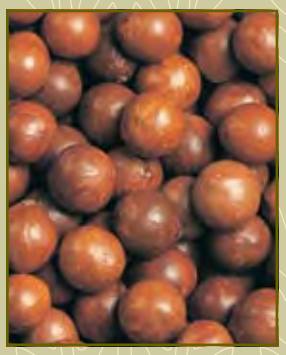
Buderim Ginger Limited

Annual Report 2007



Buderim Ginger®

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ANNUAL GENERAL MEETING

The Annual General Meeting of Buderim Ginger Limited will be held in the Queen's Ballroom, Brisbane Hilton, 190 Elizabeth Street, Brisbane on 30 April 2008 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.

PROFILE

The World's Finest Ginger

Corporate Value

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

Corporate Mission

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

- Confectionery Ginger Supply;
- Australian Macadamias;
- Branded Specialty Food Products; and

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

Company profile

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

The Company has a controlling interest in the specialist bakery business, *Buderim Baking Company*. This business comprises: I Spy Pies, which produces a range of premium savoury pastry products; and Aldente Foods, which produces a range of quality, fresh chilled meals. Both businesses operate from the *Buderim Baking Company* site at the base of Buderim Mountain, close to the original home of Buderim Ginger.

As of 2 January 2008, the Company is also the third largest processor of Australian macadamias through its subsidiary, Buderim Macadamias Pty Ltd, trading as Agrimac Macadamias, which services bluechip customers in Asia, Europe and North America. Agrimac, which is based at Alstonville NSW in the heart of the southern macadamia growing region of Australia, is also renowned for its premium quality products and excellent supply record.

In addition to its traditional ginger processing activities and specialty food business, *Buderim Ginger* operates one of the Sunshine Coast's most popular and highly awarded tourist attractions, *The Ginger Factory*, at its Yandina Site. *The Ginger Factory's* popularity is underpinned by innovative attractions including the *Taste of Ginger Tour and Overboard – Adventures of a Stowaway*. First class shopping and casual dining outlets, all within the tranquil rainforest setting, create a memorable experience for visitors of all ages.

Buderim Ginger employs around 300 people throughout its head office and major processing plant at Yandina , its bakery operations at Maroochydore, its macadamia processing plant at Alstonville, and at its secondary ginger processing facilities in Lami Town, Fiji. The Company also maintains, as part of its active ginger export focus, international representation in more than 20 countries with sales and distribution offices in: London, UK; Hamburg, Germany; and San Francisco, USA.

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

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




FIVE YEAR FINANCIAL SUMMARY

	2007 $000	2006 $000	2005 $000	2004 $000	2003 $000
Revenue	51,081	48,369	46,605	35,739	30,691
Profit (loss) before income tax expense	906	(381)	495	560	752
Net profit (loss) after income tax expense and minority interest	671	(165)	536	343	504
Total assets	64,477*	50,975	43,755	37,233	28,939
Earnings per share (cents)	2.34	(0.58)	1.97	1.43	2.30
Net tangible asset backing (cents)	86#	85	73	77	80
Dividend per share	2	-	1	-	1.5

** includes Agrimac assets acquired at 31 December 2007*

 # intangible assets increased in 2007 on the acquisition of Agrimac Macadamias business assets and on the representation of the commitment to acquire the remaining 20% minority interest in Buderim Baking Company Pty Ltd.

Directors have recommended a 2c/share partially franked dividend be paid out of the retained profits for the year ended 31 December 2007.

2007 OPERATIONS SUMMARY

- Group revenue rises 5.6% to a record $51.1 million due to growth in the Baking business and in retail Ginger sales.
- Successful turnaround of Group profitability with profit after tax and minority interest increasing to $671,000 from a loss of ($165,000) in 2006. Before tax profit surges almost $1.3 million to $906,000 in contrast to a loss of ($381,000) the previous year.
- Group EBITDA increases 48% to $3.7 million.
- Export sales of Ginger products decline 4.9% to $14.6 million due in part to the sustained strength of the $A and the continued competitive nature of key international markets.
- Domestic ginger sales grow 4.2% to $15.3 million due to a 5% lift in retail product sales.
- Margins in the core Ginger business markedly improved as a result of operational improvements introduced as part of the Company's Ginger Restructuring Plan, initiated in late 2006.
- Baking revenues rise 17.3% to $17.3 million with earnings down (by $206,000 before minority interest) due to unprecedented ingredient cost increases caused by drought and global supply pressures.
- Tourism revenue rises 2.1% to $4.1 million while profit jumps 65% due to operating improvements.
- Based on an independent valuation, Directors revalue the Company's land holdings at Yandina upwards to $11 million.
- In line with its strategic agenda, the Company acquires the business assets of Agrimac Macadamias on 31 December 2007, making it the third largest processor of Australian macadamias with operations based in Alstonville NSW.

Chairman's Report

I am pleased to report that the Company's profitability rebounded strongly in 2007 with an improvement of $1.3 million in before tax profit. After allowing for outside equity interest, after tax profit was also sharply improved at $671,000 compared with the previous year's loss of ($165,000). Earnings per share increased from (0.58c) to 2.34c. As a consequence, the board has declared a 2c/share dividend which will be partially franked to 21% and paid out in May 2008.

Group revenue increased by 5.6% to $51.1 million and, importantly, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) increased from $2.5 million to $3.7 million. On an adjusted basis, NTA (Net Tangible Assets) increased from 85c to 86c per share, largely as a result of a revaluation of the Companys principal land holdings which was, however, offset by increases in goodwill associated with the acquisition of Agrimac Macadamias and a change in the accounting treatment of the right to purchase the remaining outside equity interest in Buderim Baking Company Pty Ltd, previously classified as a deferred asset.

The most encouraging aspect of the full year result was the improvement in operational efficiency at our ginger processing plant in Yandina. This followed serious problems in 2006 which were analysed in detail last year. In late 2006, the Board, together with senior management, implemented a strict and disciplined Ginger Restructuring Plan (GRP). This proved to be a defining initiative as we were able to markedly improve key operational parameters in the business and prevent reoccurrence of the prior year problems. The GRP also covered sales, marketing, distribution and administration with gains made in all areas.

Overall sales of Ginger products were in line with the previous year, however, export sales fell by 5% largely due to the sustained strength of the $A and competition from low labour-cost countries. The currency impacts were particularly acute in the Company's US joint venture subsidiary, where the impact of ongoing economic uncertainty continues to hold back our outlook. Gross margins on our export business, however, increased because of the improvements flowing from the GRP. The fall in export sales was offset by a commensurate lift in domestic sales, and in particular, sales of our flagship Buderim-branded retail products, where margins improved strongly.

We achieved a substantial increase in Tourism profitability resulting from increased visitor numbers, higher spend per person and tighter control of expenses. Improved food operations, strong sales in the Ice Cream Gallery together with other innovations, including the purchase of the Ginger Train (through our Tourism joint venture) in December, contributed to this very satisfying result.

Despite a strong 17% lift in Bakery sales, profits were down about $200,000 from the previous year. Large and unprecedented drought-induced raw material cost increases were unable to be passed on to customers in a timely fashion. There were also unfavourable product mix swings which negatively affected efficiencies. These issues have now been addressed and as a result line speeds have increased and gross margins are back on track following price adjustments to recover raw material cost increases. Uncertainty about the future structure of the industry and key customers at the time of last year's report has now been resolved and our position has been strengthened as a result of decisive improvements in customer service and product quality performance.

Both our Ginger and Bakery operations benefited from capital investment during the course of the year. New initiatives in water and energy savings together with improved syruping techniques have dramatically improved ginger processing. With the acquisition of new equipment in the bakery we can now increase throughput in concert with improved quality control. Overall employee numbers have also been reduced allowing greater focus on key skills. It has been a somewhat longer gestation period than we expected but finally it has come together and we expect the benefits to be sustained.

On 31 December 2007 we acquired the business assets of Agrimac International Enterprises Pty Ltd. Located in Alstonville NSW, Agrimac is the third largest processor and marketer of Australian Macadamias. Key staff have been retained and the business will be operated through a new subsidiary, Buderim Macadamias Pty Ltd, which will continue to trade as Agrimac Macadamias. Its assets and liabilities appear in the balance sheet although there was no revenue in our accounts for 2007. This move is part of our long term strategy to diversify and to grow not only organically, but by acquisition. We have closely investigated this industry for some years and we believe the timing of market entry represented value for shareholders with the market being at the bottom of a cyclical low.

We look forward to 2008 with confidence. The drought is now over in many parts of the country. Our price adjustments have recovered raw material increases. At the time of writing, the ginger crops both in Australia and Fiji look to be a little below expectations, ironically as a result of too much rain at key times, however we believe any shortfall is not insurmountable. Macadamia availability and quality looks to be reasonable despite heavy rain in many areas. Improvements made to production in both our Ginger and Bakery operations will continue to reap financial benefits. Tourism numbers and results were favourable over the recent summer holiday season and with new initiatives planned for 2008 we are confident of further growth in revenue and profitability. At the time of writing the Australian dollar is around 93 US cents and is also strong against other currencies. As an exporter, this exchange rate remains of concern, however, we believe that our brand strength, our mix of businesses and strong domestic base will serve us well in 2008.

In summary we expect improved profits and increased earnings per share in 2008. We also expect there will be new acquisition opportunities. We remain committed to our long term objective of achieving satisfactory rates of return on assets and on capital.

Finally, I thank my fellow Directors and all Group employees for their efforts during the past year and acknowledge their contribution to our much improved result. I also welcome new staff members through Agrimac to the Buderim Ginger team.

JOHN RUSCOE

Chairman

In response to the issues encountered in 2006, the GRP was initiated in late 2006. The program covered a number of aspects but focussed on prevention of losses during storage, lifting key production parameters by reducing production pressures and bottlenecks, and improving process yield. GRP initiatives contributed significantly to the overall turnaround of the Ginger business in 2007.

FINANCIAL OVERVIEW

Significant improvement in the trading performance of the core Ginger business and in Tourism operations underpinned a marked improvement in profitability in 2007. At an operating level, the Company recorded a before tax profit of $906,000 compared to a loss of ($381,000) in 2006. After tax and minority interest, a profit of $671,000 was recorded in contrast to a loss of ($165,000) in 2006. Group EBITDA in 2007 was $3.7 million, a 48% increase on 2006. Directors have recommended payment of a 2c/share dividend in respect of the 2007 year following the improved results and in recognition of the stronger outlook for all our business units.

Ginger Operations

Export Sales

With the sustained strength of the Australian dollar and highly competitive overseas markets, export revenue declined 5% to $14.6 million.

UK sales revenue (in $A) was down 2% on 2006. Although we are increasingly focussed on retail product sales opportunities in this market, our business is still predominantly industrial ingredient supply. Given the competitive nature of this market, it is difficult to extract significant price premiums, however, efficiencies from the Ginger Restructuring Plan (GRP) initiatives, as well as savings in distribution costs in the UK operation and group administration costs, helped to drive margins and profitability higher. We retained a strong market share position and achieved steady growth in retail sales during 2007. A surging $A compared to the value of the GBP in early 2008 is a cautionary sign and reinforces the importance of our drive toward branded retail sales. As our largest export market, and the one most demographically similar to Australia's, it remains a critical part of the Company's future and a primary target for retail growth. The Company maintains a fully owned sales office in the UK.

European sales of Australian ginger products declined by almost 9% in 2007 (in $A). Once again, highly competitive conditions in the "traditional" ginger markets of Germany and the Netherlands constrained growth. On the other hand, sales of Buderim branded retail products in Germany continue to grow at an average 15% per year. Despite lower overall sales, margins improved and significant growth in Fijian ginger sales were recorded in this market. Sales in newer, less traditional markets of Eastern Europe and Scandinavia also continue to grow, albeit off a small base. The Company maintains a master-distributor style arrangement in this market, trading under the name Buderim Ginger Sales GmbH, which is based just outside Hamburg, Germany.

Our second full year under the joint venture arrangements in North America, saw revenue fall by around 20% (in $A). 2007 was a year of consolidation in North America after the well documented difficulties of the previous year.

The sustained strength of the $A against the $US and the progressively slowing US economy made trading very difficult throughout the year. Despite this, results in the US subsidiary improved although are still slightly negative. Pleasingly, no further issues with the United States Food and Drug Administration (US FDA) as outlined in last year's report have re-emerged, although some residual costs spilled over into 2007. We expect revenues and profitability from our North American operations to continue to improve from here, however, a worsening exchange rate and domestic US economic conditions may moderate the rate of gain. Buderim Ginger America, LLC is a joint venture with Pan Pacific Foods Inc of San Francisco, California.

Pleasingly, Asia Pacific revenue was 25% up on the prior year, primarily as a result of good growth in retail sales into the New Zealand market and steady progress in South Korea.

Despite the intense competition continuing to face Frespac (Fiji), its export sales increased by more than 20% in 2007 to record levels. Most of this growth was achieved in Europe and, in some cases, to the detriment of Australian ginger sales. This is often a difficult challenge for the business to manage, but in the end, well-informed markets will make a decision based on relative "value propositions". Once again, a consistent quality and delivery performance by Frespac contributed significantly to the result. The outlook remains positive with factors such as exchange rate and economic conditions in end-markets still pivotal.

Domestic Sales

A 4% increase in domestic ginger sales to $15.3 million in 2007 was once again underpinned by strong growth in Buderim-branded retail product sales.

Retail sales in 2007 were up by more than 5%. Improved shelf positioning achieved during the year helped drive growth, but, overwhelmingly gains were driven by new products introduced within the past three years. For example, *Naked Ginger*, the lower sugar version of our traditional product, surged ahead in distribution and sales. Similarly, in beverages, our cordial range experienced remarkable growth which was heightened late in the year with the launch of the *Lemon, Lime & Bitters* variant. *Buderim Ginger Beer*, launched in April 2007, has also made steady progress and is winning wide-spread acclaim from consumers. The outlook for continued growth is good although the challenge of supporting a diverse product range across a number of categories in the Australian retail market requires intense management.

Revenue in the domestic industrial and food service markets was also improved on the previous year. This growth was achieved as a result of food manufacturers recognising the versatility of ginger as a flavour and the inherent health benefits of the product.

Review of Operations

Production

In response to the issues encountered in 2006, the GRP was initiated in late 2006. The program covered a number of aspects but focussed on prevention of losses during storage, lifting key production parameters by reducing production pressures and bottlenecks, and improving process yield. GRP initiatives contributed significantly to the overall turnaround of the Ginger business in 2007. Key measures of process efficiency and effectiveness all improved during the year. At the same time, manufacturing overheads were reduced.

In addition, some major process breakthroughs were achieved in 2007. An innovative water treatment and re-circulation system was brought on-line in the second half of the year. Supported by Queensland Government funding, this processing technology has facilitated the reduction of sulphite levels in finished products while minimising water and energy usage. It also improved both product quality and "syrup gains." Full benefits are expected to be realised in 2008 and beyond. Capital projects to further reduce overall water usage and discharge are in train. Other process upgrades brought on-line during 2007 allowed for the improvement of efficiencies in the manufacture of successful new products introduced in recent years.

Moderate investment was made in the Fiji plant during 2007, as part of an ongoing program to improve basic site and processing infrastructure.

Product/Process Development

In line with our strategic priorities, the company continues to invest considerable time and resources in product and process development.

As outlined earlier, our new mixer cordial, *Lemon Lime & Bitters*, was launched in 2007 to partner the successful *Ginger Refresher* and *Lime Refresher* products and further new flavours are planned for 2008. In addition, the Company entered the "ready to drink" beverage market with *Buderim Ginger Beer* to capitalise on the *Buderim Ginger* brand presence and consumer demand.

New varieties of Buderim Ginger jam range, such as *Rich Rhubarb*, where introduced in 2007 to accompany the flagship "*Original Ginger Marmalade*" and a number of new varieties will be rolled out in coming periods. While a somewhat costly exercise, this is a critical endeavour to maintain consumer interest in the range as well as retailer support. Jam is our second largest retail category.

In early 2008, the Company completed an extensive product development process on its first retail entry into the nutraceuticals market. This product, which is expected to be more widely released once formal TGA (Therapeutic Goods Administration) registration is achieved, will capitalise on the intense interest in the "health" benefits of ginger in combination with a number of other proven herbal products. *Buderim GingerActive Daily* is a daily dosage elixir that we anticipate will be the start of an exciting range of products sold through pharmacies and health stores nationally and internationally.

The Company, in conjunction with major retailers, participates in the supply of some private label packs of crystallised ginger. These products are in the produce sections of major supermarkets and feature the "Australian grown and processed" claim which only our Company can deliver in any volume.

Process development work has been directed at increasing productivity and product uniformity in the syruping process. The Company has recently secured Federal Government funding, through the "Commercial Ready Program", to invest in new processing technology to further lift syruping efficiency and effectiveness as well as improve the retention of functional properties in ginger. This is a very exciting project for the business which holds promise of another key competitive advantage over our competitors.

BAKING OPERATIONS

Revenue for the Baking business was $17.3 million (up from $14.8 million in the prior year). *I Spy Pies* sales grew strongly largely as a result of volume increases in major supply contracts including *Brumby's Bakeries* and *Lorries Gourmet*, with both businesses enjoying significant success with their premium quality offer. Margins were eroded, however, as the Company was forced to absorb substantial ingredient cost increases during the year. These increases applied to major commodity-based inputs, such as flour, oils and cheese, which rose sharply due to the combined effects of drought and global supply pressures. Due to contractual commitments, it was not possible to recover these increases until the annual contract cycle early in the new calendar year. Price increases effective from early in 2008 have now fully recovered these additional costs. Production line efficiencies improved throughout the year as throughput was lifted due to capital improvements. *Aldente Foods* was once again unprofitable on a full year basis, however, operating results at year-end are finally showing encouraging signs. Cookie dough production, under the *Billy G's* license, made a positive contribution in the first full year of this contract.

While the trading results in 2007 were disappointing, there are still significant profitable growth opportunities for Buderim Ginger in the Bakery business in both the immediate and longer-term. The underlying strategic rationale for developing the business remains valid and the business has lessened our traditional reliance on ginger processing. As noted in last year's report, we had concerns over the future ownership of a key customer, *Brumby's Bakeries*, at that time. Retail Food Group Limited (RFG), an Australian public Company based on the Gold Coast, ultimately secured full ownership of this icon Australian franchise system in mid-2007. Buderim Baking staff have subsequently worked with RFG to establish a positive working relationship and good progress has been made. Buderim Baking, and its predecessors, have held the primary savoury pastry contract manufacturing license with *Brumby's* for over 18 years and produces a range of products to *Brumby's* tightly-held and exclusive recipes. The Company is now confident of maintaining this critical supply relationship going forward.

Buderim Ginger retains an 80% interest in the Baking business as discussed in last year's report. Either Buderim Ginger or the minority interest partner, Jeff Sanders, can trigger a buyout of the remaining 20% minority interest on pre-agreed terms relating to an earnings multiple based on a weighted average of the three preceding years. The multiple varies depending on which party triggers the buyout.

MACADAMIA OPERATIONS

Consistent with the Group's announced diversification policy, on 31 December 2007 Buderim Ginger acquired the business assets of Agrimac International Enterprises. Trading commenced on 2 January 2008 under full ownership of our subsidiary, Buderim Macadamias Pty Ltd.

Based in Alstonville NSW, *Agrimac* is the third largest processor and marketer of Australian Macadamias, and one of the most efficient processors in the industry with flexibility to process both within Australia and overseas. The highly competent and experienced management team has been re-engaged under the new structure. Agrimac services existing export markets in Europe, Asia and North America and has a strong domestic retail presence. The linkage with Buderim Ginger brings synergies in the sales and marketing arena and efforts are well advanced to realise these benefits. Significantly, the customer bases and geographic sales and distribution networks of both our Ginger and Macadamia businesses are strongly aligned. Both businesses operate at the premium quality end of their market segments and both have a hard won reputation for "taking a premium Australian product to the world."

The Macadamia industry holds excellent growth potential and, on any measure, Australia is set to maintain its global dominance for many years to come.

It has been subject to seasonal volatility in the past, however, we believe it has now matured to the point where the opportunity for a corporate entity such as Buderim to participate positively in the industry's future development is ideal.

The initial consideration paid for the business was a cash amount based on historical Earnings Before Interest and Tax (EBIT), but there is also an earn-out component over the next two years, comprised of cash or scrip based on EBIT over the relevant earn-out year, payable to the previous owners, two of whom remain within the new management structure of the business.

The business is expected to contribute positively to both Group revenue and earnings and to be earnings per share accretive in the year to 31 December 2008.

TOURISM OPERATIONS

Revenue from the Company's award-winning tourism facility, *The Ginger Factory*, increased marginally to around $4.1 million in 2007, on a 2% increase in visitor numbers. Spend per head increased by 6% and operating costs were well controlled, all of which culminated in a significant rise in profitability. Operational improvements were also made in the on-site restaurant, *The Ginger Cafe*, which was resumed from the franchisee in 2005. *The Overboard* attraction, in its second full year of operation, improved operating results significantly, and late in the year purchased the Ginger Train from the previous licensee. This acquisition opens the door for improved co-ordination of on-site "experiences" and more extensive use of tourist "packages" for promotional purposes. The joint venture also initiated a new seasonal attraction, *Santa's Secret Workshop*, during the 2007 Christmas holiday period which generated good visitor numbers and has established a unique identity during its first showing. The Ice Cream Gallery once again recorded strong sales and margins, however, the development of a significant ice cream sales base beyond the tourist park remains to be realised.

During 2007, discussions were held with the operators of the renowned *Superbee* tourist attraction, located near Buderim on the Sunshine Coast, with a view towards the possible co-location to *The Ginger Factory* site at Yandina. These discussions resulted in an option for Buderim Ginger to operate the *Superbee* attraction under an exclusive license in the Sunshine Coast region. The operators of the *Superbee* subsequently relocated their factory operations to Parkes NSW in late 2007 and then closed the remaining Sunshine Coast tourism operations in early 2008. Although no final commitments have been made, the Company is currently awaiting costings on the construction works necessary to facilitate the re-launch of the attraction at Yandina. Consistent with previously announced plans in regard to the "food precinct" concept for the site, Directors expect to complete a re-launch of *Superbee at The Ginger Factory* by mid-2008.

2008 Tourism results are expected to improve on 2007 as initiatives to lift visitor numbers and per-capita spend take effect.

OUTLOOK

The Group is poised to realise a further lift in financial performance in 2008. While we anticipate that conditions in our core Ginger business will remain competitive and the immediate exchange rate outlook is not favourable to our export business, the Company is determined to continue to realise operational gains from its GRP initiatives. Beyond this, we are confident our strategy of focussing on higher-value industrial applications and retail branded sales, underpinned by product innovation, will deliver long term steady improvements in this business. However, this traditional segment of our business does remain exposed to short term fluctuations such as supply failures and currency movements. Despite these continuing challenges, we remain committed to year-on-year performance improvement by focussing our efforts on opportunities where our products' premium quality position offers the prospect of superior returns.

The Macadamia business, *Agrimac*, is expected to contribute significantly to both group revenue and profit in its first full year.

Our Baking business, comprising *I Spy Pies* and *Aldente Foods*, is expected to rebound from last year's disappointing result as price increases recover the unprecedented ingredient cost rises experienced in 2007. Revenue is expected to continue to grow through product innovation and the enhancement of existing customer relationships. Capital-based operating improvements are also expected to drive profitability growth.

In addition, the Group anticipates further gains in revenue and profit contribution from Tourism operations in 2008.

Shareholders should, therefore, look forward with confidence to receiving increased returns in the year ahead. While the Board is satisfied with the improvement achieved in 2007, it is confident the strategies adopted for all Group businesses will result in a further significant lift in profitability in 2008.

Gerard O'Brien

Managing Director and Chief Executive

Shareholders should, therefore, look forward with confidence to receiving increased returns in the year ahead. While the Board is satisfied with the improvement achieved in 2007, it is confident the strategies adopted for all Group businesses will result in a further significant lift in profitability in 2008.

Directors' Report

Your directors submit their report for the year ended 31 December 2007.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

John Michael Ruscoe,

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

Mr Ruscoe has been a director since 21 February 2002. He was previously Chief Executive Officer of Buderim Ginger Limited and 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 President of Headland Golf Club, Inc. Buderim. Mr Ruscoe is 67 years of age.

Gerard Daniel O'Brien,

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

Mr O'Brien was appointed Managing Director and Chief Executive of Buderim Ginger Limited on 5 March 2001. His previous role was Business Development Director for Goodman Fielder Milling based in Sydney. Mr O'Brien has many years management experience in the Australian food industry with Defiance Mills, Bunge-Defiance and Goodman Fielder and is a General Councillor of the Australian Industry Group (AIG) Queensland Branch. Mr O'Brien is a foundation member of the Sunshine Coast Business Council and a member of the Executive Committee. Mr O'Brien completed an MBA at Georgetown University USA in 1992 after a finance career in the construction industry. Mr O'Brien is 46 years of age.

Stephen James Maitland,

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

Mr Maitland has been a director since 26 February 2002. He has had over 30 years experience in the banking and finance industries, and is the principal of the Brisbane based Corporate Advisory firm of Delphin Associates. He holds directorships with Australian Unity Ltd and a number of private companies. He is the Honorary Treasurer of the Surf Life Saving Foundation Inc. Mr Maitland is 57 years of age. During the past 3 years Mr Maitland has held the following listed company directorships:

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

John Howard Philip Roy,

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

Mr Roy has been a director since 28 February 2005. He is the Managing Director of several family owned businesses, including Big Sister Foods Pty Ltd, Big Sister Properties Pty Ltd, Fowlers Vacola Australia Pty Ltd, George & Simpson Pty Ltd, Noble Cakes Pty Ltd and Maypole Foods Pty Ltd. Mr Roy has an engineering background and an extensive career in the plastics industry. He also has extensive experience in the Australian and global food industry, particularly in the branded speciality arena. Mr Roy is 70 years of age.

Shane Tyson Templeton,

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

Mr Templeton has been a director since 21 February 2002. He is a third generation ginger grower and is professionally qualified with a business degree. He has been growing ginger since 1991 and has held the position of Honorary Secretary of the Australian Ginger Growers Association for 5 years. Mr Templeton is a director of Hatterwick Pty Ltd, Templeton Holdings (Qld) Pty Ltd, Rochnee Pty Ltd, Templeton Nominees Pty Ltd and Redarea Pty Ltd. Mr Templeton is 36 years of age.

COMPANY SECRETARY

Karon Lesley Rogers,

B.Bus., FCPA, FCIS, FAICD.

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

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

	Ordinary Shares
J.M. Ruscoe (1)	-
G.D. O'Brien (2)	
J.P.H. Roy (3)	-
S.J. Maitland (4)	-
S.T. Templeton (5)	174,765

(1) J.M. Ruscoe holds a relevant interest in 149,480 shares registered in the name of J.M. & S.E. Ruscoe (Ruscoe Family Super Fund).

(2) G.D. O'Brien holds a relevant interest in 781,589 shares registered in the name of Consolar Investments Pty Ltd.

(3) J.P.H. Roy holds a relevant interest in 6,020,008 shares registered in the name of Big Sister Foods Pty Ltd.

(4) S.J. Maitland holds a relevant interest in 96,853 shares registered in the name of S.J. Maitland & F.P. Maitland (Maitland Family Superannuation Fund).

(5) S.T. Templeton holds a relevant interest in 40,225 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, 1,253,749 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

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

EARNINGS PER SHARE

	Cents
Basic earnings per share	2.34
Diluted earnings per share	2.34

There were no options issued or exercised during the period.

DIVIDENDS

	Cents	$'000
Final dividends recommended*	—	—
Dividends paid in the year:		
There was no dividend paid for the year ended 31 December 2006	—	—

*Subsequent to the end of this reporting period, the directors have declared a 2 cent, partially franked dividend amounting to $573,117, be paid out of the retained profits for the financial year ended 31 December 2007. The company's dividend reinvestment plan will be operational for this dividend distribution.

CORPORATE INFORMATION

Corporate structure

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

Nature of operations and principal activities

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

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

The baking segment commenced in August 2004 with the 70% acquisition of *I Spy* pies through the subsidiary Buderim Baking Company Pty Ltd. Effective 1 January 2006, a further 10% of the outside equity interest of the Buderim Baking Company Pty Ltd was acquired. On 28 February 2005, the business of Aldente Foods Pty Ltd was purchased and merged into the baking business. The *I Spy* and *Aldente* businesses fall under the principal activity of manufacture and marketing of a variety of bakery products.

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

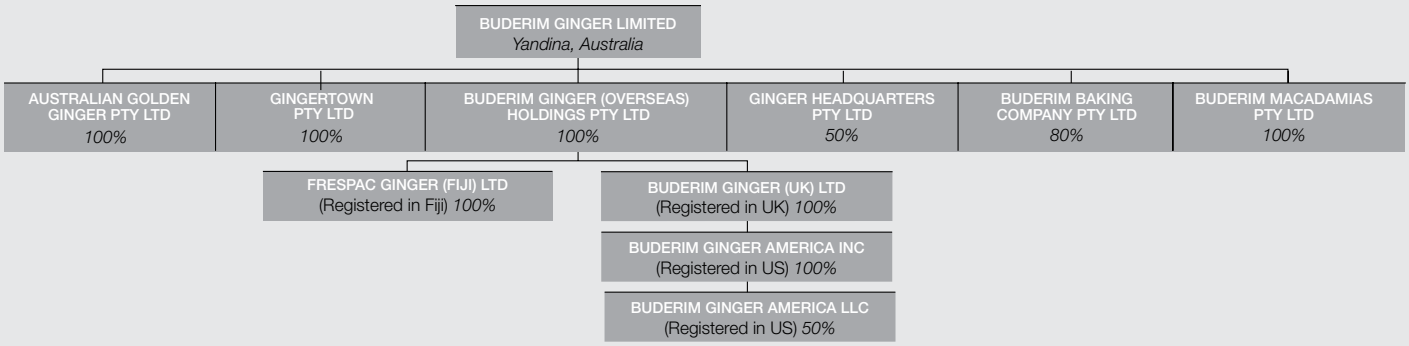
The distribution of ginger products throughout North America commenced through the joint venture, Buderim Ginger America, LLC on 1 July 2005. This operation falls under the principal activity of marketing of a variety of confectionery ginger and other ginger-based products.

On 31 December 2007, Buderim Ginger Limited acquired the business assets of Agrimac International Enterprises through its subsidiary Buderim Macadamias Pty Ltd. Operations effective 2 January 2008 include the manufacture and marketing of a variety of macadamia products to industrial and retail customers throughout the world.

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

Employees

The consolidated entity employed 271 employees as at 31 December 2007 (2006: 339 employees). The number of employees will vary from year to year due to seasonal factors. Employees engaged by Frespac Ginger (Fiji) Ltd and Buderim Baking Company Pty Ltd at year-end were 82 and 68 respectively. Employees employed within Buderim Macadamias Pty Ltd as from 2 January 2008 were 16.



OPERATING AND FINANCIAL REVIEW

A detailed review of operating and financial performance is contained in the annual report available in late March 2008.

Summarised operating results are as follows:

	2007		2006	
	Revenues $'000	Results* $'000	Revenues $'000	Results* $'000
Business segments				
Ginger processing and distribution	**30,255**	**1,260**	30,238	77
Baking operations	**17,341**	**563**	14,789	769
Tourism operations	**4,099**	**649**	4,015	394
	51,695	**2,472**	49,042	1,240
Consolidated entity adjustments	**(614)**	**—**	(673)	—
Unallocated expenses including interest	**—**	**(1,527)**	—	(1,533)
Share of associate's profit/(loss)	**—**	**(39)**	—	(88)
Consolidated entity sales and profit/(loss) from ordinary activities before income tax expense	**51,081**	**906**	48,369	(381)

	2007 $'000	2006 $'000
Geographic segments - revenue		
Australia	**48,572**	46,328
Fiji	**3,598**	3,387
	52,170	49,715
Consolidated entity adjustments	**(1,089)**	(1,346)
Consolidated entity sales from ordinary activities before income tax excluding non-segment revenues	**51,081**	48,369

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

In Summary

The consolidated entity recorded a before tax profit of $906k for the year ended 31 December 2007, exceeding the previous year's performance by almost $1.3m. After tax profit of $671k (after allowance for the outside equity interest) was achieved compared to a loss of ($165k) in the prior year. The improved result was underpinned by significant profitability gains in both the ginger business and in tourism. The main features include:

- Group revenue increased 5.6% to $51.1m.
- An increase in earnings per share from (0.58) cents in 2006 to 2.34 cents in 2007.
- A 4.9% drop in export ginger sales, principally due to the sustained strength of the $A throughout the year, and particularly so relative to the $US, which meant the Company's US joint venture subsidiary was particularly impacted. Pleasingly however, an improvement in export margins was achieved despite the strong currency and resultant competitive pressure in international markets.
- A 4.2% lift in domestic ginger revenue due to strong growth in Buderim Ginger branded retail sales.
- An improvement in contribution from the Ginger segment of around $1.2m underpinned by savings achieved through the Ginger Restructuring Program ("GRP") initiated by Directors in late 2006. GRP initiatives such as overhead reduction, process improvement and labour efficiencies contributed significantly to the improved result.
- Despite 17.3% growth in Baking revenue, profitability was down on the prior year by around $200k due principally to ingredient cost increases and product mix changes which created operational inefficiencies. Pricing gains achieved in 2008 are expected to fully recover the unprecedented cost increases of 2007 and capital-based operating improvements are now being realised. Accordingly, directors are confident of a rebound in Bakery results in 2008.
- Tourism profitability increased by 65% due to operating improvements. *Ginger Factory* revenue was 2% up on the prior year, as were total visitor numbers, while spend per customer increased 6%. Particular improvements were achieved in the *Ginger Café* and *Buderim Bliss Ice Cream Gallery*. Tourism results also reflect the success of recent initiatives, including Santa's Secret Workshop and the purchase of the Ginger Train license late in the year. Current operating trends and market conditions are expected to continue into 2008.
- Based on the Company's tri-annual valuation of property, plant and equipment (undertaken as at 30 June 2007), directors have increased the carrying value of the land at Yandina by $2.7m to $11m.
- The establishment of the Group's macadamia business with the acquisition of business assets from Agrimac International Enterprises Pty Ltd on 31 December 2007. Macadamia processing and marketing commenced on 2 January 2008 through a 100% owned subsidiary, Buderim Macadamias Pty Ltd.

Shareholder Returns and Performance measurements

Accounting Standard For the year ended		AIFRS 2007	AIFRS 2006	AIFRS 2005	AIFRS 2004	AGAAP 2003	AGAAP 2002
EBIT ($'000)		**1,792**	550	1,251	1,097	1,129	1,606
EBITDA ($'000)		**3,682**	2,491	3,160	2,578	2,505	2,869
Basic earning per share (cents)		**2.34**	(0.58)	1.97	1.43	2.30	3.64
Dividend per share (cents)	(a)	**2.0**	—	1.0	—	1.5	3
Dividend payout ratio (%)	(a)	**85.5**	—	50.8	—	65.2	82.4
Available franking credits ($'000)	(b)	**150**	167	213	234	236	149
Return on assets (%)		**2.22**	(0.32)	1.1	1.3	1.7	2.7
Return on equity (%)		**1.04**	(0.60)	2.1	2.5	4.2	6.2
Debt / equity ratio (%)	(c)	**85.1**	51.1	58.4	40.7	33.4	34.0
Gearing ratio (%)	(d)	**53.2**	45.7	46.0	39.7	37.4	37.6
Current ratio (%)		**150.7**	139.5	154.8	203.8	298.9	235.7
Net tangible asset backing (cents)		**86**	85	73	77	80	82

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

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

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

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

REVIEW OF FINANCIAL CONDITION

Liquidity and Capital Resources

The consolidated cash flow statement highlights a net reduction in cash and cash equivalents in the year ended 31 December 2007 of ($408k) compared to an increase of $44k in 2006. Outflows from operating activities resulted in a net outflow of ($1.4k) due principally to an increase of $4m in inventories relating to the macadamia business combination. An increase of $150k for goods and services tax ('GST') paid was offset by an increase in other receipts of $179k over the prior year. Investment in capital equipment included:

Ginger Segment

- syruping chain enhancements
- laboratory upgrade
- crystallising plant upgrade

Baking Segment

- cookie production equipment
- tunnel oven commissioning
- in-line x-ray and check-weigh equipment

Tourism Segment

- cold storage upgrade

Additionally, the macadamia business combination transacted on 31 December 2007, resulted in the addition of plant and equipment valued at $4.5m. A loan of $421k was made to the joint venture company, Ginger Head Quarters Pty Ltd to assist in the acquisition of the Ginger Train business from the licensee.

Financing activities included significant drawdowns at the beginning of the year to fund the early harvest ginger intake. Borrowings increased at year-end to accommodate the acquisition of the macadamia business assets. There were no dividends paid during 2007.

Asset and capital structure

	2007 Total Operations $'000	2006 Total Operations $'000
Net Gearing		
Debts:		
Interest bearing loans and borrowings	20,972	12,318
Cash and short term deposits	(1,031)	(1,136)
Net debt	19,941	11,182
Total equity	30,168	27,672
Total capital employed	50,109	38,854
	39.8%	28.8%
Assets funded by external stakeholders		
Total assets	64,477	50,975
Total liabilities	34,309	23,303
	53.2%	45.7%
Debt/equity		
Total equity	30,168	27,672
Intangibles	(5,527)	(3,277)
	24,641	24,395
Interest bearing loans and borrowings	20,972	12,505
	85.1%	51.3%

The Group's policies for determining the level of debt entered into is examined on a yearly basis in conjunction with financiers. The macadamia business combination resulted in a restructured balance sheet with increased inventories, plant and equipment, intangibles and interest-bearing liabilities. However, as this transaction occurred on 31 December, there has been no contribution to retained earnings on the consolidated Balance Sheet. The increase in the level of intangibles is a reflection of the future earning capacity of this new business.

Shares issued during the year

There were no ordinary shares issued under the dividend reinvestment plan as no dividend was declared for the year ended 31 December 2006. No shares were issued under the share purchase plan or in relation to business combinations during this period.

Profile of Debts

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

	2007 $'000	2006 $'000
Current		
Bank Overdraft	303	187
Lease liability	179	107
Bank bill facility	8,550	7,596
Bank loans	306	590
	9,338	8,480
Non-current		
Lease liability - finance lease	288	467
Bank bill facility	11,145	3,136
Bank loans	201	422
	11,634	4,025

The amount of the Group's debts increased over the prior year solely due to the $9.3m investment in the macadamia segment, as reflected in the increase in bill facilities above. All other debts were reduced during 2007. Inclusive of anticipated profitable trade through Buderim Macadamias, debt is forecast to decline over 2008.

Treasury policy

The Group's treasury function is co-ordinated by the parent entity which is responsible for managing the Group's currency risks and finance facilities under the supervision of the Audit & Compliance Committee. The treasury function operates within policies set by the Board. The Audit & Compliance Committee is directly responsible for ensuring that management's actions are in line with Group policy.

Hedging is undertaken through the use of interest rate swap contracts and foreign exchange contracts.

At year end, the Group held foreign exchange contracts valued at $1,873,006 (2006: $1,739,049) and designated as hedges of expected future sales to customers in the United Kingdom, and $1,030,274 designated as hedges of expected future sales to customers in the United States of America. The terms of all foreign exchange contracts to hedge sales have been negotiated to match the terms of the commitments.

In addition, the Group also held a number of foreign exchanges contracts valued at $203,000 (2006: $505,303) and designated as hedges of future purchases in USD from overseas suppliers.

Interest rate swaps at 31 December 2007, totalled $2.5m The interest rate swap arrangement grants the Group the right to receive interest at a variable rate equal to the ABBSY on the notional amount and pay interest at a fixed rate of 5.86% and 6.66% (2006: 5.86% and 6.44%).

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

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SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

Effective 21 December 2007, the joint venture company Ginger Head Quarters Pty Ltd purchased the business assets of the Ginger Train from the licensee. Train operations contributed favourably to the joint venture's result for the year.

Settlement for the acquisition of business assets from Agrimac International Enterprises Pty Ltd occurred on 31 December 2007. Operations within this segment commenced on 2 January 2008.

It is the opinion of the directors that there were no other significant changes in the state of affairs of the economic entity that occurred during the financial year under review other than those disclosed in this report or the financial reports.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

Since the end of the reporting period, directors have declared a 2 cent partially franked dividend amounting to $573,117 be paid out of the profits for the year ended 31 December 2007. The dividend reinvestment plan will be operational for this dividend distribution.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Within the ginger segment, continuing productivity gains are anticipated from capital and process upgrades implemented through the Ginger Restructuring Plan which was initiated in late 2006. Despite expectations of continued currency pressure in export markets, Ginger profitability is expected to continue to improve.

It is expected that the Tourism segment will benefit from the inclusion of the Ginger Train in the joint venture's results. Other initiatives designed to increase visitor numbers and visit duration are currently in negotiation. In particular, design work is currently underway to facilitate the co-location of the renowned Superbee tourist attraction within the Ginger Factory site. Although no final commitments have been made, directors expect to complete a relaunch of this attraction during 2008. Directors are optimistic of continued improvements in visitor numbers and conversion rates throughout 2008.

In 2008, the Baking business will also focus on productivity gains through new equipment and on new business initiatives to drive revenue growth, underpinned by premium product quality at all times. Significant price gains have been achieved across all parts of the bakery business in early 2008 in response to the unprecedented ingredient cost increases incurred during 2007 as a result of drought and global supply pressures. Directors are confident of a rebound in profitability in 2008.

Significant growth in Group revenues and profitability improvements are anticipated through the commencement of operations within the macadamia industry in 2008. The business is expected to be earnings per share accretive in its first full year, and synergies with the ginger business will be realised.

In light of the above, group results in 2008 are expected to improve over 2007.

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 known reportable breaches of the consolidated entity's license conditions.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

Buderim Ginger Limited and its subsidiaries have entered into Deeds of Indemnity, Insurance and Access. These deeds provide that the company indemnify all current and future directors and secretaries in accordance with the provisions of the Corporations Act 2001, and provide them with access to the company books and records for a period of 7 years after they cease to be a director or secretary of the company.

During the financial year, the company has paid premiums in respect of a contract insuring all the directors and officers of Buderim Ginger Limited against a liability incurred in their role as directors of the company, except where:

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

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

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

The directors have not included details of the amount of the premium paid in respect of the Directors and Officers and Supplementary Legal Expenses policies as such disclosure is prohibited under the terms of the contract.

REMUNERATION REPORT

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

Remuneration philosophy

The performance of the company depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives.

To this end, the company embodies the following principles in its remuneration framework:

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

Remuneration committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the managing director and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of remuneration of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team.

Remuneration structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager remuneration is separate and distinct.

Non- executive director remuneration

Objective

The Board seeks to set aggregate remuneration at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. Non-executive directors do not receive any share based remuneration.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed.

The latest determination was at the Annual General Meeting held on 20 April 2000 when shareholders approved an aggregate remuneration of $250,000 per year, effective from 1 January 2000.

The amount of aggregate remuneration sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers external remuneration surveys as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the company. Additional fees are not currently paid for each board committee on which a director sits, although considerable time commitments have been afforded by directors serving on various board sub-committees.

Non-executive directors have long been encouraged by the board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have some stake in the company.

The remuneration of non-executive directors for the period ending 31 December 2007 is detailed in Table 1 on page 15 of this report.

Senior manager and executive director remuneration

Objective

The company aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the company so as to:

- Reward executives for the company and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;
- Link reward with the strategic goals and performance of the company; and
- Ensure total remuneration is competitive by market standards.

Structure

In determining the level and make-up of executive remuneration, the Remuneration Committee makes reference to external remuneration surveys detailing market levels of remuneration for comparable executive roles, and internal relativities. From these deliberations, the Committee makes its recommendations to the Board.

It is the Remuneration Committee's policy that employment contracts are entered into with all executives to protect the interest of both the company and the employee.

Depending upon the particular role undertaken by executives, remuneration consists of one or all of the following key elements:

- Fixed Remuneration; and
- Variable Remuneration – Bonus Incentive.

The proportion of fixed remuneration and variable remuneration (potential incentives) is established for each senior manager by the Remuneration Committee. Table 2 on page 15 details the fixed and variable component (%) of the 5 most highly remunerated senior managers.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of companywide, business division and individual performance, relevant comparative remuneration in the market, internal relativities and, where appropriate, external advice on policies and practices. As noted above, the Committee makes reference to external advice/surveys independent of management.

Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

The fixed remuneration component of the 5 most highly remunerated senior managers is detailed in Table 2 on page 15.

Variable Remuneration

Objective

The objective of the incentive program is to link the achievement of the company's operational targets with the remuneration received by the executives charged with meeting those targets. The total potential incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the company is reasonable in the circumstances. At this stage, the Remuneration Committee has determined that this variable remuneration component is only offered to the Managing Director and selected senior management staff where direct performance linkages can be established. This policy is reviewed annually.

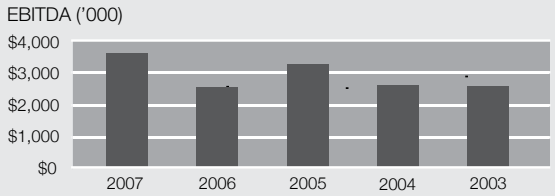
Structure

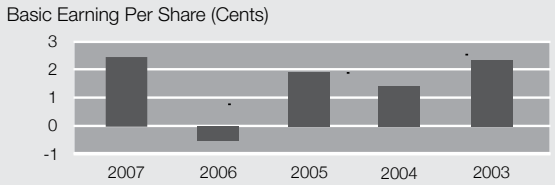
Actual incentive payments granted to relevant managers depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators covering both revenue and profitability of their areas of responsibility. The company has predetermined benchmarks (generally based on year on year improvement) which must be met in order to trigger payments under the incentive scheme. The achievement of revenue targets does not warrant a bonus payment unless a minimum level of profitability target has also been achieved. Bonuses payable are capped at a maximum of 20% of base salary.

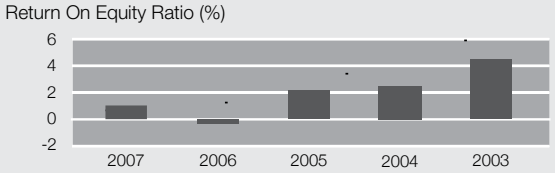
On an annual basis, consideration is given to performance of the individual executive against KPIs, and the overall performance of the company. These factors are taken into account when determining the amount, if any, of incentive to be paid to each executive. Annual incentive payments available for executives across the company are subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus, except under the Managing Director's Employee Incentive Scheme where shares only are issued, as approved by shareholders.

Company performance

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







Shareholder Wealth

	31 December 2007	31 December 2006	31 December 2005	31 December 2004	31 December 2003
Share price (cents)	55	54	58	65	65
Dividend paid per share (cents)	—*	—	1.0	—	1.5

** Directors have declared a 2 cent dividend subsequent to 31 December 2007.*

Employment contracts

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

The fixed term employment contract between the company and the Managing Director/CEO expired on 5 March 2007 and was extended to 31 December 2007. A new employment contract has subsequently been negotiated which is in effect a rolling annual contract which provides some certainty to Mr O'Brien, combined with annual (and more frequent if required) reviews by the Board against performance hurdles.

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

Details of Remuneration of Directors and Executives

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

Table 1 - Remuneration of directors of Buderim Ginger Limited

		Primary			Post Employment Benefits		
	Position Held	Annual Emoluments $	Cash Bonuses $	Non-Monetary $	Super-annuation $	Other	Employment Benefits $
J.M. Ruscoe 2007	**Chairman**	**60,000**	**—**	**—**	**5,400**	**—**	**65,400**
J.M. Ruscoe 2006		60,000	—	—	5,400	—	64,400
S.J. Maitland 2007	**Non-Executive Director**	**35,000**	**—**	**—**	**3,150**	**—**	**38,150**
S.J. Maitland 2006		35,000	—	—	3,150	—	38,150
J.H.P. Roy 2007	**Non-Executive Director**	**35,000**	**—**	**—**	**3,150**	**—**	**38,150**
J.H.P. Roy 2006		35,000	—	—	3,150	—	38,150
S.T. Templeton 2007	**Non-Executive Director**	**35,000**	**—**	**—**	**3,150**	**—**	**38,150**
S.T. Templeton 2006		35,000	—	—	3,150	—	38,150
G.D. O'Brien 2007	**Managing Director**	**244,643**	**—**	**36,614**	**35,466**	**—**	**316,723**
G.D. O'Brien 2006		244,644	—	27,713	35,357	—	307,714
Total Directors 2007		**409,643**	**—**	**36,614**	**50,316**	**—**	**496,573**
Total Directors 2006		409,644	—	27,713	50,207	—	487,564

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

		Primary			Post Employment Benefits		
	Position Held	Annual Emoluments $	Cash Bonuses $	Non-Monetary $	Super-annuation $	Other	Employment Benefits $
P. Bialkowski 2007	**UK Country Manager**	**177,034**	**14,140**	**29,566**	**20,509**	**—**	**241,249**
P. Bialkowski 2006		174,537	—	22,216	20,398	—	217,151
P. Ritchie 2007	**General Manager – Marketing & Sales**	**153,986**	**2,816**	**28,094**	**18,879**	**—**	**203,775**
P. Ritchie 2006		153,986	—	28,936	19,313	—	202,235
K.L. Rogers 2007	**Company Secretary/CFO**	**128,716**	**—**	**23,152**	**14,145**	**—**	**166,013**
K.L. Rogers 2006		131,285	—	23,743	14,453	—	169,481
P. Knight 2007	**Operations Manager**	**116,517**	**—**	**22,922**	**14,201**	**—**	**153,640**
P. Knight 2006		106,358	—	22,459	13,311	—	142,128
S. Dennis 2007	**Process & Engineering Manager**	**98,429**	**—**	**23,409**	**9,713**	**—**	**131,551**
S. Dennis 2006		98,429	—	21,326	9,702	—	129,457
Total Executives 2007		**674,682**	**16,956**	**127,143**	**77,447**	**—**	**896,228**
Total Executives 2006		664,595	—	118,680	77,177	—	860,452

Notes

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

All elements of emoluments have been determined on the basis of the cost to the company and the consolidated entity.

Executives are those directly accountable and responsible for the operational management and strategic direction of the company and the consolidated entity.

The category 'Other' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, and/or professional membership subscriptions.

There were 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 2007.

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	—	—
J.H.P. Roy	10	—	2
S.J. Maitland	12	2	—
S.T. Templeton	12	2	—

Notes

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

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under ASIC Class Order 98/0100. The company is an entity to which the Class Order applies.

CORPORATE GOVERNANCE

In recognising the need for high standards of corporate behaviour and accountability, the directors of Buderim Ginger Limited support and strive to achieve the highest principles of corporate governance.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

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

BDO Kendalls

BDO Kendalls (QLD)
Level 18, 300 Queen St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Phone 61 7 3237 5999
Fax 61 7 3221 9227
info.brisbane@bdo.com.au
www.bdo.com.au

ABN 70 202 702 402

INDEPENDENCE DECLARATION

Declaration of independence by BDO Kendalls to the Directors of Buderim Ginger Limited

To the best of my knowledge and belief, there have been:

- no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
- no contraventions of any applicable code of professional conduct in relation to the review.

BDO Kendalls (QLD)

Tim Kendall
Partner

Brisbane
Dated: 27 February 2008

BDO Kendalls is a national association of separate partnerships and entities.

NON-AUDIT SERVICES

The following non-audit services were provided by the entity's auditor, BDO Kendalls (Qld). The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

BDO Kendalls receive or are due to receive the following amount for the provision of non-audit services:

Tax compliance and advisory services	$20,000

Signed in accordance with a resolution of the directors.

J. Ruscoe
Director
Yandina, 27 February 2008

INTRODUCTION

This statement is provided to inform shareholders and other stakeholders of the governance arrangements in the company for the period 1 January 2006 to 31 December 2006. 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 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 hold the majority of directorships in all subsidiary companies, except in Buderim Ginger America, Inc, and Buderim Macadamia Pty Ltd and the joint venture companies Ginger HeadQuarters Pty Ltd and Buderim Ginger America, LLC. In accordance with the Fiji Corporations Act, which requires at least one resident director, Mr Satish Kumar, the General Manager of the company's Fiji operations, has been appointed as a director of Frespac Ginger (Fiji) Limited.

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

It is noted that the Chairman ceased employment with the company over 14 years ago. The Chairman, Mr Ruscoe, was employed as a managing director of the company for a period of 12 years. The board believes that his past employment does not impair his independence as a director, but rather allows the company to positively benefit from his depth of industry and technical experience.

Mr 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.

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

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 details, are discussed. Terms and conditions of the appointment, including the level of remuneration, are also communicated to the nominee.

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

ETHICAL AND RESPONSIBLE DECISION MAKING

Corporate Code of Conduct

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

- have an overriding responsibility to all stakeholders of the business and not to any sectional or personal interests;
- display the highest standards of personal behaviour at all times;
- use every opportunity to promote the interests of the group in the community at large;
- act honestly and with the utmost integrity, and comply with the letter and spirit of any laws, rules and policies of the company and this Code of Conduct;
- receive no benefit from their position other than approved remuneration and conditions of employment, and to use the assets of the company economically and efficiently for business purposes only;
- respect all people with whom they come into contact in their work;
- bring to their work all the skills and experience they possess and diligently apply themselves to their duties;
- participate freely in all discussions and will always be allowed to express their opinions;
- conduct business in the strictest confidence, and avoid any discussion of the information received in their duties unless it is approved for distribution;
- consider binding, all decisions of the board, without public dissent from such decisions; maintain good relations within the group;
- consistently and effectively comply with all established policies and procedures; act within delegated authorities;
- uphold the concept of a competitive economic environment, abstaining from price fixing, misleading or false representations regarding our products or those of our competitors.

Directors & Executive Securities Trading Policy

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

Insider Trading

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

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

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

Disclosure of Directors' Security Transactions

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

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

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

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

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

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

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

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

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 and Managing Director's Addresses at the Annual General Meeting. These details are available on the web site under Shareholder Announcements.

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

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

RESPECT FOR SHAREHOLDERS

Effective Communication

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

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

Access to Information

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

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

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

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

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

Annual General Meeting

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

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

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

The directors and senior management 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.

IMPROVING PERFORMANCE

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

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

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

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

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

REMUNERATION

Remuneration Committee

The company has established a Remuneration Committee to ensure that the remuneration policies and practices of the company 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 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 2004. A 3 year extension to this scheme was approved by shareholders at the Annual General Meeting in April 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.

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Balance Sheet

AT 31 DECEMBER 2007

	Notes	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
CURRENT ASSETS					
Cash and cash equivalents	10	**1,031**	1,323	**505**	960
Trade and other receivables	11	**9,545**	9,234	**6,230**	6,107
Inventories	12	**14,805**	10,739	**7,910**	7,950
Other current assets	13	**676**	566	**587**	495
Derivative financial instruments		**149**	6	**149**	6
TOTAL CURRENT ASSETS		**26,206**	21,868	**15,381**	15,518
NON-CURRENT ASSETS					
Receivables	14	**252**	65	**8,040**	3,884
Investments in controlled entities	15	**—**	—	**11,045**	4,180
Investment accounted for using the equity method	16	**1,366**	1,436	**1,126**	1,126
Property, plant and equipment	17	**30,451**	23,696	**20,756**	18,132
Deferred tax assets	7	**675**	733	**594**	785
Intangible assets and goodwill	18	**5,527**	3,177	**355**	355
TOTAL NON-CURRENT ASSETS		**38,271**	29,107	**41,916**	28,462
TOTAL ASSETS		**64,477**	50,975	**57,297**	43,980
CURRENT LIABILITIES					
Trade and other payables	19	**6,447**	5,719	**4,550**	3,714
Interest-bearing loans and borrowings	20	**9,338**	8,480	**8,960**	8,141
Provisions	21	**1,608**	1,528	**1,182**	1,290
Derivative financial instruments		**—**	6	**—**	6
TOTAL CURRENT LIABILITIES		**17,393**	15,733	**14,692**	13,151
NON-CURRENT LIABILITIES					
Payables	19	**1,597**	800	**1,828**	959
Interest-bearing loans and borrowings	20	**11,634**	4,025	**11,433**	3,720
Deferred tax liabilities	7	**3,549**	2,633	**3,474**	2,679
Provisions	21	**136**	112	**106**	95
TOTAL NON-CURRENT LIABILITIES		**16,916**	7,570	**16,841**	7,453
TOTAL LIABILITIES		**34,309**	23,303	**31,533**	20,604
NET ASSETS		**30,168**	27,672	**25,764**	23,376
EQUITY					
Contributed equity	22	**17,472**	17,472	**17,472**	17,472
Reserves	22	**6,870**	5,048	**6,961**	4,943
Retained earnings		**5,016**	4,345	**1,331**	961
Parent interests		**29,358**	26,865	**25,764**	23,376
Minority interests		**810**	807	**—**	—
TOTAL EQUITY		**30,168**	27,672	**25,764**	23,376

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

Income Statement

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
REVENUE					
Sale of goods		**50,465**	47,977	**29,474**	30,111
Rental revenue		**203**	196	**203**	196
Other revenue	6 (a)	**338**	176	**381**	246
Finance revenue		**75**	20	**42**	19
Revenue		**51,081**	48,369	**30,100**	30,572
Cost of sales		**(36,998)**	(35,392)	**(20,613)**	(22,253)
Gross profit		**14,083**	12,977	**9,487**	8,319
Share of profit/(loss) of jointly controlled entities		**(39)**	(88)	**—**	(24)
Selling and distribution expenses		**(7,166)**	(7,066)	**(3,938)**	(4,102)
Marketing expenses		**(491)**	(469)	**(491)**	(469)
Tourism expenses		**(1,722)**	(1,791)	**(1,722)**	(1,791)
Administration expenses		**(2,798)**	(2,989)	**(2,301)**	(2,385)
OPERATING PROFIT/(LOSS) FROM CONTINUING OPERATIONS BEFORE TAX and FINANCING COSTS		**1,867**	574	**1,035**	(452)
Finance costs	6 (b)	**(961)**	(955)	**(605)**	(574)
PROFIT/(LOSS) BEFORE INCOME TAX		**906**	(381)	**430**	(1,026)
Income tax (expense) / benefit	7	**(182)**	305	**(60)**	409
NET PROFIT/(LOSS) FOR THE PERIOD		**724**	(76)	**370**	(617)
Net (profit) / loss attributable to minority interest		**(53)**	(89)	**—**	—
NET PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF PARENT		**671**	(165)	**370**	(617)
Basic earnings per share (cents per share)	8	**2.34**	(0.58)		
Diluted earnings per share (cents per share)	8	**2.34**	(0.58)		
Franked dividends per share (cents per share)	9	**—**	—		

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

Cash Flow Statement

FOR THE YEAR ENDED 31 DECEMBER 2007

	Notes	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers (inclusive of GST)		**54,232**	51,337	**31,168**	32,136
Payments to suppliers and employees (inclusive of GST)		**(54,236)**	(47,605)	**(29,377)**	(30,879)
Other receipts		**459**	280	**540**	418
Interest received		**75**	24	**42**	19
Interest paid		**(961)**	(955)	**(605)**	(574)
Income tax received		**130**	24	**130**	8
Income tax paid		**(154)**	(154)	**(13)**	(54)
Goods and services tax received/(paid)		**(958)**	(808)	**(107)**	90
Receipt of government grant		**25**	50	**25**	—
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	10	**(1,388)**	2,193	**1,803**	1,164
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		**72**	38	**9**	—
Purchase of property, plant and equipment		**(6,097)**	(2,084)	**(1,043)**	(1,014)
Acquisition of other business investments		**(882)**	—	**(5,463)**	—
Loans to other entities		**(421)**	—	**(4,292)**	(70)
Loans repaid by other entities		**—**	—	**—**	305
NET CASH FLOWS (USED IN) INVESTING ACTIVITIES		**(7,328)**	(2,046)	**(10,789)**	(779)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		**11,504**	2,853	**11,442**	2,764
Repayments of borrowings		**(3,036)**	(2,631)	**(2,813)**	(2,404)
Payment of dividends on ordinary shares (net of dividend re-investment)		**—**	(182)	**—**	(182)
Payment of outside equity interest		**(53)**	—	**—**	—
Repayment of finance lease principal		**(107)**	(143)	**(98)**	(135)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		**8,308**	(103)	**8,531**	43
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(408)**	44	**(455)**	428
Cash and cash equivalents at beginning of period		**1,136**	1,092	**960**	532
CASH AND CASH EQUIVALENTS AT END OF PERIOD	10	**728**	1,136	**505**	960

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

Statement of Changes in Equity

FOR THE YEAR ENDED 31 DECEMBER 2007

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

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

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

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

Statement of Change in Equity

FOR THE YEAR ENDED 31 DECEMBER 2007

CONSOLIDATED	Issued Capital $'000	Reserves* $'000	Retained Earnings $'000	Total $'000	Outside Equity Interest $'000	Total Equity $'000
As at 1 January 2006	17,369	367	4,794	**22,530**	1,118	**23,648**
Items of income/expense recognized directly in equity						
Net increase in asset revaluation	—	6,530	—	**6,530**	—	**6,530**
Net tax effect of asset revaluation	—	(1,959)	—	**(1,959)**	—	**(1,959)**
Currency translation	—	125	—	**125**	—	**125**
Cash flow hedges						
Loss taken to equity	—	(15)	—	**(15)**	—	**(15)**
Profit/(loss) for the period	—	—	(165)	**(165)**	89	**(76)**
Total income and expense for the period	—	4,681	(165)	**4,516**	89	**4,605**
Equity dividend	—	—	(284)	**(284)**	—	**(284)**
Shares issued under DRP	103	—	—	**103**	—	**103**
Transfer outside equity to goodwill on acquisition of 10% of OEI	—	—	—	**—**	(400)	**(400)**
As at 31 December 2006	17,472	5,048	4,345	**26,865**	807	**27,672**

PARENT	Issued Capital $'000	Reserves* $'000	Retained Earnings $'000	Total $'000	Outside Equity Interest $'000	Total Equity $'000
As at 1 January 2006	17,369	387	1,862	**19,618**	—	**19,618**
Items of income/expense recognized directly in equity						
Net increase in asset revaluation	—	6,530	—	**6,530**	—	**6,530**
Net tax effect of asset revaluation	—	(1,959)	—	**(1,959)**	—	**(1,959)**
Cash flow hedges						
Loss taken to equity	—	(15)	—	**(15)**	—	**(15)**
Loss for the period	—	—	(617)	**(617)**	—	**(617)**
Total income and expense for the period	—	4,556	(617)	**3,939**	—	**3,939**
Equity dividends	—	—	(284)	**(284)**	—	**(284)**
Shares issued under DRP	103	—	—	**103**	—	**103**
As at 31 December 2006	17,472	4,943	961	**23,376**	—	**23,376**

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

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

1. CORPORATE INFORMATION

The financial report of Buderim Ginger Limited for the year ended 31 December 2007 was authorised for issue in accordance with a resolution of the directors on 27 February 2008. Buderim Ginger Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange. The nature of the operations and principal activities of the Group are described in note 5.

The financial report covers the consolidated group of Buderim Ginger Limited and controlled entities, and Buderim Ginger Limited as an individual parent entity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(a) Basis of preparation

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board. The financial report has also been prepared on a historical cost basis, except land and derivative financial instruments that have been measured at fair value. This financial report has been prepared adopting the same accounting policies as those adopted in the annual financial statements for the year ended 31 December 2006, with the exception of revisions to Australian Accounting Standards (including interpretations) that have occurred on or after 1 January 2007. These revisions have been assessed to require no change in accounting policies nor are they expected to result in any significant impact upon reported results.

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

(b) Statement of compliance

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

(c) Basis of consolidation

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

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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

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

(d) Business combinations

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

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

Where settlement of any part of the consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(e) Segment reporting

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

(f) Investment in jointly controlled entities

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

(g) Foreign currency translation

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

The functional currency of the overseas subsidiary, Buderim Ginger (UK) Limited, is (GBP). The functional currency of the overseas subsidiary, Buderim Ginger America, Inc. is (USD). The functional currency of the overseas subsidiary, Frespac Ginger (Fiji) Limited, is (FJD). The functional currency of the overseas joint venture entity, Buderim Ginger America, LLC is (USD).

Transactions in foreign currencies are initially recorded in the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the date of the initial transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Buderim Ginger Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the year.

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

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

(h) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

(i) Trade and other receivables

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

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

(j) Inventories

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

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

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

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

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

(k) Property, plant and equipment

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

Major depreciation periods are:

Tourism buildings	**15 years**
Freehold buildings	**50 years**
Plant and equipment	**3 – 10 years**
Plant and equipment under lease	**The lease term (3 – 5 years)**

The asset's residual values, useful lives and amortisation methods are reviewed, and adjusted if appropriate at each financial year end. The useful lives of assets and major depreciation periods used in 2007 are consistent with those used in the prior year.

Impairment

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(k) Property, plant and equipment (cont)

Revaluations

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

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

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

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

Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the asset's fair value at the balance sheet date.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is derecognised.

(l) Goodwill

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

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

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

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

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format determined in accordance with AASB 114: *Segment Reporting.*

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

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

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

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

(m) Intangible assets

Acquired both separately and from a business combination

Intangible assets acquired separately or in a business combination are initially measured at cost. The cost of an intangible asset acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised developments costs, are not capitalised and expenditure is charged against profits in the year in which the expenditure is incurred.

The useful lives of these intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are amortised over the useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method, as appropriate, which is a change in accounting estimate. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed each reporting period to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for as a change in an accounting estimate and is thus accounted for on a prospective basis.

Research and developments costs

Research costs are expensed as incurred. An intangible asset arising from development expenditure on an internal project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the development and the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure so capitalised is amortised over the period of expected benefits from the related project.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet available for use, or more frequently when an indicator of impairment arises during the reporting period indicating that the carrying value may not be recoverable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(m) Intangible assets (cont)

A summary of the policies applied to the Group's intangible assets is as follows:

	Goodwill	Brand Value	Trademarks
Useful lives	Indefinite	Indefinite	Indefinite
Method used	Not amortised	Not amortised	Not amortised
Internally generated / Acquired	Acquired	Acquired	Acquired (Registration costs)
Impairment test / Recoverable amount testing	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists	Annually and where an indicator of impairment exists

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

(n) Impairment of assets

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

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

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

(o) Interest-bearing loans and borrowings

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

Gains and losses are recognised in the income statement when the liabilities are derecognised.

(p) Trade and other payables

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

(q) Provisions

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

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

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(r) Employee leave benefits

(i) Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long service leave

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

(s) Share-based payment transactions

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

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Buderim Ginger Limited ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, at the time the share-based payment is made ('vesting date').

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(t) Leases

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

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

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

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

Operating lease payments are recognised as an expense in the income statement on a straight-line basis over the lease term.

(u) Revenue recognition

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

Sale of goods

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

Interest

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

Rental Income

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

(v) Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

When the grant relates to an expense item, it is recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the income statement over the expected useful life of the relevant asset by equal annual instalments.

(w) Income tax

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

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

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

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

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

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

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

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

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

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

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

(x) Other taxes

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

a. where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(y) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group no longer controls the contractural rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(z) Derivative financial instruments and hedging

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

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

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

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

A hedge of the foreign currency risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for as follows:

(i) Fair value hedges

Fair value hedges are hedges of the Group's exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or an identified portion of such an asset, liability or firm commitment, that is attributable to a particular risk and could affect profit or loss. For fair value hedges, the carrying amount of the hedged item is adjusted for gains and losses attributable to the risk being hedged, the derivative is remeasured to fair value and gains and losses from both are taken to profit or loss.

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

The Group discontinues fair value hedge accounting if the hedging instrument expires or is sold, terminated or exercised, the hedge no longer meets the criteria for hedge accounting or the Group revokes the designation. Any adjustment to the carrying amount of a hedged financial instrument for which the effective interest method is used is amortised to profit or loss. Amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

(ii) Cash flow hedges

Cash flow hedges are hedges of the Group's exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction and that could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised directly in equity, while the ineffective portion is recognised in profit or loss.

Amounts taken to equity are transferred to the income statement when the hedged transaction affects profit or loss, such as when hedged income or expenses are recognised or when a forecast sale or purchase occurs. When the hedged item is the cost of a non-financial asset or liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability. If the forecast transaction is no longer expected to occur, amounts previously recognised in equity are transferred to the income statement. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction occurs. If the related transaction is not expected to occur, the amount is taken to the income statement.

(aa) Impairment of financial assets

The Group assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

(i) Financial assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the asset is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit and loss.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financials assets is collectively assessed for impairment.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

(ii) Financial assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value (because its fair value cannot be reliably measured), or on a derivative asset that is linked to and must be settled by delivery of such an unquoted equity instrument, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT)

(ab) Contributed equity

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

(ac) Earnings per share

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

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivatives, comprise bank loans, overdraft, bills of exchange, finance leases, cash and short-term deposits.

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

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

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

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

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

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

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

Foreign currency risk

As a result of significant investment operations in the United Kingdom, Fiji and the United States, the Group's balance sheet can be affected significantly by movements in the USD/AUD, FJD/AUD and GBP/AUD exchange rates.

The Group seeks to mitigate the effect of its structural currency exposure by borrowing a portion of its facility in overseas currency loans. The Group has designated entry and exit points for converting between AUD and other currencies, in order to maximize the benefit of the hedging philosophy. In addition, maximum levels of foreign currency borrowings have been restricted to the lowest historical monthly net asset level, denominated in a particular overseas currency.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's measurement currency. Approximately 18% of the Group's sales are denominated in currencies other than the reporting currency of the operating unit making the sale, whilst almost 82% of costs are denominated in the unit's reporting currency.

The Group requires all its operating units to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of $15,000. Contracts are not to exceed $100,000 in value, nor a maximum of 12 month duration.

The forward currency contracts must be in the same currency as the hedged item.

It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximise hedge effectiveness.

At 31 December 2007, the Group had hedged 100% of its foreign currency sales for which firm commitments existed at the balance sheet date, extending to 31 December 2008.

Interest rate risk

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

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

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

These swaps are designated to hedge underlying debt obligations.

At 31 December 2007, after taking into account the effect of interest rate swaps, approximately 13% of the Group's borrowings are at a fixed rate of interest.

Commodity price risk

The Group's exposure to price risk is minimal. Processes are in place to monitor the price movements associated with commodities such as meat, sugar and flour. Where appropriate forward contracts are established to minimise exposure to price risks for these commodities.

Credit risk

The Group trades only with recognised, credit worthy third parties.

It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures.

In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. All debtors are covered by trade credit indemnity insurance.

With respect to credit risk arising from certain derivative instruments, the Group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

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

Liquidity risk

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

4. SIGNIFICANT ACCOUNTING JUDGEMENT, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact of the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

(i) Significant accounting judgments

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences.

Impairment of non-financial assets other than goodwill

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

(ii) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumption of future events. The key estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimate of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated. The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 18.

Long service leave provision

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

Allowance for impairment loss on trade receivables

Where receivables are outstanding beyond the normal trading terms, the likelihood of the recovery of these receivables is assessed by management. Due to the large number of debtors, this assessment is either based on supportable past collection history and historical write-offs of bad debts and/or known occurrences debtors' inability to honour commitments.

Estimation of useful lives of assets

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment), lease terms (for leased equipment) and turnover policies where applicable. In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful life are made when considered necessary. Depreciation charges are included in note 6.

5. SEGMENT INFORMATION

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

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

The Group operates predominantly in the 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 bakery segment comprises the manufacture and distribution of wholesale pastry and pasta products throughout Australia.

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

On 31 December 2007 a macadamia segment was established with the acquisition of business assets from Agrimac Macadamias through the group's wholly owned subsidiary Buderim Macadamias Pty Ltd, trading as Agrimac Macadamias. The segment began operations on 2 January 2008. The macadamia segment comprises the manufacture and distribution of wholesale and retail macadamia products throughout Australia and in overseas markets such as Europe, USA and Asia.

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

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

Business segments

The tables on the adjoining page present revenue and profit information and certain asset and liability information regarding business segments for the years ended 31 December 2007 and 2006.

5. SEGMENT INFORMATION (CONT)

Business segments

	Ginger		Baking		Tourism		Macadamias		Eliminations		Consolidated	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Revenue												
Sales to external customers	**29,279**	29,379	**17,290**	14,779	**3,896**	3,819	**—**	—	**—**	—	**50,465**	47,977
Other revenue from external customers	**362**	186	**51**	10	**203**	196	**—**	—	**—**	—	**616**	392
Inter-segment sales	**614**	673	**—**	—	**—**	—	**—**	—	**(614)**	(673)	**—**	—
Total segment revenue	**30,255**	30,238	**17,341**	14,789	**4,099**	4,015	**—**	—	**(614)**	(673)	**51,081**	48,369
Results												
Segment result	**1,260**	77	**563**	769	**649**	394	**—**	—	—	—	**2,472**	1,240
Share of profit/(loss) of jointly controlled entities'	**(39)**	(64)	**—**	—	**—**	(24)	**—**	—	—	—	**(39)**	(88)
Unallocated expenses											**(1,527)**	(1,533)
Profit/(loss) before income tax expense and minority interest											**906**	(381)
Income tax (expense)/benefit											**(182)**	305
Net profit/(loss)											**724**	(76)
Assets and liabilities												
Segment assets	**57,904**	43,034	**10.931**	10,327	**1,574**	1,755	**10,954**	—	**(18,252)**	(6,564)	**63,111**	48,552
Investment in jointly controlled entities	**240**	310	**—**	—	**1,126**	1,126	**—**	—	—	—	**1,366**	1,436
Total assets	**58,144**	43,344	**10,931**	10,327	**2,700**	2,881	**10,954**	—	**(18,252)**	(6,564)	**64,477**	49,988
Segment liabilities	**31,705**	19,793	**5,384**	5,772	**338**	262	**4,089**	—	**(7,207)**	(3,511)	**34,309**	22,316
Other segment information:												
Capital expenditure including intangibles	**1,096**	1,164	**389**	849	**32**	40	**6,865**	—	**—**	—	**8,382**	2,053
Depreciation	**1,048**	1,140	**543**	490	**212**	227	**—**	—	**—**	—	**1,803**	1,857
Amortisation	**77**	77	**10**	7	**—**	—	**—**	—	**—**	—	**87**	84

Geographic segments

The Group's geographical segments are determined based on the location of the Group's principal assets.
The following tables present revenue, expenditure and certain asset information regarding geographical segments for the years ended 31 December 2007 and 31 December 2006.

Year ended 31 December 2007	Australia		Fiji		Eliminations		Consolidated	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Revenue								
Sales to external customers	**47,981**	45,944	**2,484**	2,033	**—**	—	**50,465**	47,977
Other revenue from external customers	**591**	384	**25**	8	**—**	—	**616**	392
Inter-segment sales	**—**	—	**1,089**	1,346	**(1,089)**	(1,346)	**—**	—
Total segment revenue	**48,572**	46,328	**3,598**	3,387	**(1,089)**	(1,346)	**51,081**	48,369
Other segment information								
Segment assets	**60,171**	46,038	**3,171**	2,673	**(231)**	(159)	**63,111**	48,552
Investment in jointly controlled entities	**1,366**	1,436	**—**	—	**—**	—	**1,366**	1,436
Total assets	**61,537**	47,287	**3,171**	2,673	**(231)**	(159)	**64,477**	49,988
Capital expenditure	**8,258**	1,859	**124**	194	**—**	—	**8,382**	2,053

	CONSOLIDATED		PARENT	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
6. REVENUES AND EXPENSES				
(a) Other income				
Gain on disposal of property, plant and equipment	**13**	7	**3**	—
Management fees	**—**	—	**87**	92
Sundry income	**325**	169	**291**	154
	338	176	**381**	246
(b) Finance costs				
Bill facility	**822**	761	**550**	478
Bank loans and overdraft	**101**	148	**18**	52
Finance charges - lease liability	**38**	46	**37**	44
Total finance costs	**961**	955	**605**	574
(c) Depreciation and amortisation				
Amortisation of non-current assets				
Plant and equipment under lease	**87**	84	**77**	77
Depreciation of non-current assets				
Plant and equipment	**1,449**	1,504	**758**	806
Buildings	**354**	353	**276**	280
	1,803	1,857	**1,034**	1,086
Total depreciation and amortisation	**1,890**	1,941	**1,111**	1,163
(d) Lease payments and other expenses included in income statement				
Minimum lease payments on operating leases	**200**	185	**157**	144
(e) Employee benefits expense				
Wages and salaries	**10,072**	9,980	**5,523**	5,962
Workers Compensation costs	**355**	419	**266**	325
Superannuation costs	**730**	750	**455**	484
Cost of redundancies and terminations	**25**	118	**21**	91
	11,182	11,267	**6,265**	6,862
(f) Foreign currency expenses				
Net foreign currency losses/(gains) realised	**(9)**	(1)	**8**	4
Net foreign exchange translation losses/(gains) unrealised	**47**	52	**41**	27
	38	51	**49**	31
(g) Research and development costs				
Research and development costs	**18**	35	**18**	35

	CONSOLIDATED		PARENT	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000

7. INCOME TAX

Major components of income tax expense for the years ended 31 December 2007 and 2006 are:

Income Statement

Current income tax				
Current income tax charge/(benefit)	**168**	(179)	**79**	(326)
Adjustments in respect of current income tax of previous years	**25**	(67)	**—**	(87)
Deferred income tax				
Relating to origination and reversal of temporary differences	**(11)**	(59)	**(19)**	4
	182	(305)	**60**	(409)

Statement of Changes in Equity

Deferred income tax related to items charged or credited directly to equity				
Revaluation of land	**(810)**	(1,959)	**(810)**	(1,959)
Income tax reported in equity	**(810)**	(1,959)	**(810)**	(1,959)

A reconciliation of income tax expense/(benefit) applicable to accounting profit/(loss) before income tax at the statutory income tax rate, to income tax expense at the Group's effective income tax rate for the years ended 31 December 2007 and 2006 is as follows:

Accounting profit/(loss) before minority interest	**906**	(381)	**430**	(1,026)
Minority interest	**(53)**	89	**—**	—
Accounting profit/(loss) before income tax	**853**	(470)	**430**	(1,026)
At the statutory income tax rate of 30% (2006: 30%)	**256**	(141)	**129**	(308)
Adjustments in respect on current income tax of previous years	**14**	(67)	**—**	(87)
Research and development deductions	**(89)**	(35)	**(89)**	(35)
Depreciation of buildings	**19**	19	**19**	19
Non-assessable income from foreign operations	**(22)**	(84)	**—**	—
Other	**4**	3	**1**	2
At effective income tax rate of 21% (Parent 14%) *(2006: (65%) (Parent 40%))*	**182**	(305)	**60**	(409)

At 31 December 2007, there is no recognised or unrecognised deferred income tax liability (2006: $nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

Tax consolidation

Buderim Ginger Limited and its 100% owned subsidiaries are a tax consolidated group. Members of the group have entered into a tax sharing arrangement applying the group allocation approach in determining the amount of current tax and deferred taxes to allocate to members of the tax consolidation group. In addition the agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group in Buderim Ginger Limited.

Movement in deferred income tax

	CONSOLIDATED				PARENT			
	Revaluation of Land	Accelerated Depreciation	Employment Benefits	Future losses to offset / Other	Revaluation of Land	Accelerated Depreciation	Employment Benefits	Future losses to offset / Other
Deferred income tax liabilities								
Opening balance	(2,402)	(118)	—	(113)	(2,402)	(168)	—	(109)
Recognition in equity	(810)	—	—	—	(810)	—	—	—
Recognition in profit	—	(71)	—	(35)	—	32	—	(17)
Closing balance	**(3,212)**	**(189)**	**—**	**(148)**	**(3,212)**	**(136)**	**—**	**(126)**
Deferred income tax assets								
Opening balance	—	—	425	308	—	—	373	412
Recognition in equity	—	—	—	—	—	—	—	—
Recognition in profit	—	—	6	(64)	—	—	7	(198)
Closing balance	**—**	**—**	**431**	**244**	**—**	**—**	**380**	**214**

8. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.
As Buderim Ginger Limited does not have preference shares or other dilutive potential ordinary shares, the diluted earnings per share is the same as the basic earnings per share.

	CONSOLIDATED 2007	2006
The following reflects the income and share data used in the total operations basic earnings per share computations:		
Net profit/(loss) attributable to ordinary shareholders of parent ($'000)	**671**	(165)
Basic earnings per share (cents per share)	**2.34**	(0.58)
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	**28,655,832**	28,575,385

There are no issued preference shares and therefore no adjustment to profit for the cost of equity. There have been no other transactions involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

	CONSOLIDATED 2007 $'000	2006 $'000	PARENT 2007 $'000	2006 $'000
9. DIVIDENDS PAID OR PROPOSED				
Declared and paid during the year:				
Previous year final				
Final franked dividends for 2006: nil cents (2005: 1 cent per share)	**—**	284	**—**	284
Dividend proposed for approval at AGM (not recognised as a liability as at 31 December):				
Dividends on ordinary shares:				
Final franked dividend for 2007: 2 cents per share (2006: nil cents) *	**573**	—	**573**	—
(c) Franking credit balance				
The amount of franking credits available for future reporting periods are:				
– franking account balance as at the end of the financial year at 30% (2006: 30%)	**157**	269	**157**	269
– franking credits that will arise from the refund of income tax paid as at the end of the financial year	**(7)**	(102)	**(7)**	(102)
– franking debits that will arise from the payment of dividends proposed. *	**(150)**	—	**(150)**	—
	—	167	**—**	167

*Subsequent to the end of the financial year, directors have declared a 2 cent dividend out of the profits of the year ended 31 December 2007. Dividends proposed will be partially franked to an effective tax rate of 21%.

	CONSOLIDATED 2007 $'000	2006 $'000	PARENT 2007 $'000	2006 $'000
10. CASH AND CASH EQUIVALENTS				
Reconciliation of cash and cash equivalents				
Cash balance comprises:				
– cash on hand	**1,031**	1,323	**505**	960
– overdraft	**(303)**	(187)	**—**	—
Closing cash balance	**728**	1,136	**505**	960

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

Short-term deposits are made for varying periods of between one day and one month depending on the immediate cash requirements of the Group, and earn interest at the respective short-term deposit rates. There were no short-term deposits in use as at 31 December 2007.

The fair value of cash and cash equivalents is $728,065 (2006: $1,136,323)

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
10. CASH AND CASH EQUIVALENTS (CONT)				
Reconciliation of the operating profit/(loss) after tax to the net cash flows from operations				
Net profit/(loss)	**724**	(76)	**370**	(617)
Adjustments for:				
Depreciation of non-current assets	**1,803**	1,857	**1,034**	1,086
Amortisation of non-current assets	**87**	84	**77**	77
Net (profit)/loss on disposal of property	**(4)**	(7)	**3**	—
Share of profit of jointly controlled entities	**39**	88	**—**	24
Other	**(191)**	142	**2**	—
Changes in assets and liabilities				
(Increase)/decrease in trade receivables	**(108)**	521	**49**	305
(Increase)/decrease in inventory	**(4,067)**	(214)	**40**	461
(Increase)/decrease in deferred tax assets	**58**	(299)	**191**	(415)
(Increase)/decrease in prepayments and other receivables	**(184)**	(68)	**(198)**	81
(Decrease)/increase in trade and other creditors	**133**	229	**236**	155
(Decrease)/increase in tax provision	**—**	(66)	**—**	(28)
(Decrease)/increase in deferred income tax liability	**106**	(69)	**(15)**	(12)
(Decrease)/increase in employee benefits	**215**	71	**14**	47
Net cash flow from operating activities	**(1,388)**	2,193	**1,803**	1,164

Disclosure of financing facilities

Refer to note 20.

Disclosure of non-cash financing and investing activities

During the year, the Group funded insurance premiums of $628,996 (2006: $746,755) by way of a loan.

During the year the Group acquired plant and equipment totalling $Nil (2006: $16,500) by way of finance leases.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
11. TRADE AND OTHER RECEIVABLES (CURRENT)				
Trade receivables (i)	**8,476**	8,128	**4,943**	4,846
Deposits and other loans	**12**	10	**12**	10
Other receivables	**665**	463	**311**	141
	9,153	8,601	**5,266**	4,997
Related party receivables (ii)				
Jointly controlled entities	**328**	562	**328**	532
Controlled entities	**—**	—	**636**	578
Directors and director-related entities	**64**	71	**—**	—
	392	633	**964**	1,110
Carrying amount of trade and other receivables	**9,545**	9,234	**6,230**	6,107

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

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

	CONSOLIDATED		PARENT	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
12. INVENTORIES (CURRENT)				
Raw materials (at cost)	**2,086**	1,497	**1,213**	1,022
Work-in-progress (at cost)	**1,956**	1,409	**1,390**	864
Finished goods (at cost)	**10,763**	7,833	**5,307**	6,064
	14,805	10,739	**7,910**	7,950
13. OTHER CURRENT ASSETS				
Loan to joint venture	**207**	—	**207**	—
Prepayments	**469**	566	**380**	495
	676	566	**587**	495
14. RECEIVABLES (NON-CURRENT)				
Other receivables	**38**	65	**—**	—
Loan to joint venture	**214**	—	**214**	—
Loan to controlled entities	**—**	—	**7,826**	3,884
	252	65	**8,040**	3,884

15. INVESTMENT IN CONTROLLED ENTITIES

Name		Country of incorporation	Percentage of equity interest held by the consolidated entity		Investment	
			2007 %	2006 %	2007 $'000	2006 $'000
Australian Golden Ginger Pty Ltd	(i)	Australia	**100**	100	**—**	—
Gingertown Pty Ltd	(i)	Australia	**100**	100	**—**	—
Buderim Ginger (Overseas) Holdings Pty Ltd	(i)	Australia	**100**	100	**—**	—
Buderim Baking Company Pty Ltd	(i)	Australian	**80**	80	**4,180**	4,180
Buderim Ginger America, Inc	(ii)	United States	**100**	100	**—**	—
Buderim Ginger (UK) Ltd	(iii)	United Kingdom	**100**	100	**—**	—
Frespac Ginger (Fiji) Ltd	(iii)	Fiji	**100**	100	**—**	—
Buderim Macadamias Pty Ltd	(i)	Australian	**100**	—	**6,865**	—
					11,045	4,180

(i) Investments by Buderim Ginger Limited.
The comparative has changed to more closely reflect the requirements of AASB 3: *Business Combination*. The amendment represents deferred consideration recorded as a long term liability.
(ii) Investment by Buderim Ginger (UK) Ltd.
(iii) Investment by Buderim Ginger (Overseas) Holdings Pty Ltd.

Acquisition of controlled entity

Buderim Macadamias Pty Ltd was established on 28 November 2007 as an 100% owned subsidiary of Buderim Ginger Limited. Business assets of the subsidiary were acquired from Agrimac International Enterprises Pty Ltd on 31 December 2007. Buderim Macadamias Pty Ltd, trading as Agrimac Macadamias, commenced operations on 2 January 2008, as a manufacturer and distributor of wholesale and retail macadamia products throughout Australia and international markets.

16. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Name		Country of incorporation	Percentage of equity interest held by the entity		Investment Consolidated	
			2007 %	2006 %	2007 $'000	2006 $'000
Ginger Head Quarters Pty Ltd	(i)	Australia	**50**	50	**1,126**	1,126
Buderim Ginger America, LLC	(ii)	United States	**50**	50	**240**	310
					1,366	1,436

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

Name		Country of incorporation	Percentage of equity interest held by the entity 2007 %	2006 %	Investment Parent 2007 $'000	2006 $'000
Ginger Head Quarters Pty Ltd	(i)	Australia	**50**	50	**1,126**	1,126
					1,126	1,126

(i) Buderim Ginger Limited has a 50% interest in jointly controlled entity Ginger Head Quarters Pty Ltd with DPG Enterprises Pty Ltd. The joint venture entity is involved in tourism activities with the Ginger Factory tourism complex at Yandina.

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

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

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

	CONSOLIDATED 2007 $'000	2006 $'000
Share of jointly controlled entities' balance sheet:		
Current assets	**73**	53
Non-current assets	**1,283**	1,068
Current liabilities	**(151)**	(23)
Non-current liabilities	**(107)**	—
Net assets	**1,098**	1,098
Share of jointly controlled entities' revenues and profit:		
Revenue	**188**	137
Profit before income tax	**—**	(24)
Income tax expense	**—**	—
Profit after income tax	**—**	(24)

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

	CONSOLIDATED 2007 $'000	2006 $'000
Share of jointly controlled entities' balance sheet:		
Current assets	**630**	733
Non-current assets	**—**	—
Current liabilities	**(427)**	(466)
Non-current liabilities	**(1)**	—
Net assets	**202**	267
Share of jointly contolled entities' revenue and profit:		
Revenue	**1,427**	1,571
Loss before income tax	**(35)**	(57)
Income tax expense	**(5)**	(7)
Loss after income tax	**(40)**	(64)
Reconciliation of movement in investment		
Opening balance	**310**	387
Loss after tax	**(40)**	(64)
Exchange on translation	**(30)**	(13)
Closing balance	**240**	310

	CONSOLIDATED		PARENT	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
17. PROPERTY, PLANT AND EQUIPMENT				
Land				
Leasehold land at fair value	**99**	102	**—**	—
Freehold land at fair value	**11,400**	8,300	**11,000**	8,300
Total land	**11,499**	8,402	**11,000**	8,300
Buildings on leasehold land				
At cost	**1,298**	1,315	**—**	—
Accumulated depreciation	**(558)**	(498)	**—**	—
	740	817	**—**	—
Buildings on freehold land				
At cost	**9,862**	8,215	**8,262**	8,215
Accumulated depreciation	**(4,199)**	(3,923)	**(4,199)**	(3,923)
	5,663	4,292	**4,063**	4,292
Total land and buildings	**17,902**	13,511	**15,063**	12,592
Plant and equipment				
At cost	**22,066**	18,475	**12,367**	11,939
Accumulated depreciation	**(11,520)**	(10,303)	**(8,355)**	(7,600)
	10,546	8,172	**4,012**	4,339
Plant and equipment under lease				
At cost	**807**	807	**771**	771
Accumulated amortisation	**(294)**	(207)	**(275)**	(198)
	513	600	**496**	573
Total plant and equipment	**11,059**	8,772	**4,508**	4,912
Capital works in progress at cost	**1,490**	1,413	**1,185**	628
Total property, plant and equipment				
Fair value	**11,499**	8,300	**11,000**	8,300
Cost	**34,033**	30,327	**21,400**	21,553
	47,022	38,627	**33,585**	29,853
Accumulated depreciation and amortisation	**(16,571)**	(14,931)	**(12,829)**	(11,721)
Total written down amount	**30,451**	23,696	**20,756**	18,132

(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 $513,164 (2006: $599,611).

(b) Valuations

The Company's tri-annual valuation of property, plant and equipment was undertaken as at 30 June 2007. Based on the valuation conducted by Colliers International, Directors have re-considered the carrying value of the land at Yandina and have subsequently increased it to $11m resulting in a revaluation increment of $2.7m. (The original cost of the land was $295,000. Subsequent Directors' valuations resulted in incremental values of $655k in June 1997, $820k in June 2004, $6.53m in June 2006 and $2.7m in June 2007.)

Buildings and plant and equipment of the parent company were valued by Colliers International, registered valuers at $15,899,200 on the basis of Market Value for Existing Use. The valuation of Yandina property, plant and equipment for insurance purposes/reinstatement with new value was at $48,753,500. Plant and equipment of Frespac Ginger (Fiji) Ltd were valued by CB Richard Ellis, registered valuers at $1,375,630 on the basis of Market Value for Existing Use. Valuation for insurance purposes/reinstatement with new value was at $3,630,740. Land and buildings owned by Frespac Ginger (Fiji) Ltd were valued by Rolle Associates at $2,101,830. Plant and equipment of Buderim Baking Company Pty Ltd were valued by Valuations & Appraisal Services Australasia, registered valuers at $5,900,570 on the basis of Market Value for Existing Use. Valuation for insurance purposes/reinstatement with new value was at $2,349,540. Market valuations for Existing Use are estimates of the amounts for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the valuation date.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
17. PROPERTY, PLANT AND EQUIPMENT (CONT)				
(c) Reconciliations				
Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year.				
Leasehold land				
Carrying amount at beginning	**102**	100	**—**	—
Net foreign currency movements	**(3)**	2	**—**	—
	99	102	**—**	—
Freehold land				
Carrying amount at beginning	**8,300**	1,770	**8,300**	1,770
Addition	**400**	—	**—**	—
Revaluation	**2,700**	6,530	**2,700**	6,530
	11,400	8,300	**11,000**	8,300
Buildings on Leasehold land				
Carrying amount at beginning	**817**	869	—	—
Transfers	**31**	1	—	—
Net foreign currency movements	**(30)**	20	—	—
Depreciation expense	**(78)**	(73)	—	—
	740	817	—	—
Buildings on freehold land				
Carrying amount at beginning	**4,292**	4,104	**4,292**	4,104
Transfers	**47**	468	**47**	468
Additions	**1,600**	—	**—**	—
Depreciation expense	**(276)**	(280)	**(276)**	(280)
	5,663	4,292	**4,063**	4,292
Plant and equipment				
Carrying amount at beginning	**8,172**	8,277	**4,339**	4,244
Additions	**1,402**	—	**438**	—
Transfers	**2,508**	1,494	**—**	958
Disposals	**(71)**	(104)	**(7)**	(57)
Net foreign currency movements	**(16)**	11	**—**	—
Depreciation expense	**(1,449)**	(1,506)	**(758)**	(806)
	10,546	8,172	**4,012**	4,339
Plant and equipment under lease				
Carrying amount at beginning	**600**	667	**573**	650
Additions	**—**	17	**—**	—
Amortisation expense	**(87)**	(84)	**(77)**	(77)
	513	600	**496**	573
Capital Works in progress at cost				
Carrying amount at beginning	**1,413**	1,338	**628**	982
Additions	**1,557**	2,038	**1,042**	1,073
Transfers	**(1,480)**	(1,963)	**(485)**	(1,427)
	1,490	1,413	**1,185**	628

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

The acquisition of business assets within the macadamia segment on 31 December 2007, resulted in the addition of goodwill amounting to $955,168 on settlement, combined with the recognition of $1,401,829 in deferred consideration, payment of which is contingent upon the business achieving defined EBITs over the first two years of operations under Buderim Macadamia's control. The total amount of $2,356,997 represents the excess in enterprise value above the fair value of fixed assets acquired and includes costs directly attributable to the business combination such as accounting, legal and valuation fees, stamp duty and other transactional costs. This intangible asset will be tested for impairment where an indicator of impairment within the macadamia segment arises, or annually.

The opening balance of intangibles has been amended to include the proposed purchase of the outside equity interest in Buderim Baking Company Pty Ltd as defined in the Shareholders' Agreement and subsequent Deeds of Arrangements. The revised presentation more closely reflects the requirement of AASB 3: *Business Combinations*.

Brand value represents intangible assets purchased through the effect of a business combination. This intangible asset has been capitalised at fair value. An independent valuation was obtained to determine the fair value at date of acquisition. The useful life of the brand value has been determined to be indefinite. The assets are tested for impairment where an indicator of impairment arises, or annually.

Trademark additions are capitalised at cost. Their useful lives have been assessed as indefinite. Impairment testing is undertaken where an indicator of impairment arises, or annually.

No impairment loss was recognised for continuing operations in the 2007 financial year.

	CONSOLIDATED				PARENT		
	Goodwill $'000	Brand Value $'000	Trade marks $'000	Total $'000	Goodwill $'000	Trade marks $'000	Total $'000
18. INTANGIBLE ASSETS AND GOODWILL (CONT)							
At 1 January 2006							
Cost (gross carrying amount)	3,015	480	228	**3,723**	218	226	**444**
Accumulated amortisation and impairment	(59)	—	(80)	**(139)**	—	(80)	**(80)**
Net carrying amount	2,956	480	148	**3,584**	218	146	**364**
Year ended 31 December 2006							
At 1 January 2006, net of accumulated amortisation	2,956	480	148	**3,584**	218	146	**364**
Reduction on acquisition of 10% of OEI	(397)	—	—	**(397)**	—	—	**—**
Impairment	—	—	(10)	**(10)**	—	(9)	**(9)**
At 31 December 2006, net of accumulated amortisation	2,559	480	138	**3,177**	218	137	**355**
At 31 December 2006							
Cost (gross carrying amount)	2,618	480	214	**3,312**	218	213	**431**
Accumulated amortisation and impairment	(59)	—	(76)	**(135)**	—	(76)	**(76)**
Net carrying amount	2,559	480	138	**3,177**	218	137	**355**

The opening balance of intangibles have been amendment to include the proposed purchase of the outside equity interest in Buderim Baking Company Pty Ltd as defined in the Shareholders' Agreement and subsequent Deeds of Arrangements. The revised presentation more closely reflects the requirement of AASB 3: *Business Combinations*.

	CONSOLIDATED		PARENT	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
19. TRADE AND OTHER PAYABLES				
CURRENT				
Trade payables (i)	**3,574**	3,915	**2,324**	2,435
Other payables (i)	**2,176**	1,739	**1,529**	1,214
Interest payable (ii)	**4**	16	**4**	16
Deferred purchase consideration	**605**	—	**605**	—
	6,359	5,670	**4,462**	3,665
Related party payables (iii)				
Joint venture entities	**88**	49	**88**	49
	88	49	**88**	49
Carrying amount of trade and other payables	**6,447**	5,719	**4,550**	3,714
NON-CURRENT				
Deferred purchase consideration	**1,597**	800	**1,597**	800
Controlled entity	**—**	—	**231**	159
	1,597	800	**1,828**	959

(i) Trade and other payables are non-interest bearing and are normally settled on 30 – 45 day terms. The net of GST payable and GST receivable is remitted to the appropriate tax body on a monthly basis, except for Buderim Baking Company Pty Ltd who remits the net GST payable on a quarterly basis.

(ii) Interest payable is normally settled monthly throughout the financial year.

(iii) For terms and conditions relating to related parties refer to note 28 and note 30.

Information regarding the effective interest rate and credit risk of current payables is set out in note 23.

	Effective Interest rate %	Maturity	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
20. INTEREST-BEARING LOANS AND BORROWINGS						
CURRENT						
Secured						
Lease liability (i)	7.61	2010	**179**	107	**170**	98
Bank overdraft (ii)			**303**	187	**—**	—
Bank bill facility (ii)	8.07	rolling	**8,550**	7,596	**8,550**	7,596
Bank loans (iii)						
- Frespac Ginger (Fiji) Pty Ltd	11.49	2011	**7**	—	**—**	—
- Buderim Baking Company Pty Ltd	8.00	2011	**59**	143	**—**	—
- Buderim Ginger Limited	7.83	2009	**240**	447	**240**	447
			9,338	8,480	**8,960**	8,141
NON-CURRENT						
Secured						
Lease liability (i)	7.61	2010	**288**	467	**278**	447
Bank bill facility (ii)	8.07	rolling	**11,145**	3,136	**11,145**	3,136
Bank loans (iii)						
- Frespac Ginger (Fiji) Pty Ltd	11.49	2011	**22**	—	**—**	—
- Buderim Baking Company Pty Ltd	8.00	2011	**169**	285	**—**	—
- Buderim Ginger Limited	7.83	2009	**10**	137	**10**	137
			11,634	4,025	**11,433**	3,720

Fair Value Disclosures

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

(i) Lease liability

The lease liabilities are secured by a charge over the leased assets. The average interest rate on leases in 2007 is 7.61% (2006: 7.59%).

(ii) Bank overdraft and bill facilities

The bank overdrafts and bill finance facilities are secured by a registered equitable mortgage over the company's assets. The effective interest rate on the bill facilities was 8.07% (2006: 6.96%). The interest rate on Frespac Ginger (Fiji) Pty Ltd overdraft facility is 11.99% (2006: 10.99%). The overdraft interest rate paid by the parent is 10.6% (2006: 9.70%).

(iii) Bank loans

Bank loans are secured over the plant and equipment of the subsidiaries subject to the loan. Frespac Ginger (Fiji) Limited loan facilities are at an average interest rate of 11.49% (2006: 8.45%) and are supported by a guarantee from the parent entity. Buderim Baking Company Pty Ltd loans are at an average interest rate of 8.00%. (2006: 7.75%) Buderim Ginger Limited's loans are at an average interest rate of 7.83% (2006: 7.54%) and are secured over the plant and equipment subject to the loans.

Working Capital Facility

The working capital facility provided by Rabobank Australia Limited includes a long term amortising/multi-option component, $543,929 (2006: $62,200) of which remains in overseas currency loans at balance date as part of the company's hedge management strategy. The amortising facility reduced by the repayment amount of $500,000 during the reporting period. This repayment will increase to $750,000 during 2008 to reflect debt restructuring established to facilitate the acquisition of business assets within the macadamia segment. The working capital facility is on 30 – 90 day rollover terms with variable interest rates linked to BBSY rates.

	Notes	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
20. INTEREST-BEARING LOANS AND BORROWINGS (CONT)					
Financing facilities available					
Rabobank Australia Limited are the company's principal financiers, whilst Westpac Banking Corporation supply retail banking facilities such as overdraft, dividend, share purchase plan accounts, internet and deskbank, to group entities.					
At reporting date, the following financial facilities had been negotiated and were available:					
Total facilities					
- bank overdraft		**850**	850	**450**	450
- working capital facility		**22,600**	12,245	**22,600**	12,245
- bank loans		**518**	1,012	**250**	584
Facilities used at reporting date					
- bank overdraft		**303**	187	**—**	—
- working capital facility		**19,695**	10,732	**19,695**	10,732
- bank loans		**518**	1,012	**250**	584
Facilities unused at reporting date					
- bank overdraft		**547**	663	**450**	450
- working capital facility		**2,905**	1,513	**2,905**	1,513
Bank Guarantee Facility					
Rabobank Australia Limited provides for the issue of a $1million guarantee(s) in favour of the consolidated entity's nominated banks in Australia and Fiji in connection with overdraft and transactional facilities.					
21. PROVISIONS					
CURRENT					
Employee benefits	25	**1,608**	1,417	**1,182**	1,179
Restructuring provision		**—**	111	**—**	111
		1,608	1,528	**1,182**	1,290
NON-CURRENT					
Employee benefits	25	**136**	112	**106**	95
		136	112	**106**	95
		1,744	1,640	**1,288**	1,385
(a) Movement in employee benefit provisions					
At 1 January		**1,529**	1,458	**1,274**	1,227
Acquisition of business		**222**	—	**—**	—
Arising during the year		**883**	978	**678**	680
Utilised		**(890)**	(907)	**(664)**	(633)
At 31 December		**1,744**	1,529	**1,288**	1,274
(b) Movement in restructuring provisions					
At 1 January		**111**	—	**111**	—
Redundancy payments		**(41)**	41	**(41)**	41
Contract amendments		**(70)**	70	**(70)**	70
At 31 December		**—**	111	**—**	111

21. PROVISIONS (CONT)

(c) Nature of Provisions

Provision for Employee Benefits

Provisions have been recognised for employee entitlements relating to annual leave, sick leave, short and long term long service leave. In calculating the present value of future cashflows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefitis has been included in Note 1 to this report.

Provision for Restructuring

A restructuring plan commenced in the latter part of 2006 in light of poor results in the core Ginger business, with an expectation that initiatives would be implemented before the end of the first half of 2007. The benefits achieved through a number of process and engineering initiatives within ginger business have been reflected in improved profit contribution from this segment. A number of redundancies were implemented and other staff restructuring initiatives resulted in reduced employee numbers as reflected in reduced staffing levels highlighted in the Directors' Report. A number of contractual arrangements and various commitments were revised to result in overhead savings throughout the business.

	CONSOLIDATED		PARENT	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
22. CONTRIBUTED EQUITY AND RESERVES				
Issued and paid up capital				
28,655,832 ordinary shares fully paid (2006: 28,655,832)	**17,472**	17,472	**17472**	17,472

Movements in ordinary shares on issue

	2007		2006	
	Number of shares	$'000	Number of shares	$'000
Beginning of the financial year	**28,655,832**	**17,472**	28,444,585	17,369
Issued during the year				
- dividend reinvestment scheme (i)	**—**	**—**	211,247	103
End of the financial year	**28,655,832**	**17,472**	28,655,832	17,472

(i) There was no ordinary shares issued under the dividend reinvestment plan during this period.

	CONSOLIDATED				PARENT		
	Asset Revaluation $'000	Foreign Currency Translation $'000	Cash Flow Hedges $'000	Total $'000	Asset Revaluation $'000	Cash Flow Hedges $'000	Total $'000
Reserves							
As at 1 January 2006	377	(19)	9	**367**	377	10	**387**
Net gain on cash flow hedges	-	-	(15)	**(15)**	-	(15)	**(15)**
Net increase in asset revaluation	6,530	-	-	**6,530**	6,530	-	**6,530**
Net tax effect of asset revaluation reserve	(1,959)	-	-	**(1,959)**	(1,959)	-	**(1,959)**
Currency translation differences	-	125	-	**125**	-	-	**-**
As at 31 December 2006	4,948	106	(6)	**5,048**	4,948	(5)	**4,943**
Net gain on cash flow hedges	-	-	128	**128**	-	128	**128**
Net increase in asset revaluation	2,700	-	-	**2,700**	2,700	-	**2,700**
Net tax effect of asset revaluation reserve	(810)	-	-	**(810)**	(810)	-	**(810)**
Currency translation differences	-	(196)	-	**(196)**	-	-	**-**
As at 31 December 2007	6,838	(90)	122	**6,870**	6,838	123	**6,961**

Nature and purpose of reserve

Asset Revaluation

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

Foreign currency translation

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

Cash flow hedge

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

23. FAIR VALUE AND INTEREST RATE RISK

Fair values

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

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

Interest rate risk

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

Year ended 31 December 2007	<1 year $'000	>1-<2 years $'000	>2-<3 years $'000	>3-<4 years $'000	>4-<5 years $'000	>5 years $'000	Total $'000
CONSOLIDATED							
Fixed rate							
Bill facility	2,500	—	—	—	—	—	2,500
Obligations under finance leases	179	284	4	—	—	—	467
Frespac Ginger (Fiji) Pty Ltd bank loans	7	7	8	7	—	—	29
Buderim Baking Company bank loans	59	64	69	36	—	—	228
Buderim Ginger Limited bank loans	240	10	—	—	—	—	250
Floating rate							
Cash assets	728	—	—	—	—	—	728
Bill facility	17,195	—	—	—	—	—	17,195
PARENT							
Fixed rate							
Bill facility	2,500	—	—	—	—	—	2,500
Obligations under finance leases	170	278	—	—	—	—	448
Buderim Ginger Limited bank loans	240	10	—	—	—	—	250
Floating rate							
Cash assets	505	—	—	—	—	—	505
Bill facility	17,195	—	—	—	—	—	17,195

Refer to note 20 for disclosure on effective interest rates.

Summarised Sensitivity Analysis as at 31 December 2007

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

23. FAIR VALUE AND INTEREST RATE RISK (continued)

Year ended 31 December 2007	<1 year $'000	>1-<2 years $'000	>2-<3 years $'000	>3-<4 years $'000	>4-<5 years $'000	>5 years $'000	Total $'000
CONSOLIDATED							
Fixed rate							
Bill facility	3,000	—	—	—	—	—	3,000
Obligations under finance leases	107	179	284	4	—	—	574
Buderim Baking Company bank loans	143	104	64	69	37	—	417
Buderim Ginger Limited bank loans	447	126	12	—	—	—	585
Floating rate							
Cash assets	1,136	—	—	—	—	—	1,136
Bill facility	7,732	—	—	—	—	—	7,732
PARENT							
Fixed rate							
Bill facility	3,000	—	—	—	—	—	3,000
Obligations under finance leases	98	169	278	—	—	—	545
Buderim Ginger Limited bank loans	447	126	12	—	—	—	585
Floating rate							
Cash assets	960	—	—	—	—	—	960
Bill facility	7,732	—	—	—	—	—	7,732

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument.

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

Hedging activities

Cash flow hedges

At 31 December 2007, the Group held foreign exchange contracts designated as hedges of expected future sales to customers in the United Kingdom with varying maturity dates up to 17 November 2008. The average AUD/GBP exchange rate of these contracts is $0.4117 (2006: $0.4004) with an AUD equivalent of $1,873,006 (2006: $1,739,049). At 31 December 2007, the Group held foreign exchange contracts designated as hedges of expected future sales to customers in the United States of America with varying maturity dates up to 14 November 2008. The average AUD/USD exchange rate of these contracts is $0.8650 with an AUD equivalent of $1,030,274 (2006: Nil).

At 31 December 2007, the Group held a number of foreign exchanges contracts designated as hedges of future purchases from overseas suppliers with varying maturity dates up to 11 April 2008. The average AUD/USD exchange rate on these contracts is $0.9022 (2006: $0.7751) with an AUD equivalent of $230,000 (2006: $505,303).

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

Cash flow hedge

At 31 December 2007, the Group had one $1,000,000 and one $1,500,000 interest rate swap agreements in place aggregating to a notional value of $2,500,000 (2006: $3,000,000). The interest rate swap arrangement grants the Group the right to receive interest at a variable rate equal to the ABBSY on the notional amount and pay interest at a fixed rate of 5.86% and 6.66% (2006: 5.86% and 6.44%).

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

Hedge on investments in foreign entities

Included in the bill facility at 31 December 2007, as in 2006, are borrowings of USD 439,210 (AUD $498,874) and GBP 20,000 (AUD $45,055). These loans are being used to reduce the exposure to foreign exchange risk. Exchange differences at balance date have been brought to account in the income statement.

	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
24. COMMITMENTS AND CONTINGENCIES				
Operating lease commitments – Group as lessee				
The Group has entered into commercial leases on certain motor vehicles and office space where it is not in the best interest of the Group to purchase these assets. These leases have an average life of 3 years.				
Future minimum rentals payable under non-cancellable operating leases as at 31 December 2007 are as follows:				
Within one year	**176**	172	**155**	130
After one year and not more than five years	**186**	161	**170**	116
	362	333	**325**	246

Finance lease commitments – Group as lessee

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

	2007 Minimum lease payments $'000	2007 Present value of lease payments $'000	2006 Minimum lease payments $'000	2006 Present value of lease payments $'000
CONSOLIDATED				
Within one year	**207**	**179**	147	107
After one year and not more than five years	**305**	**288**	512	467
	512	**467**	659	574
Less amounts representing future finance charges	**(45)**	**—**	(85)	—
	467	**467**	574	574

	2007 Minimum lease payments $'000	2007 Present value of lease payments $'000	2006 Minimum lease payments $'000	2006 Present value of lease payments $'000
PARENT				
Within one year	**196**	**170**	136	98
After one year and not more than five years	**294**	**277**	490	447
	490	**447**	626	545
Less amounts representing future finance charges	**(43)**	**—**	(81)	—
	447	**447**	545	545

Capital commitments	CONSOLIDATED 2007 $'000	CONSOLIDATED 2006 $'000	PARENT 2007 $'000	PARENT 2006 $'000
At 31 December 2007 the Group has commitments of $531,551 (2006: $88,732) principally relating to plant and machinery upgrades planned for 2007. Commitments contracted at reporting date, but not recognised as liabilities are as follows:				
Within one year				
– plant and equipment upgrades	**531**	89	**406**	74
	531	89	**406**	74

24. COMMITMENTS AND CONTINGENCIES (CONT)

Other Commitments

Under the Shareholders Agreement for Buderim Baking Company Pty Ltd, and subsequent Deeds of Variation to that Agreement, Buderim Ginger Limited has committed to acquiring the remaining 20% outside equity interest in that company after 30 June 2009, unless either party triggers a payout before 30 June 2009. An amount of $800,000 has been recognised at 31 December 2007 as a liability in Buderim Ginger Limited in relation to this commitment. This amount has been transferred to goodwill during the year ended 2007.

A second and third consideration contingent upon the achievement of defined EBITs for the first two years of operation under Buderim Macamadamia's control, have been provided in the accounts for the acquisition of Agrimac business assets. Amounts of $605,215 and $796,614 have been recognised as short term and long term liabilities respectively, in relation to this commitment. These amounts also represent additions to goodwill on acquisition.

Guarantees

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

The parent company has provided a guarantee to Westpac, Suva, Fiji in the sum of AUD $600,000 to indemnify the Westpac Banking Corporation for an overdraft facility made available to Frespac Ginger (Fiji) Ltd.

Termination of service agreements

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

	Notes	CONSOLIDATED		PARENT	
		2007 $'000	2006 $'000	2007 $'000	2006 $'000
25. EMPLOYEE BENEFITS					
Employee Benefits					
The aggregate employee benefit liability is comprised of:					
Provisions (current)	21	**1,608**	1,417	**1,182**	1,179
Provisions (non-current)	21	**136**	112	**106**	95
		1,744	1,529	**1,288**	1,274

Superannuation Commitments

All employees are entitled to varying levels of benefits on retirement, resignation, disability or death. The Buderim Ginger Employee superannuation plan operates as an accumulation fund with defined contributions. Employees contribute to the plan at various percentages of their wages and salaries. The consolidated entity also contributes to the plan, in accordance with award based superannuation requirements. The plan complies with the Superannuation Industry Supervision Act and Regulations. The company contributions are legally enforceable. Superannuation funds to which the company contributes on behalf of overseas employees, include American Funds, Buderim Ginger (UK) Limited Retirement and Death Benefit Scheme, Norwich Union Life and Pensions Limited Personal Pension Plan and Fiji National Provident Fund. All overseas plans operate as accumulation funds.

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

An independent assessment has been obtained of a range of discount rates applicable for impairment testing to the Group's cash generating units. The identified cost generating units comprise the Yandina division, Fiji division, Tourism division, and Baking division. The assessed discount rates are based on the cash generating unit's weighted average cost of capital which reflects are rate of return that is required to provide both debt and equity holders with a return that is commensurate with the level of risk inherent in the cash generating unit.

The assessment of appropriate weighted average cost of capital rates involved the determination of appropriate costs of equity and debt and appropriate assumptions in relation to the debt-equity mix.

Goodwill acquired through business combinations has been allocated to three individual cash generating units for impairment testing as follows:

- Tourism cash generating unit
- Baking cash generating unit
- Macadamia cash generating unit (there was no business activity in this segment during 2007)

Tourism cash generating unit

The recoverable amount of the Tourism unit has been determined based on a value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by the board of directors. The budget for 2008 is then used as a basis for projecting performance over a five year period. Growth of 3.5% and an inflationary factor of 3% have been applied to cash forecasts. The discount rate applied to the cash flow projections for tourism is 9.0%.

Baking cash generating unit

The recoverable amount of the Baking unit has been determined based on a value in use calculation. To calculate this, cash flow projections are based on financial budgets approved by the board of directors. The budget for 2008 is then used as a basis for projecting performance over a five year period. Growth of 3.5% and an inflationary factor of 3% have been applied to cash forecasts. The discount rate applied to the cash flow projections for baking is 11.0%.

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

	Ginger Segment		Baking Segment		Tourism Segment		Macadamia Segment		Total	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000	2007 $'000	2006 $'000
CONSOLIDATED										
Carrying amount of goodwill	**—**	—	**2,334**	2,341	**218**	218	**2,357**	—	**4,909**	2,559
Carrying amount of brand name	**—**	—	**480**	480	**—**	—	**—**	—	**480**	480
Trademarks	**138**	138	**—**	—	**—**	—	**—**	—	**138**	138
	138	138	**2,814**	2,821	**218**	218	**2,357**	—	**5,527**	3,177
PARENT										
Carrying amount of goodwill	**—**	—	**—**	—	**218**	218	**—**	—	**218**	218
Carrying amount of brand name	**—**	—	**—**	—	**—**	—	**—**	—	**—**	—
Trademarks	**137**	137	**—**	—	**—**	—	**—**	—	**137**	137
	137	137	**—**	—	**218**	218	**—**	—	**355**	355

Key assumptions used in value in use calculation for 31 December 2007 and 31 December 2006.

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

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

Inflationary factors - the basis used to determine the value assigned to purchases is the forecast price indices during the budget year. Exchange rates - the mean in the most recent Reuters FX Poll is assessed along with predictions from various banking organisations.

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

27. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the reporting period, directors have declared that a 2 cent partially franked dividend be paid for the year ended 31 December 2007

28. DIRECTORS AND EXECUTIVE DISCLOSURES

(a) Details of Key Management Personnel

(i) Directors

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

(ii) Executives

P. Ritchie	General Manager – Marketing and Sales
P. Bialkowski	UK Country Manager
S. Dennis	Process & Engineering Manager
K. Rogers	Company Secretary/CFO
P. Knight	Operations Manager – Yandina

(b) Compensation of Key Management Personnel

Compensation policy

The performance of the Group depends upon the quality of its directors and executives. To prosper, the company must attract, motivate and retain highly skilled directors and executives.

To this end, the Group embodies the following principles in its compensation framework:

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

Remuneration committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the directors, the managing director and the executive team. The Remuneration Committee assesses the appropriateness of the nature and amount of compensation 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.

Compensation structure

In accordance with best practice corporate governance, the structure of non-executive director and senior manager compensation is separate and distinct.

Non- executive director compensation

Objective

The Board seeks to set aggregate compensation at a level which provides the company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders. Non-executive directors do not receive any share based remuneration.

Structure

The Constitution and the ASX Listing Rules specify that the aggregate compensation of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 20 April 2000 when shareholders approved an aggregate compensation of $250,000 per year, effective from 1 January 2000.

The amount of aggregate compensation sought to be approved by shareholders and the manner in which it is apportioned amongst directors is reviewed annually. The board considers external compensation surveys as well as the fees paid to non-executive directors of comparable companies when undertaking the annual review process.

Each director receives a fee for being a director of the company. Additional fees are not currently paid for each board committee on which a director sits, although considerable time commitments have been afforded by directors serving on various board sub-committees.

Non-executive directors have long been encouraged by the board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have some stake in the company.

The compensation of non-executive directors for the period ending 31 December 2007 is detailed on page 15 of the Directors' Report.

Senior manager and executive director compensation

Objective

The company aims to reward executives with a level and mix of compensation commensurate with their position and responsibilities within the company so as to:

- Reward executives for the company and individual performance against targets set by reference to appropriate benchmarks;
- Align the interests of executives with those of shareholders;

28. DIRECTORS AND EXECUTIVE DISCLOSURES (CONT)

- Link reward with the strategic goals and performance of the company; and
- Ensure total compensation is competitive by market standards.

Structure

In determining the level and make-up of executive compensation, the Remuneration Committee makes reference to external remuneration surveys detailing market levels of remuneration for comparable executive roles, and internal relativities. From these deliberations, the Committee makes its recommendations to the Board.

It is the Remuneration Committee's policy that employment contracts are entered into with all executives to protect the interest of both the company and the employee.

Depending upon the particular role undertaken by executives, compensation consists of one or all of the following key elements:

- Fixed Compensation
- Variable Compensation - Bonus Incentive

The proportion of fixed remuneration and variable remuneration (potential incentives) is established for each senior manager by the Remuneration Committee. Table 2 below details the fixed and variable component of the 5 most highly remunerated senior managers.

Fixed Compensation

Objective

The level of fixed compensation is set so as to provide a base level of compensation which is both appropriate to the position and is competitive in the market.

Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of companywide, business division and individual performance, relevant comparative remuneration in the market, internal relativities and, where appropriate, external advice on policies and practices. As noted above, the Committee makes reference to external advice/surveys independent of management.

Structure

Senior managers are given the opportunity to receive their fixed (primary) compensation in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient without creating undue cost for the company.

The fixed compensation component of the 5 most highly remunerated senior managers is detailed in Table 2 on page 15 of the Directors' Report.

Variable Compensation

Objective

The objective of the incentive program is to link the achievement of the company's operational targets with the compensation received by the executives charge with meeting those targets. The total potential incentive available is set at a level so as to provide sufficient incentive to the senior manager to achieve the operational targets and such that the cost to the company is reasonable in the circumstances. At this stage, the Remuneration Committee has determined that this variable compensation component is only offered to the MD and senior Sales personnel. This policy is reviewed annually.

Structure

Actual incentive payments granted to sales managers depend on the extent to which specific operating targets set at the beginning of the financial year are met. The operational targets consist of a number of Key Performance Indicators covering both revenue and profitability of their areas of responsibility. The company has predetermined benchmarks which must be met in order to trigger payments under the incentive scheme. The achievement of revenue targets does not warrant a bonus payment unless profitability targets have also been achieved. Bonuses payable are also capped up to 20%.

On an annual basis, consideration is given to performance of the individual sales executive against KPIs, and the overall performance of the company. These factors are taken into account when determining the amount, if any, of incentive to be paid to each executive. Annual incentive payments available for executives across the company are subject to the approval of the Remuneration Committee. Payments made are delivered as a cash bonus, except under the Managing Director's Employee Incentive Scheme where shares only are issued, as approved by shareholders.

Employment contracts

All executives are employed under employment contracts to provide a level of security to both the company and the individual. It is only the contract between the company and the Managing Director/CEO which is based on limited tenure.

The employment contract between the company and the Managing Director/CEO expired on 5 March 2007, was extended to 31 December 2007. A new employment contract has subsequently been negotiated which is in effect a rolling annual contract which provides some certainty to Mr O'Brien, and annual (or more frequent if required) reviews by the Board against performance hurdles.

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

Details of Compensation of Directors and Executives

The company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. Details of the nature and amount of each element of the emolument of Key Management Personnel of the company and the consolidated entity for the financial year can be found on page 15 of the remuneration report.

28. DIRECTORS AND EXECUTIVE DISCLOSURES (CONT)

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

Ordinary Shares held in Buderim Ginger Limited	Balance 1 January 2007 Ordinary	Dividend Reinvestment Issue Ordinary	Share Purchase Plan Ordinary	Market Acquisition Ordinary	Market Sale Ordinary	Balance 31 December 2007 Ordinary
Directors						
J.M. Ruscoe	**149,480**	—	—	—	—	**149,480**
J. H. Roy	**5,893,165**	—	—	126,843	—	**6,020,008**
S.J. Maitland	**66,853**	—	—	30,000	—	**96,853**
S.T. Templeton	**1,410,657**	—	—	58,082	—	**1,468,739**
G.D. O'Brien	**781,589**	—	—	—	—	**781,589**
Executives						
P. Ritchie	**14,333**	—	—	—	—	**14,333**
P. Bialkowski	**—**	—	—	—	—	**—**
S. Dennis	**—**	—	—	—	—	**—**
K. Rogers	**1,395**	—	—	—	—	**1,395**
P. Knight	**—**	—	—	—	—	**—**
Total	**8,317,472**	—	—	214,925	—	**8,532,397**

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

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

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

Ginger Supplies

S.T. Templeton is a director of Templeton Holdings (Qld) Pty Ltd. Ginger supplies were purchased during the year from Templeton Holdings (Qld) Pty Ltd to the value of $1,006,466 (2006: $1,214,473) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers.

	CONSOLIDATED		PARENT	
	2007 $	2006 $	2007 $	2006 $
29. AUDITORS' REMUNERATION				
Amounts received or due and receivable by BDO Kendalls (Qld) (2006: Ernst & Young (Australia)) for:				
– an audit or review of the financial report of the entity and any other entity in the consolidated entity	**88,000**	115,000	**73,000**	98,000
– tax advice in relation to the entity and any other entity in the consolidated entity	**20,000**	57,180	**15,000**	32,430
– other assurance services in relation to the entity and any other entity in the consolidated entity	**—**	—	**—**	—
	108,000	172,180	**88,000**	130,430
Amounts received or due and receivable by related practices of BDO Kendalls (Qld) (2006: Ernst & Young (Australia)) for:				
– an audit or review of the financial report of subsidiaries	**29,066**	32,471	**—**	—
– tax advice in relation to subsidiaries	**21,140**	47,154	**—**	—
	50,206	79,625	**—**	—
	158,206	251,805	**88,000**	130,430

30. RELATED PARTY DISCLOSURES

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

Name		Country of incorporation	Percentage of equity interest held by the consolidated entity 2007 %	2006 %	Investment 2007 $'000	2006 $'000
Australian Golden Ginger Pty Ltd	(i)	Australia (a)	**100**	100	**—**	—
Gingertown Pty Ltd	(i)	Australia (a)	**100**	100	**—**	—
Buderim Ginger (Overseas) Holdings Pty Ltd	(i)	Australia (a)	**100**	100	**—**	—
Buderim Baking Company Pty Ltd	(i)	Australian (d)	**80**	80	**4,180**	4,180
Buderim Ginger America, Inc	(ii)	United States (c)	**100**	100	**—**	—
Buderim Ginger (UK) Ltd	(iii)	United Kingdom (b)	**100**	100	**—**	—
Frespac Ginger (Fiji) Ltd	(iii)	Fiji (b)	**100**	100	**—**	—
Buderim Macadamias Pty Ltd	(i)	Australia (a)	**100**	—	**6,865**	—
					11,045	4,180

(i) Investments by Buderim Ginger Limited. Comparatives have changed to more closely reflect the requirement of AASB 3: *Business Combinations.*

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

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

Buderim Ginger Limited is the ultimate parent of the Group. The Group also has a 50% interest in two joint venture entities, Ginger Head Quarters Pty Ltd, and Buderim Ginger America, LLC (2006: 50%). The increase in investment in Buderim Baking Company Pty Ltd represents recognition of the remaining deferred consideration of $800,000 held in accounts as a long term liability. The investment in Buderim Macadamias Pty Ltd also includes an amount of $1,401,829 for deferred consideration, of which $605,215 has been recorded as a short term liability and $796,614 as long term liability.

(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 2007 $'000	2006 $'000
(i) Consolidated Income Statement		
Profit/(loss) before income tax	**881**	(1,026)
Income tax (expense)/benefit	**(60)**	409
Profit/(loss) after income tax expense	**821**	(617)
Retained earnings at the beginning of the financial year	**1,908**	2,809
Dividends provided for or paid	**—**	(284)
Retained earnings at the end of the financial year	**2,729**	1,908

	CLOSED GROUP 2007 $'000	2006 $'000
30. RELATED PARTY DISCLOSURES (CONT)		
(ii) Consolidated Balance Sheet		
CURRENT ASSETS		
Cash and cash equivalents	**505**	960
Trade and other receivables	**6,680**	6,107
Inventories	**7,910**	7,950
Other	**587**	495
Derivative financial instruments	**149**	6
TOTAL CURRENT ASSETS	**15,831**	15,518
NON-CURRENT ASSETS		
Receivables	**7,671**	3,511
Investments	**13,322**	6,457
Property, plant and equipment	**20,756**	18,132
Deferred income tax asset	**619**	810
Intangible assets and goodwill	**355**	355
TOTAL NON-CURRENT ASSETS	**42,723**	29,265
TOTAL ASSETS	**58,554**	44,783
CURRENT LIABILITIES		
Trade and other payables	**4,550**	3,820
Interest-bearing loans and borrowings	**8,960**	8,141
Provisions	**1,182**	1,179
Derivative financial instruments	**—**	6
TOTAL CURRENT LIABILITIES	**14,692**	13,146
NON-CURRENT LIABILITIES		
Payables	**1,828**	959
Interest-bearing loans and borrowings	**11,433**	3,720
Deferred tax liabilities	**3,474**	2,679
Provisions	**106**	95
TOTAL NON-CURRENT LIABILITIES	**16,841**	7,453
TOTAL LIABILITIES	**31,533**	20,599
NET ASSETS	**27,021**	24,184
SHAREHOLDERS' EQUITY		
Contributed equity	**17,472**	17,472
Reserves	**6,820**	4,804
Retained earnings	**2,729**	1,908
TOTAL EQUITY	**27,021**	24,184

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

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

(d) 80% controlled entity (2006: 80%) incorporated in Australia but not covered by the Class Order 98/1418 until outside equity interest has been fully acquired.

30. RELATED PARTY DISCLOSURES (CONT)

Group transactions

Sales and purchases between group entities are made under normal commercial terms and conditions. Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivable except for the $600,000 guarantee provided by the parent to Westpac Banking Corporation, Fiji in relation to the overdraft and loan facilities in place for Frespac Ginger (Fiji) Ltd, and except for the conditions provided under Class Order 98/1418, whereby the parent entity has guaranteed to pay any deficiency in the vent of winding up of the 100% controlled entities.

The following table provides the total amount of transactions which have been entered into with related party entities within the Group for the relevant financial year (for information regarding outstanding balances at year-end, refer to notes 11, 14 and 19).

Related party	% equity interest	Year	Sales to related parties $'000	Purchases from related parties $'000	Amounts owed by related parties $'000	Amounts owed to related parties $'000
PARENT						
Subsidiaries						
Frespac Ginger (Fiji) Ltd	**100**	**2007**	**439**	**878**	**—**	**231**
	100	2006	622	1,346	—	159
Buderim Ginger (UK) Ltd	**100**	**2007**	**4,310**	**—**	**636**	**—**
	100	2006	4,611	—	578	—
Buderim Ginger America, Inc	**100**	**2007**	**—**	**100**	**246**	**—**
	100	2006	—	124	327	—
Buderim Baking Company Pty Ltd	**80**	**2007**	**499**	**—**	**3,341**	**—**
	80	2006	445	20	3,184	—
Joint venture entities						
Ginger Head Quarters Pty Ltd	**50**	**2007**	**212**	**417**	**464**	**85**
	50	2006	197	304	26	31
Buderim Ginger America, LLC	**50**	**2007**	**2,037**	**4**	**287**	**22**
	50	2006	2,811	18	505	18
BUDERIM GINGER AMERICA, INC						
Joint venture entity						
Buderim Ginger America, LLC	**50**	**2007**	**—**	**—**	**—**	**—**
	—	2006	—	2	—	—
Other group entities						
Buderim Ginger (UK) Ltd	**—**	**2007**	**128**	**—**	**—**	**—**
FRESPAC GINGER (FIJI) LTD						
Other group entities						
Buderim Ginger (UK) Ltd	**—**	**2007**	**211**	**—**	**85**	**—**
BUDERIM MACADAMIAS PTY LTD						
Other group entities						
Buderim Ginger America, Inc	**—**	**2007**	**—**	**100**	**246**	**—**

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

Other related parties						
Templeton Holdings (Qld) Pty Ltd *	**—**	**2007**	**12**	**1,006**	**1**	**17**
	—	2006	10	1,214	—	—
Brumby's The Gap **	**—**	**2007**	**—**	**—**	**—**	**—**
	—	2006	49	—	—	—
Upper Crust Pie Company Pty Ltd	**—**	**2007**	**—**	**—**	**—**	**—**
	—	2006	2	—	—	—
Redteam Pty Ltd	**—**	**2007**	**21**	**45**	**64**	**—**
	—	2006	12	45	71	4

* refer note 28 (d)

** refer note 30 Key management personnel

30. RELATED PARTY DISCLOSURES (CONT)

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

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

For the year ended 31 December 2007, the Group has not raised any provision for doubtful debts relating to amounts owed by related parties as the payment history has been excellent (2006: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Then assessed as required the Group raises such a provision.

Key management personnel

During the year, sales to the value of $20,535 (2006: $49,272) were made through Buderim Baking Company Pty Ltd to a retail outlet owned by Jeff Sanders, outside equity interest holder, on normal commercial terms and conditions.

During the year, a loan to Jeff Sanders was repaid in accordance with loan conditions. The balance of this loan at year end was $63,527 (2006: $70,607). Interest of $6,235 was charged on this loan during the year.

Minority Interest

The current 20% minority interest in Buderim Baking Company Pty Ltd has been frozen for a minimum period of three years from 1 July 2006, with no buyout of the remaining equity occurring during this term as was originally envisaged by the prior agreements, except by mutual consent. At the end of this period, either party can trigger a buyout of the remaining equity on pre-agreed terms relating to an earnings multiple based on a weighted average of the three preceding years. The multiple varies depending on which party triggers the buyout.

31. BUSINESS COMBINATION

Acquisition of Agrimac Macadamias

On 31 December 2007, Buderim Macadamias Pty Ltd acquired 100% of the business assets of Agrimac International Enterprises Pty Ltd, a Pty Ltd company registered in Australia.

Agrimac is the third largest processor of Australian macadamias with processing operations based in Alstonville NSW and with significant domestic and international sales and distribution. This business combination complements the Buderim Ginger's expansion and diversification strategy.

Agrimac is a strong exporter, servicing blue chip customers in Europe, Asia and North America and has a strong domestic presence. The linkage with Buderim Ginger, the world's leading processor and marketer of confectionery ginger, brings synergies in the sales and marketing arena both domestically and internationally. With a strongly aligned customer base and a complementary geographic sales and distribution network, the bringing together of these two businesses is a natural progression. Both operate at the premium quality end of their market segments and both have a hard won reputation for taking a premium Australian product to the world. Buderim plans to grow the Agrimac business and capitalise on its operational advantages as well as exploiting the clear synergies with the Buderim businesses.

Consideration comprised of a cash amount on settlement based on historical Earnings Before Interest and Tax (EBIT) plus an earn-out component over two years comprised of cash or scrip based on EBIT over the relevant earn-out year. The acquisition is expected to be earnings per share accretive in the first full year under Buderim ownership to 31 December 2008.

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

	CONSOLIDATED	
	Recognised on acquisition $'000	Carrying value $'000
Property, plant and equipment	4,508	4,508
Trade receivables	489	489
Inventory	3,600	3,600
	8,597	8,597
Provision for employee entitlements	(222)	(222)
	(222)	(222)
Fair value of identifiable net assets	8,375	8,375
Goodwill arising on acquisition	2,357	
	10,732	
Consideration		
Cash paid	9,330	
Deferred consideration	1,402	
	10,732	

Included in the $2,356,997 of goodwill recognised above are certain intangible assets that cannot be individually separated and reliably measured due to their nature. Assets included in this balance consist of an international recognition for quality and reliability, customer relationships, distribution network and processes. A short term and long term deferred consideration amounting to $605,215 and $796,614 respectively, have also been included in goodwill. The level of deferred consideration is contingent upon the achievement of EBIT in the first two years of operation under Buderim Macadamia's control. This business combination did not contribute to the Group's 2007 result, as settlement took place on 31 December 2007, with Buderim Macadamias Pty Ltd commencing operations on 2 January 2008.

32. CAPITAL RISK MANAGEMENT

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

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

Consistently with others in the industry, the Group and the parent entity monitor capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital, as demonstrated in the table below. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

Liquidity and Capital Resources

The consolidated cash flow statement highlights a net reduction in cash and cash equivalents in the year ended 31 December 2007 of ($408k) compared to an increase of $44k in 2006. Outflows from operating activities resulted in a net outflow of ($1.4k) due principally to an increase of $4m in inventories relating to the macadamia business combination. An increase of $150k for goods and services tax ('GST') paid was offset by an increase in other receipts of $179k over the prior year. Investment in capital equipment included:

Ginger Segment

- syruping chain enhancements
- laboratory upgrade
- crystallising plant upgrade

Baking Segment

- cookie production equipment
- tunnel oven commissioning
- in-line x-ray and check-weigh equipment

Tourism Segment

- cold storage upgrade

Additionally, the macadamia business combination transacted on 31 December 2007, resulted in the addition of plant and equipment valued at $4.5m. A loan of $421k was made to the joint venture company, Ginger Head Quarters Pty Ltd to assist in the acquisition of the Ginger Train business from the licensee.

Financing activities included significant drawdowns at the beginning of the year to fund the early harvest ginger intake. Borrowings increased at year-end to accommodate the acquisition of the macadamia business assets. There were no dividends paid during 2007.

Asset and capital structure

	2007 Total Operations $'000	2006 Total Operations $'000
Net Gearing		
Debts:		
Interest bearing loans and borrowings	**20,972**	12,318
Cash and short term deposits	**(1,031)**	(1,136)
Net debt	**19,941**	11,182
Total equity	**30,168**	27,672
Total capital employed	**50,109**	38,854
	39.8%	28.8%
Assets funded by external stakeholders		
Total assets	**64,477**	50,975
Total liabilities	**34,309**	23,303
	53.2%	45.7%
Debt/equity		
Total equity	**30,168**	27,672
Intangibles	**(5,527)**	(3,277)
	24,641	24,395
Interest bearing loans and borrowings	**20,972**	12,505
	85.1%	51.3%

32. CAPITAL RISK MANAGEMENT (CONT)

The Group's policies for determining the level of debt entered into is examined on a yearly basis in conjunction with financiers. The macadamia business combination resulted in a restructured balance sheet with increased inventories, plant and equipment, intangibles and interest-bearing liabilities. However, as this transaction occurred on 31 December, there has been no contribution to retained earnings on the consolidated Balance Sheet. The increase in the level of intangibles is a reflection of the future earning capacity of this new business.

Shares issued during the year

There were no ordinary shares issued under the dividend reinvestment plan as no dividend was declared for the year ended 31 December 2006. No shares were issued under the share purchase plan or in relation to business combinations during this period.

Profile of Debts

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

	2007 $'000	2006 $'000
Current		
Bank Overdraft	**303**	187
Lease liability	**179**	107
Bank bill facility	**8,550**	7,596
Bank loans	**306**	590
	9,338	8,480
Non-current		
Lease liability – finance lease	**288**	467
Bank bill facility	**11,145**	3,136
Bank loans	**201**	422
	11,634	4,025

The amount of the Group's debts increased over the prior year solely due to the $9.3m investment in the macadamia segment, as reflected in the increase in bill facilities above. All other debts were reduced during 2007. Inclusive of anticipated profitable trade through Buderim Macadamias, debt is forecast to decline over 2008.

Treasury policy

The Group's treasury function is co-ordinated by the parent entity which is responsible for managing the Group's currency risks and finance facilities under the supervision of the Audit & Compliance Committee. The treasury function operates within policies set by the Board. The Audit & Compliance Committee is directly responsible for ensuring that management's actions are in line with Group policy.

Hedging is undertaken through the use of interest rate swap contracts and foreign exchange contracts.

At year end, the Group held foreign exchange contracts valued at $1,873,006 (2006: $1,739,049) and designated as hedges of expected future sales to customers in the United Kingdom, and $1,030,274 designated as hedges of expected future sales to customers in the United States of America. The terms of all foreign exchange contracts to hedge sales have been negotiated to match the terms of the commitments.

In addition, the Group also held a number of foreign exchanges contracts valued at $203,000 (2006: $505,303) and designated as hedges of future purchases in USD from overseas suppliers.

Interest rate swaps at 31 December 2007, totalled $2.5m The interest rate swap arrangement grants the Group the right to receive interest at a variable rate equal to the ABBSY on the notional amount and pay interest at a fixed rate of 5.86% and 6.66% (2006: 5.86% and 6.44%). The swaps are being used to hedge exposures to changes in the fair value of a portion of the Group's bill facilities. The bill facilities and the interest rate swaps have the same critical terms.

Directors' Declaration

FOR THE YEAR ENDED 31 DECEMBER 2007

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 2007 and of their performance for the year ended on that date; and

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

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

(2) This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial period ended 31 December 2007.

(3) In the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the Closed Group identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject, by virtue of the Deed of Cross Guarantee.

On behalf of the Board

J.M. Ruscoe

Director

Yandina, 27 February 2008

Independent Auditor's Report

TO THE MEMBERS OF BUDERIM GINGER LIMITED

BDO Kendalls

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Report on the Financial Report and AASB 124 Remuneration Disclosures Contained in the Directors' Report

We have audited the accompanying financial report of Buderim Ginger Limited, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the consolidated entity has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "Remuneration Report" on pages 14 to 18 of the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report and the AASB 124 Remuneration Disclosures Contained in the Directors' Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2(b), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the consolidated and parent financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report and the remuneration disclosures contained in the directors' report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report and the remuneration disclosures contained in the directors' report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report and the remuneration disclosures contained in the directors' report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001* would be in the same terms if it had been given to the directors at the time that this auditor's report was made.

Auditor's Opinion on the Financial Report

In our opinion:

(a) the financial report of Buderim Ginger Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2007 and of their performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and

(b) the financial statements and notes also complies with International Financial Reporting Standards as disclosed in Note 2(b).

Auditor's Opinion on the AASB 124 Remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained on pages 13 to 16 of the directors' report comply with Accounting Standard AASB 124.

BDO Kendalls (QLD)

Tim Kendall

T J Kendall
Partner
Brisbane: 27 February 2008

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 11 March, 2008

(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	322	160,201
1,001 – 5,000	728	1,960,987
5,001 – 10,000	217	1,654,819
10,001 – 100,000	321	7,894,035
100,001 and over	30	16,985,790
	1,618	28,655,832
The number of shareholders holding less than a marketable parcel of shares are:	261	99,201

(b) Twenty largest shareholders

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

	Listed ordinary shares	
	Number of shares	Percentage of ordinary shares
1 Big Sister Foods Pty Ltd	3,020,008	10.54
2 Big Sister Foods Pty Ltd	3,000,000	10.47
3 Redarea Pty Ltd	1,253,749	4.38
4 Yarran Park Pty Ltd	1,145,000	4.00
5 Rathvale Pty Limited	1,076,830	3.76
6 Consolar Investments Pty Ltd	781,589	2.73
7 Mrs Felicity Ruth Benoit & Mr Ashley Laurence Benoit	647,950	2.26
8 Mr Patrick John O'Brien & Mrs Janis Margaret O'Brien	551,517	1.92
9 Jack Hart & Associates Pty Limited	550,000	1.92
10 Mr James Gordon Moffatt	504,776	1.76
11 Siben Nominees Pty Ltd	440,000	1.54
12 Ramjan Investments Pty Ltd	400,000	1.40
13 Vittorio Alberti	382,317	1.33
14 Bickfords (Australia) Pty Ltd	374,200	1.31
15 Kosata Pty Limited	318,739	1.11
16 Douglas Meaden Pty Ltd	300,536	1.05
17 The Canny Investor Pty Ltd	300,000	1.05
18 Mr John Barr	255,346	0.89
19 Mr Gordon Moffatt	223,069	0.78
20 Mr Norman James West	181,608	0.63
Total	15,707,234	54.81
Remainder	12,948,598	45.19
Grand Total	28,655,832	100.00

(c) Substantial shareholders

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

	Number of shares
Big Sister Foods Pty Ltd	6,020,008

(d) Voting rights

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

Corporate Directory

BUDERIM GINGER LIMITED

ABN 68 010 978 800

ASX Code: BUG

DIRECTORS

John M. Ruscoe (Chairman)

Gerard D. O'Brien (Managing Director)

John H.P. Roy

Stephen J. Maitland

Shane T. Templeton

COMPANY SECRETARY

Karon L. Rogers

SENIOR MANAGEMENT

Stephen T. Dennis (Process & Engineering Manager)

Peter W. Knight (Operations Manager - Yandina)

Paul G. Ritchie (General Manager - Marketing & Sales)

Karon L. Rogers (Chief Financial Officer)

Nichole L. Seymore (Tourism Manager)

SUBSIDIARY MANAGEMENT

Paul Bialkowski (UK Manager)

Satish Kumar (Fiji Manager)

Dan Cashin (Sales Manager – Buderim Baking)

Jason Lyons (Operations Manager – Buderim Baking)

Matt Fuller (General Manager – Buderim Ginger America, LLC)

SOLICITORS

DLA Phillips Fox

Waterfront Place

1 Eagle Street

Brisbane, Queensland, 4000

Telephone: (07) 3246 4000

Facsimile: (07) 3229 4077

BANKERS

Westpac Banking Corporation

P O 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

307 Queen Street

Brisbane, Queensland, 4000

Telephone: (07) 3237 2127

Facsimile: (07) 3229 9860

AUDITORS

BDO Kendalls

300 Queen Street

Brisbane, Queensland, 4000

Telephone: (07) 3237 5999

Facsimile: (07) 3221 9227

REGISTERED OFFICE

50 Pioneer Road

Yandina, Queensland, 4561

Telephone: (07) 5446 7100

Facsimile: (07) 5446 7520

Email: buderimg@buderimginger.com

United Kingdom Office

Buderim Ginger (UK) Limited

306 Stafford Road

Croydon, London CRO 4NH

Telephone: 44 208 681 8459

Facsimile: 44 208 680 8049

Email: sales@buderimginger.co.uk

United States Office

Buderim Ginger America, LLC

850 Montgomery Street, Suite 350,

San Francisco, CA 94133

United States of America

Telephone: 415 399 1211

Facsimile: 415 358 9769

Email: mfuller@panpacificfoods.com

Fiji Office

Frespac Ginger (Fiji) Limited

Lot 14 Wailada Estate, Lami

PO Box 15128

Suva, Fiji

Telephone: 679 3362 863

Facsimile: 679 3361 225

Email: frespac@is.com.fj

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