences arising on settlement or re-statement are recognised as revenues and expenses for the financial year. Any gains or costs on entering a hedge are deferred and amortised over the life of the contract.

Specific hedges

Where a purchase or sale is specifically hedged, exchange gains or losses on the hedging transaction arising up to the date of purchase or sale and costs, premiums and discounts relative to the hedging transaction are deferred and included in the measurement of the purchase or sale. Exchange gains and losses arising on the hedge transaction after that date are taken to the Statement of Financial Performance.

Translation of financial reports of overseas operations

All overseas operations, except Frespac Ginger (Fiji) Limited, are deemed to be integrated as they are financially and operationally dependent on Buderim Ginger Limited. Frespac Ginger (Fiji) Limited was reclassified as self-sustaining as at 1 July 2003. The accounts of subsidiary operations in the United States and the United Kingdom are translated using the temporal method and exchange differences are brought to account in the statement of financial performance. The accounts of Frespac Ginger (Fiji) Limited are translated using the current rate method and exchange differences are brought to account in the statement of financial position.

(f) Cash and cash equivalents

Cash on hand and in banks and short-term deposits are stated at the lower of cost and net realisable value.

For the purposes of the Statement of Cash Flows, cash includes cash on hand and in banks, and money market investments readily convertible to cash within 2 working days, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Notes to the Financial Statements

Year Ended 31 December 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(g) Receivables

Trade receivables are recognised and carried at original invoice amount less a provision for any uncollectable debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due. Interest is taken up as income on an accrual basis.

Bills of exchange and promissory notes are measured at the lower of cost and net realisable value.

(h) Investments

Investments in all non-current assets are carried at the lower of cost and recoverable amount.

(i) 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 material and labour and a proportion of manufacturing overheads based on normal operating capacity.

(j) Recoverable amount

Non-current assets measured using the cost basis are not carried at an amount above their recoverable amount, and where a carrying value exceeds this recoverable amount, the asset is written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

(k) Property, plant and equipment

Cost and valuation

Property, plant and equipment are carried at cost or at independent valuation as conducted on 30 June 1997 in accordance with the Accounting Standards AASB 1041 "Revaluation of Non-Current Assets" and AASB 1010 "Recoverable Amount of Non-Current Assets".

Where assets have been revalued, the potential effect of the capital gains tax on disposal has not been taken into account in the determination of the revalued carrying amount. Where it is expected that a liability for capital gains tax will arise, this expected amount is disclosed by way of note.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than freehold land, at rates calculated to allocate the cost of valuation, less estimated residual value at the end of the useful lives of the assets, against revenue over those estimated useful lives.

Major depreciation periods are:

	2003	2002
Tourism buildings	**15 years**	15 years
Freehold buildings	**50 years**	50 years
Plant and equipment	**3-10 years**	3-10 years
Plant and equipment under lease	**The lease term**	The lease term

(l) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases

The minimum lease payments of operating leases, where the lessor effectively retains substantially all of the risks and benefits of ownership of the leased item, are recognised as an expense on a straight-line basis.

Finance leases

Leases which effectively transfer substantially all of the risks and benefits incidental to ownership of the leased item to the group are capitalised at the present value of the minimum lease payments and disclosed as property, plant and equipment under lease. A lease liability of equal value is also recognised.

Capitalised lease assets are depreciated over the shorter of the estimated useful life of the assets and the lease term. Minimum lease payments are allocated between interest expense and reduction of the lease liability with the interest expense calculated using the interest rate implicit in the lease and charged directly to the Statement of Financial Performance.

(m) Intangibles

Goodwill

Goodwill represents the excess of the purchase consideration over the fair value of identifiable net assets acquired at the time of acquisition of a business or shares in a controlled entity.

Goodwill is amortised on a straight-line basis over the period during which benefits are expected to be received. This is taken as being 20 years.

Trademarks

Trademarks are amortised over their useful lives, being 10 years.

(n) Other non-current assets

Research and development costs

Research and development costs are expensed as incurred, except where future benefits are expected, beyond any reasonable doubt, to exceed those costs. Where research and development costs are deferred such costs are amortised over future periods on a basis related to expected future benefits. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable and any amount identified is written off.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(o) Payables

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Deferred cash settlements are recognised at the present value of the outstanding consideration payable on the acquisition of an asset discounted at prevailing commercial borrowing rates.

(p) Interest-bearing liabilities

All loans are measured at the principal amount. Interest is charged as an expense as it accrues.

Bills of exchange and promissory notes are carried at the principal amount plus deferred interest.

Finance lease liability is determined in accordance with the requirements of AASB 1008 "Leases".

(q) Provisions

Provisions are recognised when the economic entity has a legal, equitable or constructive obligation to make a future sacrifice of economic benefits to other entities as a result of past transactions or other past events, it is probable that a future sacrifice of economic benefits will be required and a reliable estimate can be made of the amount of the obligation.

(r) Contributed equity

Issued and paid up capital is recognised at the fair value of the consideration received by the company.

(s) Revenue recognition

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

Sale of goods

Control of the goods has passed to the buyer.

Interest

Control of the right to receive the interest payment.

Rental Income

Rental income is recognised in line with lease commitments defined in lease agreements.

(t) Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

Where assets are revalued no provision for potential capital gains tax has been made.

Goods and Services Tax (GST)

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

- 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
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

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

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

Tax Consolidation

The consolidated group has not elected to enter into tax consolidation as defined in the recently enacted tax consolidation legislation, as all Australian operations are performed within the parent entity. Gingertown Pty Ltd and Australian Golden Ginger Pty Ltd are currently dormant whilst Buderim Ginger (Overseas) Holdings Pty Ltd holds investments in overseas operations with tranactions relating only to dividends from those investments.

(u) Employee benefits

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave, sick leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave, sick leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities, which have terms to maturity approximating the terms of the related liability, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave, sick leave and other leave benefits; and
- other types of employee benefits

are recognised against profits on a net basis in their respective categories.

Notes to the Financial Statements

Year Ended 31 December 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

(v) Derivative financial instruments

Forward exchange contracts

The consolidated entity enters into forward exchange contracts where it agrees to sell specified amounts of foreign currencies in the future at a predetermined exchange rate. The objective is to match the contract with anticipated future cash flows from sales and purchases in foreign currencies, to protect the consolidated entity against the possibility of loss from future exchange rate fluctuations. The forward exchange contracts are usually for no longer than 12 months.

Forward exchange contracts are recognised at the date the contract is entered into. Exchange gains or losses on forward exchange contracts are recognised in the Statement of Financial Performance except those relating to hedges of specific commitments that are deferred and included in the measurement of the sale or purchase.

(w) Earnings per share

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(x) Comparatives

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures. This includes franking credits to reflect calculation on a tax-paid basis.

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000

2. REVENUE FROM OPERATING ACTIVITIES

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
Revenue from sale of goods		**30,217**	30,166	**26,620**	25,469
Other revenue					
Rental income		**275**	295	**275**	295
Other income		**181**	33	**175**	86
		456	328	**450**	381
Interest income - other persons/corporations		**18**	13	**16**	11
Proceeds on sale of non-current assets		**-**	16	**-**	16
		474	357	**466**	408
Total revenues from operating activities		**30,691**	30,523	**27,086**	25,877

3. EXPENSES AND LOSSES/(GAINS)

(a) Expenses from operating activities

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
Cost of goods sold		**20,352**	20,013	**18,706**	17,931
Write-down of inventory to net realisable value		**18**	16	**18**	16
Selling and distribution expenses		**4,936**	4,994	**3,475**	3,695
Marketing expenses		**347**	302	**347**	302
Tourism expenses		**1,263**	1,094	**1,263**	1,094
Other operating costs		**889**	983	**718**	1,003
		27,805	27,402	**24,527**	24,041
Borrowing costs expensed					
Interest expense - other parties		**364**	475	**332**	388
Finance charges - lease liability		**13**	23	**13**	23
Total borrowing costs expensed		**377**	498	**345**	411
Amortisation of non-current assets					
Plant and equipment under lease		**63**	135	**63**	135
Goodwill		**9**	10	**-**	-
Trade Marks		**27**	16	**27**	16
		99	161	**90**	151
Depreciation of non-current assets					
Plant and equipment		**976**	820	**664**	526
Buildings		**301**	282	**258**	214
		1,277	1,102	**922**	740
Total depreciation and amortisation		**1,376**	1,263	**1,012**	891

Notes to the Financial Statements

Year Ended 31 December 2003

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
3. EXPENSES AND LOSSES/(GAINS) (CONT'D)					
(a) Expenses from operating activities (cont'd)					
Cost of redundancies and terminations		**25**	23	**25**	23
Bad debts – trade debtors		**37**	9	**-**	-
Net loss/(profit) on disposal of property, plant and equipment		**-**	(1)	**-**	(1)
Rental - operating leases		**134**	136	**134**	136
Net foreign currency losses realised		**21**	11	**21**	11
Net foreign exchange translation losses unrealised		**381**	42	**-**	-
Provision for employee benefits		**804**	747	**798**	739
Research and development costs		**17**	97	**17**	97
Superannuation contributions - Accumulated benefit fund		**488**	453	**423**	394
Write back of intercompany loan provision		**-**	-	**(408)**	(164)
The following significant non-recurring costs have been incurred during the period:					
Due Diligence costs		**-**	96	**-**	96
(b) Expenses from non-operating activities					
Profit before income tax expense includes the following specific expenses whose disclosure is relevant in explaining the financial performance of the entity:					
Company board restructure		**-**	123	**-**	123
German subsidiary closure		**-**	87	**-**	87
			210		210

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
4. INCOME TAX					
The prima facie tax, using tax rates applicable in the country of operation, on profit and extraordinary items differs from the income tax provided in the financial statements as follows:					
Prima facie tax on profit from ordinary activities		**226**	332	**361**	97
Tax effect of permanent differences					
Research and development deductions		**(23)**	(22)	**(23)**	(22)
Depreciation of buildings		**19**	15	**19**	15
Amortisation of intangible assets		**11**	5	**8**	5
Reversal of provision for non recovery of inter-company loan		**-**	-	**(122)**	(49)
Non-deductible costs of subsidiary closure expenses		**-**	13	**-**	13
Non-deductible costs of due diligence activities		**-**	29	**-**	29
Non-assessable income from foreign operations		**-**	(39)	**-**	-
Under/(over) provision of previous year		**15**	5	**(53)**	23
Income tax expense attributable to ordinary activities		**248**	338	**190**	111
Deferred tax assets and liabilities					
Current tax payable		**117**	306	**82**	91
Provision for deferred income tax – non-current		**228**	243	**246**	243
Future income tax benefit – non-current		**315**	266	**315**	266
Income tax losses					
Future income tax benefit arising from tax losses of a controlled entity not recognised at reporting date as realisation of the benefit is not regarded as virtually certain		**-**	-	**-**	-

This future income tax benefit will only be obtained if:

(a) future assessable income is derived of a nature and of an amount sufficient to enable the benefit to be realised;

(b) the conditions for deductibility imposed by tax legislation continue to be complied with; and

(c) no changes in tax legislation adversely affect the consolidated entity in realising the benefit.

5. DIVIDENDS PAID OR PROVIDED FOR ON ORDINARY SHARES

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
(a) Dividends proposed *					
(b) Dividends paid during the year					
Previous year final					
Franked dividends (3 cents per share) (2002: 3 cents per share)		**637**	628	**637**	628
(c) Franking credit balance					
The amount of franking credits available for the subsequent financial year are:					
– franking account balance as at the end of the financial year at 30% (2002: 30%)		**316**	359	**316**	359
– franking credits that will arise from the payment of income tax payable as at the end of the financial year		**64**	63	**64**	63
– franking debits that will arise from the payment of dividends on 20 May 2004.		***(144)**	*(273)	***(144)**	*(273)
		236	149	**236**	149

*Subsequent to 31 December 2003, directors have declared a dividend of 1.5 cents per share amounting to $335,653 to be paid on 20 May 2004 with a record date of 30 April 2004. Although this amount is not shown as proposed as at 31 December, 2003, franking debits will arise from the payment of the dividend in May 2004 reducing the above credit balance from $379,812 to $235,961. The 2003 franking credits have been calculated on a tax paid basis as required by the Australian Taxation Office.

Notes to the Financial Statements

Year Ended 31 December 2003

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
6. RECEIVABLES (CURRENT)					
Trade debtors		**5,595**	6,085	**5,293**	4,753
Provision for doubtful debts	6(b)	**(11)**	(10)	**(11)**	(10)
		5,584	6,075	**5,282**	4,743
Deposits and other loans		**11**	8	**11**	8
Other receivables		**190**	337	**122**	284
		5,785	6,420	**5,415**	5,035
(a) Aggregate amounts receivable from related parties included in trade debtors					
Wholly-owned group					
– controlled entities		**-**	-	**1,173**	868
(b) Movement in provision for doubtful debts					
– balance at beginning of year		**(10)**	(54)	**(10)**	(54)
– bad and doubtful debts (provided for)/written back during the year		**(1)**	44	**(1)**	44
– balance at end of year		**(11)**	(10)	**(11)**	(10)
7. INVENTORIES (CURRENT)					
Raw materials and stores					
At cost		**947**	740	**857**	716
Work-in-progress					
At cost		**2,230**	2,084	**1,830**	1,379
Finished goods					
At cost		**5,799**	7,301	**4,775**	6,662
At net realisable value		**10**	65	**10**	65
		5,809	7,366	**4,785**	6,727
Total inventories at lower of cost and net realisable value		**8,986**	10,190	**7,472**	8,822
8. OTHER CURRENT ASSETS					
Prepayments		**427**	271	**415**	266
Foreign Exchange Contracts Receivable		**-**	38	**-**	-
Deferred Foreign Currency Losses		**163**	7	**163**	-
		590	316	**578**	266
9. RECEIVABLES (NON-CURRENT)					
Wholly owned group					
– loan to controlled entities		**-**	-	**1,284**	1,008
– provision for non-recovery of inter-company loan		**-**	-	**(600)**	(1,008)
		-	-	**684**	-

10. INTERESTS IN SUBSIDIARIES

Name		Country of incorporation	Percentage of equity interest held by the consolidated entity		Investment	
			2003 %	2002 %	2003 $	2002 $
Australian Golden Ginger Pty Ltd	(i)	Australia (a)	**100**	100	**6**	6
Gingertown Pty Ltd	(i)	Australia (a)	**100**	100	**2**	2
Buderim Ginger (Overseas) Holdings Pty Ltd	(i)	Australia (a)	**100**	100	**5**	5
Buderim Ginger (UK) Ltd	(iii)	United Kingdom (b)	**100**	100	**5**	5
Buderim Ginger America, Inc	(ii)	United States (c)	**100**	100	**146,987**	146,987
Frespac Ginger (Fiji) Ltd	(iii)	Fiji (b)	**100**	100	**1,150,705**	1,150,705
					1,297,710	1,297,710

(i) Investments by Buderim Ginger Limited.

(ii) Investment by Buderim Ginger (UK) Ltd.

(iii) Investment by Buderim Ginger (Overseas) Holdings Pty Ltd.

(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	
	2003 $'000	2002 $'000
(i) Consolidated statement of financial performance		
Operating profit before income tax	**1,502**	824
Income tax expense relating to operating activities	**(190)**	(111)
Operating profit after income tax expense	**1,312**	713
Retained profits at the beginning of the financial year	**1,029**	316
Adjustment arising from adoption of revised accounting standard: AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"	**-**	628
Dividends provided for or paid	**(637)**	(628)
Retained profits at the end of the financial year	**1,704**	1,029

Notes to the Financial Statements

Year Ended 31 December 2003

10. INTERESTS IN SUBSIDIARIES (CONT'D)

(ii) Consolidated statement of financial position

	CLOSED GROUP	
	2003 $'000	2002 $'000
CURRENT ASSETS		
Cash assets	**1,220**	130
Receivables	**5,415**	5,035
Inventories	**7,472**	8,822
Other	**578**	266
TOTAL CURRENT ASSETS	**14,685**	14,253
NON-CURRENT ASSETS		
Receivables	**311**	-
Investments	**1,151**	1,151
Property, plant and equipment	**9,626**	8,581
Deferred tax asset	**315**	266
Intangible assets	**123**	129
TOTAL NON-CURRENT ASSETS	**11,526**	10,127
TOTAL ASSETS	**26,211**	24,380
CURRENT LIABILITIES		
Payables	**3,024**	2,622
Interest-bearing liabilities	**1,127**	2,872
Current tax liabilities	**57**	66
Provisions	**907**	1,667
TOTAL CURRENT LIABILITIES	**5,115**	7,227
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	**4,693**	2,140
Deferred tax liabilities	**246**	243
Provisions	**128**	93
TOTAL NON-CURRENT LIABILITIES	**5,067**	2,476
TOTAL LIABILITIES	**10,182**	9,703
NET ASSETS	**16,029**	14,677
SHAREHOLDERS' EQUITY		
Contributed equity	**13,758**	13,081
Reserves	**567**	567
Retained profits	**1,704**	1,029
TOTAL SHAREHOLDERS' EQUITY	**16,029**	14,677

(b) Controlled entities which are audited by another member firm of Ernst & Young International.

(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.

11. PROPERTY, PLANT AND EQUIPMENT

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
Freehold land					
Original cost		**48**	48	**48**	48
Revalued component September 1975		**146**	146	**146**	146
Revalued component November 1978		**77**	77	**77**	77
Revalued component June 1997		**679**	679	**679**	679
At independent valuation June 1997		**950**	950	**950**	950
Buildings on freehold land					
At cost		**8,986**	8,535	**7,628**	7,193
Accumulated depreciation		**(3,527)**	(3,203)	**(3,258)**	(3,000)
		5,459	5,332	**4,370**	4,193
Total land and buildings		**6,409**	6,282	**5,320**	5,143
Plant and equipment					
At cost		**12,475**	10,527	**10,586**	8,748
Accumulated depreciation		**(7,896)**	(6,933)	**(6,715)**	(5,788)
		4,579	3,594	**3,871**	2,960
Plant and equipment under lease					
At cost		**234**	1,677	**234**	1,677
Accumulated amortisation		**(12)**	(1,456)	**(12)**	(1,456)
		222	221	**222**	221
Total plant and equipment		**4,801**	3,815	**4,093**	3,181
Capital works in progress at cost		**213**	257	**213**	257
Total property, plant and equipment					
Independent valuation 30 June 1997		**950**	950	**950**	950
Cost		**21,908**	20,996	**18,661**	17,875
		22,858	21,946	**19,611**	18,825
Accumulated depreciation and amortisation		**(11,435)**	(11,592)	**(9,985)**	(10,244)
Total written down amount		**11,423**	10,354	**9,626**	8,581

(a) Assets pledged as security

Rabobank Australia Limited holds a registered equitable mortgage over the company'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 leased assets amounts to $222,153 (2002: $220,563).

(b) Valuations

Leasehold property at Yandina was converted to freehold in June 1997 and was restated to the independent valuation determined by Edward Rushton Australia Pty Ltd at that date. The company has adopted the transitional provisions of AASB 1041 "Revaluation of Non-Current Assets" and has stated freehold land at the independent valuation as at 30 June 1997.

All valuations 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.

At 30 June 2001, land, buildings and plant and equipment of the parent company were valued by Edward Rushton Pty Ltd, registered valuers at $10,899,000 on the basis of Market Value for Existing Use. Valuation for insurance purposes/reinstatement with new value was at $25,402,000. As at 31 December 2002, land and plant and equipment of the Frespac Ginger (Fiji) Ltd were valued by Fairview Valuations, registered valuers at $2,807,915 on the basis of Market Value for Existing Use. Valuation for insurance purposes/reinstatement with new value was at $3,401,515. In accordance with the consolidated entity's set policy of regular valuation of freehold land and buildings at least once every three financial years,valuations of Yandina and Suva property, plant and equipment are scheduled to be conducted during 2004.

Notes to the Financial Statements

Year Ended 31 December 2003

11. 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.

	Notes	CONSOLIDATED 2003 $'000	BUDERIM GINGER LIMITED 2003 $'000
Freehold land			
No movement recorded in this asset		950	950
		950	950
Buildings on freehold land			
Carrying amount at beginning		5,332	4,193
Additions		486	435
Net foreign currency movements		(58)	-
Depreciation expense		(301)	(258)
		5,459	4,370
Plant and equipment			
Carrying amount at beginning		3,594	2,960
Additions		1,801	1,405
Transfers		170	170
Disposals		(15)	-
Net foreign currency movements		5	-
Depreciation expense		(976)	(664)
		4,579	3,871
Plant and equipment under lease			
Carrying amount at beginning		221	221
Additions		234	234
Transfers		(170)	(170)
Depreciation expense		(63)	(63)
		222	222

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000

12. INTANGIBLES

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Buderim Ginger Limited 2003 $'000	Buderim Ginger Limited 2002 $'000
Goodwill		**196**	196	**-**	-
Net foreign currency movements arising from self-staining foreign operation		**(16)**	-	**-**	-
Accumulated amortisation		**(45)**	(36)	**-**	-
		135	160	**-**	-
Trademarks		**205**	184	**203**	182
Accumulated amortisation		**(80)**	(53)	**(80)**	(53)
		125	131	**123**	129
		260	291	**123**	129

13. PAYABLES (CURRENT)

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Buderim Ginger Limited 2003 $'000	Buderim Ginger Limited 2002 $'000
Trade creditors		**2,077**	2,304	**1,857**	2,066
Other creditors		**1,154**	791	**1,008**	560
Foreign exchange contracts payable		**163**	7	**163**	-
Deferred foreign currency gains		**-**	38	**-**	-
		3,394	3,140	**3,028**	2,626
Aggregate amounts payable to related parties included in trade creditors					
Directors and director-related entities		**12**	3	**12**	3

14. INTEREST-BEARING LIABILITIES (CURRENT)

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Buderim Ginger Limited 2003 $'000	Buderim Ginger Limited 2002 $'000
Secured					
– lease liability	21,32	**30**	250	**27**	242
– bank bill facility	32,33	**1,100**	2,630	**1,100**	2,630
– bank loan	32	**61**	63	**-**	-
– other loan	32	**-**	70	**-**	-
		1,191	3,013	**1,127**	2,872

The bank overdraft and bill finance facilities are secured by a registered equitable mortgage over the company's assets.The lease liability is secured by a charge over the leased assets. The bank loan is secured over the plant and equipment of Frespac Ginger (Fiji) Limited and supported by a guarantee from the parent entity.

15. PROVISIONS (CURRENT)

	Notes	Consolidated 2003 $'000	Consolidated 2002 $'000	Buderim Ginger Limited 2003 $'000	Buderim Ginger Limited 2002 $'000
Dividends on ordinary shares	5	***-**	*-	***-**	*-
Employee benefits	22	**966**	994	**907**	994
		966	994	**907**	994

* In accordance with the Accounting Standard AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets", the provision for dividends has not been recognised. Subsequent to the end of the reporting period, directors have declared a dividend of 1.5 cents per share amounting to $335,653 (2002: 3 cents per share amounting to $636,683). Refer Note 24.

Notes to the Financial Statements

Year Ended 31 December 2003

	Notes	CONSOLIDATED		BUDERIM GINGER LIMITED	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
16. INTEREST-BEARING LIABILITIES (NON-CURRENT)					
Secured					
– lease liability - finance lease	21,32	**193**	-	**193**	-
– bank bill facility	32,33	**4,500**	2,140	**4,500**	2,140
– bank loan	32	**86**	164	**-**	-
– other loan	32	**-**	615	**-**	-
		4,779	2,919	**4,693**	2,140

The lease liability is secured by a charge over the leased assets. The bill facility is secured by a registered equitable mortgage over the parent company's assets. The bank loan is secured over the plant and equipment of Frespac Ginger (Fiji) Limited and supported by a guarantee from the parent entity.

17. PROVISIONS (NON-CURRENT)

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
Employee benefits	22	**135**	101	**128**	93

18. CONTRIBUTED EQUITY

(a) Issued and paid up capital

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
Ordinary shares fully paid		**13,758**	13,081	**13,758**	13,081

(b) Movements in shares on issue

	2003		2002	
	Number of shares	$'000	Number of shares	$'000
Beginning of the financial year	**21,222,775**	13,081	**20,919,189**	12,911
Issued during the year				
- dividend reinvestment scheme (i)	**315,173**	177	**247,642**	170
- managing director incentive scheme (ii)	**-**	-	**55,944**	-
- share purchase plan (iii)	**838,902**	500	**-**	-
End of the financial year	**22,376,850**	13,758	**21,222,775**	13,081

(i) On 20 May 2003, 315,173 ordinary shares were issued under the dividend reinvestment scheme at a value of $0.562 per share. These shares rank equally with all other ordinary shares.

(ii) There were no ordinary share issued under the managing director employee incentive scheme during this period.

(iii) On 13 June 2003, 838,902 ordinary shares were issued under the share purchase plan at a value of $0.596 per share. These shares rank equally with all other ordinary shares.

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000

19. RESERVES AND RETAINED PROFITS

Asset revaluation		**655**	655	**655**	655
Foreign currency translation		**(266)**	(88)	**-**	-
		389	567	**655**	655
Retained profits		**3,942**	4,115	**362**	434

(a) Asset Revaluation

(i) Nature and purpose of reserve

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

(ii) Movements in reserve

No movement in reserve		**655**	655	**655**	655

(b) Foreign currency translation

(i) Nature and purpose of reserve

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of self-sustaining foreign operations.

(ii) Movements in reserve

Balance at beginning of year		**(88)**	(88)	**-**	-
Exchange difference arising from the translation of the financial statements of self-sustaining foreign operations.		**(178)**	-	**-**	-
Balance at end of year		**(266)**	(88)	**-**	-

(c) Retained profits

Balance at the beginning of year		**4,115**	3,345	**434**	221
Net profit after related income tax expense		**504**	770	**1,012**	213
Adjustment arising from adoption of revised accounting standard: AASB 1044 "Provisions, Contingent Liabilities and Contingent Assets"		**-**	628	**-**	628
Total available for appropriation		**4,619**	4,743	**1,446**	1,062
Dividends provided for or paid		**(637)**	(628)	**(637)**	(628)
Balance at end of year		**3,982**	4,115	**809**	434

Notes to the Financial Statements

Year Ended 31 December 2003

20. STATEMENT OF CASH FLOWS

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
(a) Reconciliation of the operating profit after tax to the net cash flows from operations					
Net profit		**504**	770	1,012	213
Non-Cash Items					
Depreciation of non-current assets		**1,277**	1,102	922	740
Amortisation of non-current assets		**99**	161	90	151
Write-back of intercompany loan provision		**-**	-	(408)	(164)
Exchange on translation of self-sustaining entity		**(178)**	-	-	-
Other		**-**	(7)	3	5
Changes in assets and liabilities					
(Increase)/decrease in trade receivables		**491**	(368)	(539)	94
(Increase)/decrease in inventory		**1,204**	758	1,350	1,005
(Increase)/decrease in future income tax benefit		**(49)**	39	(49)	39
(Increase)/decrease in prepayments and other receivables		**(12)**	(104)	10	(96)
(Decrease)/increase in trade and other creditors		**198**	(255)	301	(819)
(Decrease)/increase in tax provision		**(189)**	(113)	(9)	(132)
(Decrease)/increase in deferred income tax liability		**(15)**	(46)	3	(46)
(Decrease)/increase in employee entitlements		**6**	288	(52)	288
Net cash flow from operating activities		**3,336**	2,225	2,634	1,278
(b) Reconciliation of cash					
Cash balance comprises:					
– cash on hand		**1,580**	642	1,220	130
Closing cash balance		**1,580**	642	1,220	130

During the period under review, funding arrangements were re-structured, whereby Rabobank Australia Limited were appointed as the company's principal financiers, whilst retail banking facilities such as overdraft, dividend, share purchase plan accounts and deskbank remain with Westpac Banking Corporation.

(c) Financing facilities available

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

	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
Total facilities				
- bank overdraft	**700**	750	**450**	500
- working capital facility	**10,000**	7,600	**10,000**	7,600
Facilities used at reporting date				
- working capital facility	**5,600**	4,770	**5,600**	4,770

Working Capital Facility

The working capital facility provided by Rabobank Australia Limited includes a $5,000,000 long term amortising component, $1,500,000 of which was converted to a GBP loan and $1,000,000 to a USD loan on 22 January 2004 as part of the company's hedge management strategy.

Bank Guarantee Facility

Rabobank Australia Limited provide for the issue of a $1m guarantee(s) in favour of the consolidated entity's nominated banks in Australia and Fiji in connection with overdraft and transactional facilities.

20. STATEMENT OF CASH FLOWS (CONT'D)

Interest Rate Swap

Rabobank Australia Limited have provided to the consolidated entity through Cooperatieve Centrale Raiffeisen-Boerenleenbank B.Z. (Rabobank), Australia Branch, an uncommitted interest rate swap facility. As at 31 December 2003 the notional amount of the interest rate swap was $AUD 4,000,000, fixed at a rate of 5.3% with designated maturity periods of 91 days. The notional amount of the swap was reduced to $1,500,000 on 22 January 2004 on conversion of a portion of the amortising loan to foreign currency debt.

(d) Non-Cash Financing and Investing Activities

Share Purchase Plan

Under the terms of the share purchase plan implemented in June 2003, an amount of $500,000 (2002: Nil) was raised through the issue of 838,902 ordinary shares (2002: Nil).

Dividend Reinvestment Plan

Under the terms of the dividend reinvestment plan, $176,754 (2002: $170,002) of dividends were paid via the issue of 315,173 shares (2002: 247,642).

Finance Leases

Plant and equipment purchased under lease during 2003 amounted to $233,845 (2002: Nil).

	Notes	CONSOLIDATED		BUDERIM GINGER LIMITED	
		2003 $'000	2002 $'000	2003 $'000	2002 $'000
21. EXPENDITURE COMMITMENTS					
(a) Capital expenditure commitments					
Estimated capital expenditure contracted for at reporting date, but not provided for, payable:					
– not later than one year					
– enterprise resource planning package		**-**	330	**-**	330
(b) Lease expenditure commitments					
(i) Operating leases (non-cancellable):					
Minimum lease payments					
– not later than one year		**101**	129	**101**	129
– later than one year and not later than five years		**73**	212	**73**	212
– aggregate lease expenditure contracted for at reporting date		**174**	341	**174**	341
Amounts not provided for:					
– future rental commitments		**174**	341	**174**	341
Operating lease commitments relate to liabilities arising from the lease of motor vehicles.					
Operating leases have an average lease term of 3 years and an average implicit interest rate of 6.92% (2002: 6.92%).					
(ii) Finance leases:					
– not later than one year		**44**	257	**41**	249
– later than one year and not later than five years		**226**	-	**226**	-
– total minimum lease payments		**270**	257	**267**	249
– future finance charges		**(47)**	(7)	**(47)**	(7)
– lease liability		**223**	250	**220**	242
– current liability	14	**30**	250	**27**	242
– non-current liability	16	**193**	-	**193**	-
		223	250	**220**	242

Notes to the Financial Statements

Year Ended 31 December 2003

22. EMPLOYEE BENEFITS AND SUPERANNUATION COMMITMENTS

	Notes	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000	BUDERIM GINGER LIMITED 2003 $'000	BUDERIM GINGER LIMITED 2002 $'000
Employee Benefits					
The aggregate employee benefit liability is comprised of:					
Provisions (current)		**966**	994	**907**	994
Provisions (non-current)		**135**	101	**128**	93
		1,101	1,095	**1,035**	1,087

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 accummulation fund with defined contributions. Employees contribute to the plans at various percentages of their wages and salaries. The consolidated entity also contributes to the plans, in accordance with award based superannuation requirements. The Plans comply with the Superannuation Industry Supervision Act and Regulations. The company contributions are legally enforceable.

23. CONTINGENT LIABILITIES

Controlled entities

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 $AUD600,000 to indemnify the Westpac Banking Corporation for an overdraft facility made available to Frespac Ginger (Fiji) Ltd.

Other persons

As advised at half year, the previously advised contingent liability associated with a complaint lodged under the Queensland Anti-Discrimination Act 1991 by a former employee against Buderim Ginger Limited and two officers of the company, was satisfactorily settled during this reporting period.

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

24. SUBSEQUENT EVENTS

Since the end of the financial year 31 December 2003, directors have declared a dividend of 1.5 cents per share amounting to $335,653 to be paid on 20 May 2004 with a record date of 30 April 2004.

On the 22 January 2004, $2,500,000 of the $5,000,000 working capital facility provided by Rabobank Australia Limited was converted to overseas currency loans as part of the company's foreign currency hedge management strategy.

25. ECONOMIC DEPENDENCY

A large proportion of the base ingredient, ginger, used in the Australian manufacturing operations of the consolidated entity is only available from quota holders. All ginger growers who supply ginger have entered into long term agreements with the company. The Ginger Supply Agreements held with Australian growers provide the company with a secure source of ginger and the growers with an outlet for their product. Ginger used in the Fiji manufacturing operation is purchased under open market conditions.

	CONSOLIDATED 2003 $'000	CONSOLIDATED 2002 $'000
26. EARNINGS PER SHARE		
(a) Basic earnings per share (cents per share)	**2.30**	3.64
(b) Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share	**21,931,703**	21,127,981

During the financial year, 315,173 ordinary shares have been issued pursuant to the dividend reinvestment scheme and 838,902 ordinary shares have been issued pursuant to the share purchase plan.

There are no issued preference shares and therefore no adjustment to profit for the cost of equity. There have been no other conversions to, calls of, or subscriptions for ordinary shares or issues of potential ordinary shares since the reporting date and before the completion of this financial report. The diluted earnings per share is the same as the basic earnings per share.

27. REMUNERATION OF DIRECTORS

	Notes	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	BUDERIM GINGER LIMITED 2003 $	BUDERIM GINGER LIMITED 2002 $
(a) Directors' remuneration					
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of each entity in the consolidated entity, directly or indirectly, by the entities of which they are directors or any related party:		**411,960**	416,024		
Income paid or payable, or otherwise made available, in respect of the financial year, to all directors of Buderim Ginger Limited, directly or indirectly, from the entity or any related party:				**411,960**	416,024

Under the employee incentive scheme 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 2001. There were no shares issued under this scheme during 2003.

	No.	No.
The number of directors of Buderim Ginger Limited whose income (including superannuation contributions) falls within the following bands is:		
$0 – $9,999	**-**	4
$20,000 – $29,999	**3**	3
$40,000 – $49,999	**-**	1
$50,000 – $59,999	**1**	-
$230,000 – $239,999	**-**	1
$270,000 – $279,999	**1**	-

(b) Prescribed benefits approved at general meeting

No prescribed benefits have been paid which would required approval at an Annual General Meeing.

Notes to the Financial Statements

Year Ended 31 December 2003

	Notes	CONSOLIDATED 2003 $	CONSOLIDATED 2002 $	BUDERIM GINGER LIMITED 2003 $	BUDERIM GINGER LIMITED 2002 $

28. REMUNERATION OF EXECUTIVES

Remuneration received or due and receivable by executive officers (excluding directors) of the consolidated entity whose remuneration is $100,000 or more, from entities in the consolidated entity or a related party, in connection with the management of the affairs of the entities in the consolidated entity whether as an executive officer or otherwise:	**1,124,703**	1,436,313		
Remuneration received or due and receivable by executive officers (excluding directors) of the company whose remuneration is $100,000 or more, from the company or any related party, in connection with the management of the affairs of the company or any of its subsidiaries, whether as an executive officer or otherwise			**649,023**	784,742

The number of executives of the consolidated entity and the company whose remuneration falls within the following bands:

	No.	No.	No.	No.
$100,000 – $109,999	**2**	4	**1**	3
$110,000 – $119,999	**2**	1	**2**	1
$130,000 – $139,999	**-**	1	**-**	-
$140,000 – $149,999	**1**	-	**1**	-
$150,000 – $159,999	**-**	1	**-**	1
$170,000 – $179,999	**2**	1	**1**	-
$190,000 – $199,999	**-**	1	**-**	1
$200,000 – $209,999	**1**	-	**-**	-
$240,000 – $249,999	**-**	1	**-**	-

29. AUDITORS' REMUNERATION

Amounts received or due and receivable by auditors of Buderim Ginger Limited for:

– an audit or review of the financial report of the entity and any other entity in the consolidated entity	**93,465**	74,567	**65,000**	46,000
– tax advice in relation to the entity and any other entity in the consolidated entity	**46,095**	56,470	**36,880**	45,855
– other services in relation to the entity and any other entity in the consolidated entity	**-**	28,650	**-**	28,650
	139,560	159,687	**101,880**	120,505

30. RELATED PARTY DISCLOSURES

Directors

The directors of Buderim Ginger Limited during the financial year were:

J.M. Ruscoe (Chairman)

G.D. O'Brien (Managing Director)

S.J. Maitland

D.Crerar

S.T. Templeton

30. RELATED PARTY DISCLOSURES (CONT'D)

Wholly-owned group transactions

Sales and purchases made under normal commercial terms and conditions.

Director transactions

Services

D. Crerar performed consultancy work during the year aggregating to $5,000 (2002: $5,150) in fees.

Director-related entity transactions

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 $653,050 (2002: $623,360) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers.

Equity instruments of directors

Interests at balance date

Interests in the equity instruments of Buderim Ginger Limited held by directors of the reporting entity and their director-related entities:

	Ordinary Shares Fully Paid	
	2003 Number	2002 Number
J.M. Ruscoe	**109,579**	101,624
G.D. O'Brien	**259,694**	55,944
S.J. Maitland	**32,684**	26,093
D. Crerar	**12,314**	11,689
S.T. Templeton	**1,216,340**	1,216,272
	1,630,611	1,411,622

Movements in directors' equity holdings

During the year, Mr J.M. Ruscoe acquired 5,197 ordinary shares under the share purchase plan at an average price of $0.596. Ordinary shares totalling 2,758 were issued to J.M. Ruscoe under the dividend reinvestment scheme at an average price of $0.562. Mr Ruscoes transferred 59,579 ordinary shares from J.M. Ruscoe to J.M. & S.E. Ruscoe (Ruscoe Family Super Fund).

During the year, Mr S.J. Maitland acquired 5,197 ordinary shares in the name of S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund) under the share purchase plan at an average price of $0.596. Ordinary shares totalling 1,394 were issued to S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund) under the dividend reinvestment scheme at an average price of $0.562.

During the year, Mr G.D. O'Brien acquired 3,750 ordinary shares under the share purchase plan at an average purchase price of $0.596. He also acquired 200,000 ordinary shares at an average purchase price of $0.58. There were no shares issued to Mr G.D. O'Brien under the Managing Director Employee Incentive Scheme.

Ordinary shares totalling 68 were issued to S.T. Templeton under the dividend reinvestment scheme at an average price of $0.562.

Ordinary shares totalling 625 were issued to Mrs D. Crerar under the dividend reinvestment scheme at an average price of $0.562.

There have been no other transactions concerning equity instruments during the financial year with directors or their director-related entities.

All equity dealings with directors have been entered into with terms and conditions no more favourable than those that the entity would have adopted if dealing at arm's length.

Notes to the Financial Statements

Year Ended 31 December 2003

31. SEGMENT INFORMATION – PRIMARY SEGMENT

Business segments	Ginger Processing		Tourism		Eliminations		Consolidated	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Revenue								
Sales to customers outside the consolidated entity	**26,814**	27,039	**3,403**	3,127	**-**	-	**30,217**	30,166
Other Income	**199**	62	**275**	295	**-**	-	**474**	357
Intersegment revenues	**731**	707	**-**	-	**(731)**	(707)	**-**	-
Total segment revenue	**27,744**	27,808	**3,678**	3,422	**(731)**	(707)	**30,691**	30,523
Results								
Segment result	**934**	1,353	**718**	669	**-**	-	**1,652**	2,022
Unallocated expenses							**(900)**	(914)
Consolidated entity profit from ordinary activities before income tax expense							**752**	1,108
Income tax expense							**(248)**	(338)
Net profit							**504**	770
Assets								
Segment assets	**27,266**	27,020	**1,673**	1,459	**-**	-	**28,939**	28,479
Liabilities								
Segment liabilities	**10,392**	10,254	**418**	462	**-**	-	**10,810**	10,716
Other segment information:								
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**2,056**	1,506	**372**	23	**-**	-	**2,428**	1,529
Depreciation	**1,131**	977	**146**	125	**-**	-	**1,277**	1,102
Amortisation	**99**	161	**-**	-	**-**	-	**99**	161

SEGMENT INFORMATION – SECONDARY SEGMENT

Geographic segments	Australia		Fiji		Eliminations		Consolidated	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000
Segment revenue	**28,276**	28,172	**3,177**	3,874	**(762)**	(1,523)	**30,691**	30,523
Segment assets	**26,145**	25,180	**3,105**	3,634	**(311)**	(335)	**28,939**	28,479
Other segment information:								
Acquisition of property, plant and equipment, intangible assets and other non-current assets	**2,048**	1,393	**380**	136	**-**	-	**2,428**	1,529

Segment products and locations

The consolidated entity operates predominantly in the ginger processing industry, and in two geographic areas, Australia and Fiji, although it has marketing operations in the U.K. and USA. The ginger processing operations comprise the production and sale of a variety of sugar processed, brined and dried products to both wholesale and retail operations throughout the world. The tourism operations comprise the sale of ginger and other retail gift and food products within the Australian tourism market.

Segment accounting policies

The group generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices. 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 1. During the financial year, there were no changes in segment accounting policies that had a material effect on the segment information.

32. FINANCIAL INSTRUMENTS

Terms, conditions and accounting policies

The consolidated entity's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument, both recognised and unrecognised at the reporting date, are as follows:

Recognised Financial Instruments	Balance SheetNotes	Accounting Policies	Terms, Notes and Conditions
(i) Financial assets			
Receivables - trade	6	Trade receivables are carried at nominal amounts due less any provision for doubtful debts. A minimum doubtful debt provision of 2.5% of debtors not covered by trade indemnity insurance, supplemented by the recognition of possible non-collection of full nominal amounts. All debtors are cover by QBE trade credit insurance	Terms for credit sales average between 30-60 days.
Deposits & other loans	6	Short term deposits are stated at cost. Amounts receivable from related parties are carried at nominal amounts due. Terms and conditions of all transactions in this category, are provided on an arm's length basis.	Interest is recognised as revenue as it accrues.
(i) Financial liabilities			
Bank Overdraft	14	The bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.	Interest is charged at the bank's benchmark rate. Details of the security over the bank overdrafts are set out in note 14.
Trade Creditors and accruals	13	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the consolidated entity.	Trade liabilities are normally settled on 30 day terms.
Foreign Exchange Contracts	13	Buderim Ginger Limited enters into forward exchange contracts designed as hedges of anticipated future receipts.	At reporting date, the consolidated entity had unrealised (gains)/losses of ($162,670) (2002: ($31,978)).
Bills of Exchange	14,16	Bills of Exchange are carried at the principal amount. Interest is charged as an expense as it accrues.	Bills of Exchange have an average maturity of 90 days with variable interest linked to BBSY rates.
Bank Loan	14	Bank loans are carried at the principal amount. Variable interest is charged on the bank loan, whilst a fixed interest rate is charged on the other loan.	The bank loan has an average interest rate of 7.9%.
Finance Lease Liability	14,16	The lease liability is accounted for in accordance with AASB 1008.	As at reporting date, the consolidated entity had finance leases with an average term of 3 years. The average discount rate implicit in the leases is 6.62% (2002: 6.92%). The lease liability is secured by a charge over the leased assets.
Dividends Payable	5	Dividends payable are recognised when declared by the company.	As a dividend was not declared prior to 31 December 2003, there is no dividend provision included in the accounts. Subsequent to the end of the financial year, directors have declared a 1.5 cent fully franked dividend (2002: 3 cents fully franked). There was no interim dividend paid in 2003, 2002 or 2001.
(i) Equity			
Ordinary Shares	18	Ordinary share capital is recognised at the original par value of the amount paid-up, share premium transferred from reserves on 1 July 1998, and the fair value of consideration received since that date.	There were no shares issued during the reporting period except for those securities issued under the shareholders purchase plan and the dividend reinvestment plan.

Notes to the Financial Statements

Year Ended 31 December 2003

33. FINANCIAL INSTRUMENTS

33(a) Interest rate risk

The consolidated entity's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the reporting date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate maturing in: 1 year or less		Over 1 to 5 years		More than 5 years		Non-interest bearing		Total carrying amount as per the statement of financial position		Weighted average effective interest rate [b]	
	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 $'000	2002 $'000	2003 %	2002 %
(i) Financial assets														
Cash	**1,580**	642	**-**	-	**-**	-	**-**	-	**-**	-	**1,580**	642	**3.90**	4.50
Trade and other receivables	**-**	-	**-**	-	**-**	-	**-**	-	**5,774**	6,412	**5,774**	6,412	**N/A**	N/A
Short term deposits	**11**	8	**-**	-	**-**	-	**-**	-	**-**	-	**11**	8	**4.50**	7.00
Total financial assets	**1,591**	650	**-**	-	**-**	-	**-**	-	**5,774**	6,412	**7,365**	7,062		
(ii) Financial liabilities														
Trade creditors and accruals	**-**	-	**-**	-	**-**	-	**-**	-	**3,231**	3,095	**3,231**	3,095	**N/A**	N/A
Foreign currency contracts									**163**	45	**163**	45	**N/A**	N/A
Finance lease liability	**-**	-	**30**	250	**193**	-	**-**	-	**-**	-	**223**	250	**6.62**	6.92
Bills of exchange and promissory notes	**-**	-	**1,100**	2,630	**4,500**	2,140	**-**	-	**-**	-	**5,600**	4,770	**5.17**	5.02
Other loans	**-**	-	**-**	70	**-**	615	**-**	-	**-**	-	**-**	685	**-**	8.50
Bank loan	**-**	-	**61**	63	**86**	164	**-**	-	**-**	-	**147**	227	**7.90**	7.90
Total financial liabilities	**-**	-	**1,191**	3,013	**4,779**	2,919	**-**	-	**3,394**	3,140	**9,364**	9,072		

33(b) Net 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 approximates fair value because of their short-term to maturity for all financial assets and liabilities.

33. FINANCIAL INSTRUMENTS (CONT'D)

33(c) Credit risk exposures

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

In relation to unrecognised financial instruments, credit risk arises from the potential failure of counterparties to meet their obligations under the contract or arrangement. The consolidated entity's maximum credit risk exposure in relation to these is as follows:

(i) forward exchange contracts – the full amount of the foreign currency it will be required to pay or purchase when settling the forward exchange contract, should the counterparty not pay the currency it is committed to deliver to the company. At reporting date the net amount was $1,141,705 (2002: $317,554).

Concentrations of credit risk

Concentrations of credit risk on trade receivables arise in the following market segments:

	Maximum credit risk exposure* for each concentration			
	Percentage of total trade debtors		$000	
Market Segment	**2003**	**2002**	**2003**	**2002**
Wholesale	**60**	68	**3,356**	4,119
Retail	**40**	32	**2,228**	1,956
	100.0	100.0	**5,584**	6,075

* The maximum credit risk exposure does not take into account the value of any collateral or other security held, in the event other entities/parties fail to perform their obligations under the financial instruments in question.

Credit risk in trade receivables is managed in the following ways:

– payment terms average between 30-60 days;

– a risk assessment process is used for all customers; and

– credit insurance is obtained for both export and domestic debtors through QBE Insurers. QBE insurance covers 90% of credit exposures.

33(d) Hedging instruments

(i) Hedges of anticipated future transactions

Buderim Ginger Limited has entered into forward exchange contracts designed as hedges of anticipated future receipts. The amount of unrealised (gains)/losses as at 31 December 2003 were ($162,670) (2002: ($31,978)).

The unrealised losses will be recognised in the statement of financial performance account on settlement of the relevant foreign exchange contracts during 2004.

(ii) Hedges of specific commitments

Forward exchange contracts are established to hedge contracted purchases by customers in the United Kingdom. The exposure risk posed by these contracts is held by the relevant customers rather than by Buderim Ginger Limited.

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 2003 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) 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 10 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

J.M. Ruscoe
Director
Yandina, 12 March 2003

Auditors' Report

ERNST & YOUNG

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Australia

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Waterfront Place
Brisbane QLD 4001

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INDEPENDENT AUDIT REPORT TO MEMBERS OF BUDERIM GINGER LIMITED

Scope

The financial report and directors' responsibility

The financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the directors' declaration for Buderim Ginger Limited (the company) and the consolidated entity, for the year ended 31 December 2003. The consolidated entity comprises both the company and the entities it controlled during that year.

The directors of the company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the company and the consolidated entity, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Audit approach

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001, including compliance with Accounting Standards in Australia, and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the company.

Auditors' Report

ERNST & YOUNG

Independence

We are independent of the company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

Audit opinion

In our opinion, the financial report of Buderim Ginger Limited is in accordance with:

(a) the Corporations Act 2001, including:

 (i) giving a true and fair view of the financial position of Buderim Ginger Limited and the consolidated entity at 31 December 2003 and of their performance for the year ended on that date; and

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

(b) other mandatory financial reporting requirements in Australia.

Ernst & Young

Ernst & Young

R J Roach
Partner
Brisbane

Date: 17 March 2004

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current as at 15 March 2003.

(A) DISTRIBUTION OF EQUITY SECURITIES

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

	Ordinary shares	
	Number of holders	Number of shares
1 – 1,000	358	224,335
1,001 – 5,000	1,151	3,094,932
5,001 – 10,000	384	2,983,055
10,001 – 100,000	352	8,232,204
100,001 and over	27	7,842,324
	2,272	22,376,850
The number of shareholders holding less than a marketable parcel of shares are:	211	83,868

(B) TWENTY LARGEST SHAREHOLDERS

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

		Listed Ordinary shares	
		Number of shares	Number of ordinary shares
1	Big Sister Foods Pty Ltd	1,216,283	5.44
2	Redarea Pty Ltd	1,183,309	5.29
3	RBC Global Services Australia Nominees Pty Limited	715,497	3.20
4	Siben Nominees Pty Ltd	440,000	1.97
5	Vittorio Alberti	373,800	1.67
6	Frederick Dannecker	367,700	1.64
7	Felicity Ruth Benoit & Ashley Laurence Benoit	276,166	1.23
8	Gerard Daniel O'Brien	259,694	1.16
9	Tyara Pty Ltd	250,000	1.12
10	Douglas Meaden Pty Ltd	242,775	1.08
11	John Barr	236,132	1.06
12	Rathvale Pty Limited	225,857	1.01
13	Catholic Church Insurances Limited	218,872	0.98
14	Kosata Pty Ltd	209,900	0.94
15	Ramjan Investments Pty Ltd	200,000	0.89
16	Barimos Pty Ltd	165,000	0.74
17	Gordon Benjamin Love & Dorothy Love	159,867	0.71
18	Norman James West	153,146	0.68
19	Darrell Lea Chocolate Shops Pty Limited	148,368	0.66
20	Cathrina Penny Elizabeth Brown	148,000	0.66
	Total	7,190,366	32.13
	Remainder	15,186,484	67.87
	Grand Total	22,376,850	100.00

ASX Additional Information

(C) SUBSTANTIAL SHAREHOLDERS

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

	Number of shares
Armytage Private Limited	2,313,448
Big Sister Foods Pty Ltd	1,216,282
Redarea Pty Ltd (as trustee for the Templeton Family Trust)	1,215,017

(D) VOTING RIGHTS

All ordinary shares (whether fully paid or not) carry one vote per share without restriction.

Buderim Ginger®

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