Buderim Group

2020
ANNUAL REPORT

Buderim Ginger · frespac · The Ginger Factory · MacFarms · Royal Hawaiian


NON GMO Project VERIFIED
Royal Hawaiian
ORCHARDS
NATURAL
MACADAMIAS
ALL NATURAL ROASTED MACADAMIAS

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ORCHARDS
EA SALT
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TED MACADAMIAS WITH A TOUCH OF SEA SALT

CHAIRMAN'S MESSAGE

Guy Cowan
Chairman

> A solid result with stronger product margins mitigating COVID-19 disruption, enabling the Ginger Division to be successfully readied for sale, and positioning the Macadamia Division to be the engine-room / flywheel of a health and plant protein business in the post-pandemic era.

Dear Shareholders,

When I took on chairmanship of this iconic business, we set some key strategic goals that included a review of the Ginger Division, while continuing to grow the Macadamia business. This was with a view to delivering stronger returns for shareholders as we create a clear future vision for the business.

During the first half, we were on track to deliver above industry average growth in the Macadamia Division, and a continuing turnaround trend of the Ginger Division, but the COVID-19 pandemic materially impacted our growth and strategic ambitions and became a major business interruption.

However, management was quick to respond in protecting the business, and able to make astute, tactical decisions that would allow us to be a defendable business during these volatile times and ensure business continuity.

Reflecting Andrew Bond's leadership and tenacity, the Company ultimately delivered a solid result, including material improvement in gross margins in the Ginger Division, as well as continued shelf space and distribution points throughout channels within Australia.

While the Ginger Division is achieving an impressive turnaround, in spite of COVID-19, our strategic review outcome was clear in its conclusion that further investments are likely to achieve materially greater returns in the Macadamia Division and adjacent space within the health and plant protein categories.

It is a testament to the team that, during these times and soon after the 2020 financial year, the Company was to secure a binding agreement to sell the Ginger Division. The proposed buyer is a Queensland private business, and we are confident that the Ginger Division will continue to prosper under their custodianship, ensuring that the brand and business will live on. And in fact, The Ginger Factory family tourism attraction has now reopened welcoming its usual and new visitors

Proceeds from the Ginger Division will allow the Company to further strengthen its balance sheet and working capital position and be well positioned for an exciting phase of growth trajectory in the medium term.

Following the sale of the Ginger Division, the remaining business will be one of the world's leading branded macadamia marketers, and its balance sheet will be supported by the largest macadamia orchard in the world. The Macadamia Division distributes to over 52,000 stores within the USA, and the Company has many more opportunities in the USA, as well as assessing global opportunities in our core Macadamia Division, and any other adjacent opportunities that would allow us to leverage on our existing expertise and knowledge of distribution. The business fundamentals are stronger due to the stronger gross margin that will allow for reinvestment.

On completion of the transaction, while Andrew Bond will leave the Company as CEO, I am pleased to confirm that he will join the Board as an independent non-executive director and continue to provide his valuable guidance as a board member.

Since 1 July 2020, Dennis Lin has taken on the role of Executive Director. Dennis was intimately involved with the initial recapitalisation of the Company in 2017 that introduced Asia Mark Development Limited onto the share register. He has worked closely with me and the management team in implementing many of the strategic initiatives, including leading the acquisition of Royal Hawaiian Orchards (RHO) that resulted in a transformational change to the Macadamia Division.

With our renewed focus on health and plant protein with a strong Macadamia business at the fore, I am confident that the Company is well positioned for a sustained period of growth despite these challenging times.

Finally, I would like to thank the Board, management and all staff for their efforts this year and to express my appreciation to shareholders for their continued support.

CHIEF EXECUTIVE OFFICER'S REVIEW

Andrew Bond
Chief Executive Officer

"Consumers continue to maintain an interest in healthier and plant protein options, and demand for macadamias is expected to remain strong as a result.

After a strong start to the 2020 financial year, with growth in Macadamia above industry and the turnaround of the Ginger Division promising prospects for continued improvement, the impacts of COVID-19 together with impairment of assets in the second half, weighed heavily on the Group's financial returns for the full year, resulting in a Net Loss After Tax of $7.6 million compared to the prior year's loss of $0.2 million and 31 December 2019 half-year profit of $1.0 million.

The result included a loss from continuing operations of $2.5 million in respect of the Macadamia business and losses of $5.1 million in respect of the Ginger and Tourism segments, classified as discontinued operations as they were held for sale during financial year 2020,

The decline in profitability was driven by reduced revenues and increased costs in the second half as a result of COVID-19 impacting the Macadamia and Tourism segments. Impairments, write downs of inventory and provisions of $6.4 million relating to the Ginger and Tourism segments were recorded through the Statement of Profit or Loss, following the outcome of a competitive sale process resulting in a binding offer of c.$13.0 million being received for the segment assets post 30 June.

In the circumstances we regard this as a solid, albeit disappointing outcome, which could have been worse but for the decisive actions taken by management resulting in increased margins in the Ginger Division and increased volume in the Macadamia Division.

Importantly, consumers continue to maintain an interest in healthier and plant protein options, and as we emerge from the worst of the pandemic, demand for macadamias is expected to show positive momentum.

Significant activities during the year included:-

- Continuing to invest in business platforms in chosen segments.
- Re-financing of funding facilities to provide capital flexibility to support growth.
- Ensuring access to sufficient macadamia inventories to support sales growth in the US.
- Commencing divestment of the Ginger and Tourism segments through a competitive sale process.
- Extension of $10.0 million of Convertible Notes maturity date until 30 September 2021.

The Group recorded a Net Loss after Tax from continuing operations, of $2.5 million compared with a $0.4 million loss last year.

SUMMARY OF GROUP RESULTS FROM CONTINUING OPERATIONS	**30/06/20 $'000**	30/06/19 $'000
Revenue (Sale of Goods)	**42,115**	41,603
EBITDA[1]	**1,407**	4,488
EBIT[1]	**(58)**	3,585
Net Profit/(Loss) Before Tax	**(2,217)**	(448)
Net Loss After Tax	**(2,482)**	(399)

1 Refer to Shareholders Returns and Performance Measurements on Page 12 of the Directors Report for definition.

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

Total consolidated sale of goods to external customers for the continuing operations increased 1.23 percent from $41.6 million to $42.1 million.

Included in EBIT were a number of significant items including:

SUMMARY OF SIGNIFICANT ITEMS INCLUDED IN EBIT	30/06/20 $'000	30/06/19 $'000
Fair value gain / (loss) derivative financial liabilities (Convertible Note related) (non-cash)	**(932)**	2,365
Fair value gain / (loss) biological assets (non-cash)	**(37)**	762
Finance charges gain / (loss) on convertible notes (non-cash)	**573**	(3,150)
Employee incentive plan costs	**-**	(958)
Impairment charges (non-cash)	**(248)**	(549)
Reversal of impairment (non-cash)	**41**	-
Provision for onerous lease charges (non-cash)	**-**	(402)
Gain on sale of surplus land	**-**	351
Inventory write-downs	**(1,532)**	(486)
Other one-off costs	**(152)**	(547)

Segment Review

The segment results from continuing operations were as follows:-

CONTINUING OPERATIONS	30/06/20 $'000's	30/06/19 $'000's
Business segments		
Macadamia operations	**1,090**	2,530
Total	**1,090**	2,530
Fair value gain / (loss) on derivative	**(932)**	2,365
Other	**414**	353
Corporate overhead expenses	**(1,204)**	(1,664)
Net finance costs	**(1,585)**	(4,033)
Net Profit / (Loss) Before Tax	**(2,217)**	(448)

Continuing Operations - Macadamia Division

The macadamia division sales growth although subdued by the recent challenging economic conditions was positive, increasing 1.23 percent from $41.6 million to $42.1 million, providing confidence in the Group's strategy to focus fully on the sector, with the division generating earnings of $1.09 million for the year.

Not surprisingly, the difficult economic conditions resulting from COVID-19 significantly impacted second half sales in the tourism and foodservice industrial market channels particularly in Hawaii, whilst in-store retail foot traffic in US mainland stores was also dampened. Initiatives around pricing, promotion and marketing were implemented to drive sales and maintain consumer engagement, resulting in an immediate uplift in on-line sales and product listings with Walmart and CVS Pharmacy. Distribution has grown to circa 52,000 outlets across the US up from 47,000 last year, providing a strong sales platform in readiness for economic recovery.

Although sales demand predictably dropped in the second half due to COVID-19, strong levels of Macadamia inventories have been maintained to ensure sufficient inventory is available to guard against any potential supply chain disruptions, to meet forecasted sales and take advantage of opportunities for further growth to be pursued in the private label and industrial markets as well as branded retail opportunities in markets outside of the US.

In addition, new packaging options have been offered to the market with larger pack sizes and baking offerings encouraging greater usage occasions

The higher but necessary level of inventories required higher debt and working capital. Debt was also increased by receipt of US$1.25m of US Government support through the Paycheck Protection Program designed to assist US businesses deal with the economic impacts of COVID-19.

Growing conditions in the orchard remained favourable however, high rainfall of 50 inches for the year compared to 31 inches in the prior year impacted adversely on orchard operations and the production level of saleable macadamia kernel. As a result, the crop harvested from the orchard decreased to 9.8 million pounds from 10.7 million pounds the previous year. Nut-in-shell intake from independent growers also decreased marginally to 2.7 million pounds from 2.8 million pounds in the prior year. The high rainfall contributed to an increased level of Inventory write downs and provisions totalling $1.5 million for the year primarily due to an increased level of aflatoxin affected kernel. Aflatoxin is a mould which occurs when nut-in-shell is exposed to high moisture for extended periods.

Discontinued Operations - Ginger and Tourism Divisions

Our previously reported Ginger Division Review led to a decision to divest the ginger and tourism assets and to focus on the macadamia segment being made during the year, and transaction advisors were engaged to conduct a selected targeted sale process. This process culminated with the receipt of a non-binding indicative bid of $8.3 million as announced in June 2020. Subsequently a number of other parties expressed strong interest in the assets and a competitive sale process ensued. In August 2020 the Group entered into binding agreements for the sale and purchase of the ginger and tourism assets for consideration of c.$13.0 million subject to customary adjustments. The loss from discontinued Ginger Division operations for the year of $5.1 million included an impairment charge of $6.1 million relating to the write down of the assets held for sale to estimated net realisable value.

Combined ginger and tourism segment net profit before tax for the year, excluding impairments, of $0.5 million was in-line with last year. Receipt of $0.8 million in Jobkeeper funding from the Australian Government was beneficial in maintaining relatively normal operations in Australia.

Ginger

Despite a marginal decline in Ginger Segment sales of 1.9 percent to $23.5 million as a result of COVID-19 and Fijian ginger availability affecting export and industrial sales levels, positives included the strong resilience shown by the Australian domestic market and continued export retail growth experienced in Canada. Segment operating profit of $1.7 million was 41.6 percent higher than the prior year before impairments, inventory write-downs and provisions. Jobkeeper support for the Ginger segment totalled $0.5 million.

The Fijian operations experienced COVID-19 interruptions during harvest season resulting in a lower intake of ginger than expected and delays in commencing this seasons processing leading to lower export sales.

Consumer engagement was maintained throughout the year domestically with sponsorship of the NRL Touch Football a highlight together with targeted focused social media content focussing on usage occasions for ginger products.

Tourism

In November 2019, The Ginger Factory won the Sunshine Coast Business Awards Major Attractions award for the second year in a row and again successfully staged the 24th annual Ginger Flower and Food Festival in January 2020, cementing its place as an iconic, award winning tourism business on the Sunshine Coast.

CHIEF EXECUTIVE OFFICER'S REVIEW CONTINUED

The hot dry weather leading into Christmas followed by the outbreak of COVID-19 in March 2020 significantly impacted visitations to The Ginger Factory which decreased by 28.4 percent for the year to 220,000. This was primarily as a result of a three month temporary closure due to Queensland Government directives designed to slow the spread of COVID-19. Revenues dropped 23.5 percent to $4.9 million as a result of the decrease in visitor numbers. Pleasingly spend per visitor on average increased 7.0 percent.

During the park closure customer engagement moved to an on-line format and an increased on-line shopping experience saw immediate returns and positive consumer reaction. With the support of the Australian Government Jobkeeper program, the park was able to re-open, operating under a COVID Safe Operating Plan, in time for Queensland's June 2020 school holidays.

Outlook

During these challenging economic conditions as the divestment of the ginger and tourism assets is completed in order to focus on the macadamia segment, reliable financial forecasts are unable to be made. However the change of business focus forms the foundation for future growth in the chosen market of health and plant protein, which includes macadamias and related products.

Early indications are that retail trading conditions in the lower 48 mainland US states are showing signs of stabilising and commencing to recover with orders picking up reflective of in-store activity, whilst understandably the Hawaiian tourism and foodservice markets will remain depressed until travellers return to Hawaii. Favourable growing conditions and the low incidence of COVID-19 on the Big Island of Hawaii where our orchard and production facilities are located are conducive to an expected positive start to this coming harvest season and minimal disruption to our production.

Further sales growth opportunities are being targeted in the US, other North American markets and Asian markets for the MacFarms and Royal Hawaiian Orchard branded retail products. Investment in the necessary resources to support this growth and strengthen the supply chain to ensure access to sufficient macadamia kernel is being considered. A continued focus on improving production outcomes and capabilities, including investment in the orchard, working with independent growers and investing in processing capabilities to achieve scale remain key priorities.

I would like to conclude by thanking our entire team right across the Group for their hard work and dedication under difficult conditions, whether working remotely from home, or at our production and tourism facilities they have continued to strive for the benefit of all stakeholders. Whilst the coming year will bring even more changes it is important to retain our focus on the longer-term vision.

In particular, thank you to our shareholders for your support and patience while we transform the business.


Hawaiian Grown
ESTABLISHED 1977
MACFARMS®
Tropical bliss in every bite.
HEART HEALTHY
Natural
MACADAMIAS
Baker's Pack

CONTENTS TO THE FINANCIAL REPORT

DIRECTORS' REPORT

Your directors present their report on the Group consisting of Buderim Group Limited and the entities it controlled at the end of or during the year which commenced on 1 July 2019 and ended on 30 June 2020.

DIRECTORS

Guy Michael Cowan
BSc(Hons)Engineering, FCA (UK) MAICD
Chairman and Independent Non-executive Director

Mr Cowan was appointed non-executive Chairman and Director on 28 February 2018. Mr Cowan is a senior company director based in Queensland and is the Chair of Queensland Sugar Limited and the Chair of the Audit Committee of Santos Limited. He is Director of Winson Group a former director of Beak & Johnston, and was previously Chief Financial Officer at Fonterra Co-operative Group Limited from 2005 to 2009. Mr Cowan had a 24 year career in Shell and was Chief Financial Officer of Shell Oil US from 2003 to 2005, and Chief Financial Officer and Commercial Director of Shell Nigeria from 2000 to 2003. In the 1990s, Mr Cowan served as Treasurer of Shell Australia where he was also an Alternate Director of Woodside Petroleum Limited. His previous Directorships include UGL Limited, Ludowici Limited, Coffey International Limited, Soprole S.A.I.C. of Chile and Shell Petroleum Inc.

Other listed directorships:
Santos Limited (ASX: STO)

Former listed directorships (last 3 years):
None

Special responsibilities:
Chairman of Remuneration Committee, Member of the Audit, Compliance & Safety Committee.

Interests in shares:
212,052 ordinary shares held directly.

Qi (Christina) Chen
B.A. Econ, B.Com Fin (University of Manitoba)
Non-executive Director

Ms Chen was appointed a director on 28 July 2017. Ms Chen is a Director of ChaCha Food Co. Ltd and a Director and Vice Chairman of Hefei Huatai Group Co. Ltd. Ms Chen has relevant experience in fast moving consumer goods, E-commerce, and equity investment. She has held a number of senior positions previously including, CEO of Hefei ChaCha Weileyuan E-Commerce Co. Ltd, Assistant President, Vice President of Anhui Huayuan Financial Group Co. Ltd. and as an Investment Manager and a partner in Harvest Capital Co. Ltd.

Other listed directorships:
ChaCha Food Co. Ltd (SHE: 002557)

Former listed directorships (last 3 years):
None

Special responsibilities:
None

Interests in shares:
None

Peter Francis O'Keeffe
Non-executive Director

Mr O'Keeffe was appointed a director on 31 October 2014. Mr O'Keeffe is an accounting professional, with both public practice and commercial accounting experience, within Australia and overseas, across the full range of small and medium to large sized business structures. Recent industry involvement includes manufacturing, wholesale and distribution within the food industry, service industries, IT services and database development and contract accounting services to a variety of enterprises.

Other listed directorships:
None

Former listed directorships (last 3 years):
None

Special responsibilities:
Chairman of the Audit, Compliance & Safety Committee. Member of the Remuneration Committee.

Interests in shares:
None

Dennis Lin
CA, Solicitor of the Supreme Court of Queensland
Executive Director

Mr Lin was appointed a non-executive director on 3 November 2017 and an executive director on 1 July 2020. Mr Lin is Executive Chairman of Bubs Australia Limited and a Director of Synertec Corporation Limited. He is also co-founder and chairman of Cortina Capital, an independent private equity fund. Mr Lin focuses on high growth branded businesses that are looking to expand globally. He speaks fluent Mandarin, Chinese and Japanese.

Other listed directorships:
Bubs Australia Limited (ASX: BUB); Synertec Corporate Limited (ASX: SOP)

Former listed directorships (last 3 years):
eCargo Holdings Limited (ASX:ECG)

Special responsibilities:
Member of the Remuneration Committee and Member of the Audit, Compliance & Safety Committee.

Interests in shares:
79,000 ordinary shares held directly

COMPANY SECRETARY

Lisa Davis (appointed 27 May 2020)
B.Com, GradDip Bus, CA

Ms Davis was appointed Company Secretary of all group companies on 27 May 2020. Ms Davis holds a Bachelor of Commerce (Accounting and IT), a Graduate Diploma in Business and is a qualified Chartered Accountant member of the Chartered Accountants Australia and New Zealand institute. Ms Davis has over 15 years' of experience leading high performing teams, focusing on driving financial transformation, process improvement, offshoring, strategic business planning and systems improvement. Ms Davis has worked with multinational organisations across New Zealand, India and Australia and joined the Group as Finance Manager in June 2019 and Chief Financial Officer on 1 July 2020.

Nicole Joan Nolan
(resigned 27 May 2020)
B.Bus LLB LLM

The following persons were Directors of Buderim Group Limited during the financial year under review and at the date of this report:

Name	Position held
G Cowan	Chairman (Independent Non-executive Director)
Q Chen	Non-executive Director
D Lin[(1)]	Executive Director
P O'Keeffe	Non-executive Director

(1) D Lin was appointed Executive Director from 1 July 2020

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		AUDIT, COMPLIANCE & SAFETY COMMITTEE MEETINGS		REMUNERATION COMMITTEE MEETINGS	
	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended	Number of meetings eligible to attend	Number of meetings attended
G Cowan	16	16	4	4	3	3
Q Chen	16	16	2	2	-	-
D Lin	16	16	4	4	3	3
P O'Keeffe	16	16	4	4	3	3

Notes

- Q Chen attended the February and May Audit, Compliance & Safety Committee Meeting;

Committee membership

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

Members acting on the committees of the board were

AUDIT, COMPLIANCE & SAFETY COMMITTEE	REMUNERATION COMMITTEE
P O'Keeffe (Chair)	G Cowan (Chair)
G Cowan	D Lin
D Lin	P O'Keeffe

DIVIDENDS

Dividends paid in the year:

There was no dividend paid during the 2020 year for the year ended 30 June 2020.

Dividends declared for current year:

A dividend has not been declared for the year which commenced on 1 July 2019 and ended on 30 June 2020.

DIRECTORS' REPORT (continued)

CORPORATE INFORMATION

Corporate structure

Buderim Group 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 note 24 of these financial statements.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activities during the year of entities within the Group are conducted in the business segments of:

- **Macadamia –** production and processing in Hawaii of macadamia products and marketing to wholesale and retail customers in the North American market;
- **Ginger –** manufacture in Australia and Fiji of a variety of confectionery ginger and other ginger-based products and marketing to industrial, food service and retail customers throughout the world; and
- **Tourism –** the sale of ginger and other retail gift and food products, and the provision of leisure activities within the Australian tourism market.

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

As at 30 June the Ginger and Tourism segments have been accounted for as discontinued operations following a decision to divest these segments to focus on growth opportunities in Macadamia segment.

EMPLOYEES

The Group employed 366 employees as at 30 June 2020 (2019: 405). The number of employees will vary from year to year, and during each year, due to seasonal factors. The Ginger segment employed 192 employees (2019: 231). The Ginger segment includes tourism and corporate staff members. Employees employed within the Macadamia segment were 174 (2019: 174).

OPERATING AND FINANCIAL REVIEW

Summarised operating results from continuing operations attributable to equity holders of Buderim Group Limited are as follows:

	30/06/20		**30/06/19**	
	Revenues $'000	**Results* $'000**	Revenues $'000	Results* $'000
Business segments				
Macadamia operations	**42,446**	**1,090**	42,408	2,530
Total	**42,446**	**1,090**	42,408	2,530
Consolidation adjustments	**-**		(17)	-
Other	**463**	**414**	902	353
Fair value gain / (loss) on derivative		**(932)**		2,365
Finance costs		**(1,585)**		(4,033)
Corporate overhead expenses		**(1,204)**		(1,663)
Group revenues and other income	**42,909**		43,293	
Group loss before income tax		**(2,217)**		(448)
Income tax (expense)/benefit		**(265)**		49
Net Loss after tax		**(2,482)**		(399)

*Business segment results represent profit before corporate overheads, interest and tax

OPERATING AND FINANCIAL REVIEW (CONTINUED)

In Summary

The Group recorded a net loss after tax of $2.5 million from continuing operations for the year ended 30 June 2020 compared to a $0.4 million net loss after tax last year. The Group's total consolidated sale of goods to external customers for continuing operations increased 1.23 percent from $41.6 million to $42.1 million as a result of revenue growth in the Macadamia segment, despite the adverse impacts of COVID-19 on the year's second half trading results.

Included in this year's continuing operations result were a number of significant items including:-

- A non-cash unfavourable Fair Value Adjustment (FVA) of $0.9 million related to the change in fair value of the derivative component of the convertible notes pursuant to AASB 9 *Financial Instruments* as at 30 June 2020, compared to a favourable $2.3 million adjustment the prior year.
- Non-cash Interest on Convertible Notes of $1.5 million being the amount of non-coupon finance costs in relation to the convertible notes.
- A non-cash favourable adjustment of $0.6 million to the convertible note debt host liability as a result of the extension of the maturity date of $10.0 million of the total $15.0 million convertible notes to 30 September 2021.
- Non-cash impairments of $0.3 million before tax related to a write down in the value of the goodwill associated with the Macadamia segment

Other factors affecting the result for this year included:

Continuing Operations – Macadamia Segment

Despite the adverse impacts of COVID-19 in the second half of the year weighing heavily on sales, Macadamia Segment Operating Profit of $4.2 million increased 19.7 percent from $3.9 million the prior year before impairments, inventory write-downs and provisions.

Macadamia sales to external customers were up 31.0 percent in the first half, however due to COVID-19 resulting in a reduction in foot traffic in-store and dampened industrial demand, particularly in the tourism and foodservice markets, sales growth for the full year pulled back significantly coming in at 1.3 percent, marginally ahead of last year. As COVID-19 developed in the US promotional activity, to drive consumer purchase and reduce inventory levels, was increased resulting in reduced profitability in the second half.

Growing conditions remained favourable however, high rainfall of 50 inches for the year compared to 31 inches in the prior year impacted adversely on orchard operations and the production level of saleable macadamia kernel. As a result, the crop harvested from the orchard decreased to 9.77 million pounds from 10.66 million pounds the previous year. Nut-in-shell intake from independent growers also decreased marginally to 2.68 million pounds from 2.78 million pounds in the prior year. The high rainfall contributed to an increased level of Inventory write downs and provisions totalling $1.5 million for the year primarily due to an increased level of aflatoxin affected kernel. Aflatoxin is a mould which occurs when nut-in-shell is exposed to high moisture for extended periods.

A one-off non-cash impairment of Macadamia segment goodwill of $0.3 million was made reflecting the write down of goodwill recognised on the purchase of the Royal Hawaiian Orchards retail branded business following dampened sales demand.

Depreciation and amortisation increased by 62 percent to $1.4 million for the year as a result of an increase in the rate of amortisation of intangible Royal Hawaiian Orchards customer relationship assets ($260,000) and adoption of AASB 16 *Lease* ($253,000).

The net segment result after impairments, inventory write downs, provisions, depreciation and amortisation was $1.1 million compared to $2.5 million for the prior year.

Discontinued Operations – Ginger and Tourism Segments

The loss after tax from discontinued operations for the year of $5.1 million included an impairment charge of $6.1 million relating to the write down of the assets held for sale to fair value less cost of disposal following the outcome of the competitive sale process resulting in an offer in the order of $13.0 million for the ginger and tourism assets and assumption of employee provisions and equipment leases. The discontinuing operations profit for the year, excluding impairment, of $1.1 million excluding Jobkeeper support was better than last year despite COVID-19 impacting Tourism significantly in the second half of the year resulting in three months closure of The Ginger Factory.

Despite a marginal decline in Ginger Segment sales to external customers of 1.9 percent to $23.5 million with COVID-19 and ginger availability affecting export and industrial sales levels, the Australian domestic market showed resilience. Ginger segment operating profit of $1.7 million was 41.6 percent better than the prior year before impairments, inventory write-downs and provisions.

Visitations to The Ginger Factory decreased 28.4 percent to 220,000 primarily as a result of the three month temporary closure due to Government directives to slow the spread of COVID-19 in Queensland. Revenues dropped 23.5 percent to $4.8 million as a result of the decrease in visitor numbers. Pleasingly spend per visitor on average increased 7.0 percent. The Tourism segment recorded an operating profit of $0.3 million, compared to the prior year operating profit of $1.0 million.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Shareholder Returns and Performance measurements for continuing operations

For the year ended		30/06/20	30/06/19*	30/06/18	30/06/17	30/06/16
EBIT	(a)	**(58)**	3,585	(11,050)	(3,634)	(8,635)
EBITDA	(a)	**1,407**	4,488	(9,060)	(1,758)	(6,104)
Basic earnings per share (cents)		**(2.89)**	(0.46)	(21.40)	(16.61)	(16.00)
Dividend per share (cents)	(b)	**-**	-	-	-	-
Dividend payout ratio (%)	(b)	**-**	-	-	-	-
Return on assets (%)	(c)	**(3.37)**	(0.49)	(24.71)	(11.61)	(7.94)
Return on equity (%)	(d)	**(9.41)**	(1.10)	(52.21)	(21.43)	(17.42)
Debt/equity (%)	(e)	**109.55**	68.46	48.42	33.39	60.97
Financial leverage ratio (%)	(f)	**47.99**	37.07	23.30	15.26	33.42
Current ratio (%)	(g)	**153**	174	191	214	131
Shares on issue (millions)		**86.02**	86.02	86.02	74.80	43.36
Net tangible asset backing per share (cents)	(h)	**36**	48	40	60	90

*The comparative figures have been restated in the current year to present the impacts of the discontinued operations, refer to note 26.

(a) EBIT and EBITDA are used as measures of profitability and reflect earnings attributable to equity holders of Buderim Group Limited. EBIT is earnings before interest and tax. It represents the addition of profit before tax and net finance costs (finance costs less finance revenue). EBITDA is earnings before net interest cost, tax, depreciation and amortisation (EBIT plus depreciation and amortisation) (refer note 5).
(b) These figures reflect the dividend amounts declared per share subsequent to reporting dates (refer note 20). The dividend payout ratio is calculated by dividing the dividend per share by the basic earnings per share, and as such, measures the percentage of earnings to be distributed to shareholders.
(c) Return on assets is a measure of profitability which identifies how profitable a company is relative to its total assets. It is calculated by dividing net profit after tax by total assets and is displayed as a percentage.
(d) Return on equity is also a measure of profitability which identifies net income returned on funds employed/invested by shareholders. It is calculated by dividing net profit after tax by equity and is expressed as a percentage.
(e) The debt/equity ratio is a measure of borrowing calculated by dividing total interest-bearing liabilities by net equity (total equity less intangible assets), and as such represents the proportion of equity the company is using to finance its assets. It is expressed as a percentage.
(f) Similarly, the financial leverage is demonstrated on the following page. This ratio is calculated by dividing net debt (interest bearing liabilities less cash) by net debt plus equity and is expressed as a percentage.
(g) The current ratio is a measure of liquidity. It is calculated by dividing current assets by current liabilities.
(h) Net tangible asset backing per ordinary share (NTA) is a measure of the worth of a share. It can be compared to the market value of the share. The ratio is calculated by dividing total shares on issue into the sum of equity less intangible assets less net deferred tax assets. It is expressed as cents per share.

REVIEW OF FINANCIAL CONDITION

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group consists of debt, which includes borrowings (disclosed in note 14), cash and cash equivalents and equity attributable to the equity holders of the parent (comprising issued capital, reserves and retained earnings as disclosed in note 25, and on the face of the Consolidated Statement of Changes in Equity). There are no externally imposed capital requirements. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital, as demonstrated in the table below. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

REVIEW OF FINANCIAL CONDITION (CONTINUED)

Liquidity and Capital Resources

The Consolidated Statement of Cash Flows shows an increase in cash and cash equivalents for the year ended 30 June 2020 of $1.2 million.

During the year cash inflows included $0.8 million from net operating activities. Net inflows from financing activities of $1.7 million included the repayment of Rabobank Australia Limited ("Rabobank") facilities previously held, offset by the drawdown of the new Greensill Capital UK Limited ("Greensill") facility and the receipt of the Paycheck Protection Program ("PPP") loan ($1.8 million) provided by the US Government in response to the COVID-19 pandemic. Net investing activity outflows of $1.4 million included plant and equipment acquisitions and the final payment of deferred consideration of $0.3 million in relation to the Ginger Headquarters Pty Ltd share acquisition.

As at 30 June 2020 the Group had $2.7 million cash and cash equivalents available, unused working capital facilities of $11.3 million in relation to the Greensill facility and bank overdraft facilities as set out in note 21 to the Financial Statements.

Asset and capital structure

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
NET GEARING		
Debts		
Interest-bearing liabilities	**27,027**	22,872
Cash and cash equivalents	**(2,673)**	(1,512)
Net debt	**24,354**	21,360
Total equity	**26,389**	36,259
Total capital employed	**50,743**	57,619
	48.0%	37.1%
DEBT/EQUITY		
Total equity	**26,389**	36,259
Intangibles	**(1,720)**	(2,852)
	24,669	33,407
Interest-bearing liabilities	**27,027**	22,872
	109.6%	68.5%

On 16 January 2020, the Group entered into a working capital finance facility with Greensill Capital (UK) Limited. The facility is an uncommitted revolving working capital facility under which the Group may request short-term finance. The lending criteria is based on a borrowing base comprising certain minimum levels of eligible inventory and eligible receivables and maximum funding of AUD$25 million. Amounts owing to Greensill are secured by a first ranking general security interest over the Group and its subsidiaries and a first ranking mortgage over the Group's property assets in Hawaii. The initial drawdown balance was used for the repayment of the Rabobank senior loan facilities in full and to fund working capital requirements. At 30 June 2020, the total facility drawn down is $9.3 million.

The Group has 37,500,000 convertible notes (issued in February 2017) that are treated as debt for accounting purposes as at 30 June 2020. On 21 February 2020, the Group entered into an agreement with Asia Mark Development Limited (AMD) to modify the terms of the Convertible Notes. Under the amendment, a partial repayment of the host debt liability in the amount of $5 million is due at 30 September 2020, with the remaining balance of the host debt liability of $10 million extended for 12 months to 30 September 2021. At 30 June 2020, the convertible note is valued at $15.7 million, consisting of the debt host facility of $14.4 million and the derivative liability of $1.3 million.

SHARES ISSUED DURING THE YEAR

During the twelve months ended 30 June 2020 no shares were issued.

OPTIONS ISSUED DURING THE YEAR

During the twelve months ended 30 June 2020 no options were issued.

REVIEW OF FINANCIAL CONDITION (CONTINUED)

Profile of Debts

The profile of the Group's debt finance below reflects the classification of the bank facilities as at 30 June 2020 as current on the basis of terms of the facility agreement in place at 30 June 2020. The carrying amount of the convertible notes are split between interest-bearing liabilities for the host debt liability and other financial liabilities for the derivative component. Refer to note 14 and note 15 for further information.

	CONSOLIDATED	
	30/06/19 $'000	30/06/18 $'000
CURRENT		
Bank overdraft	**-**	-
Bank bill facility	**9,281**	6,745
Bank loans	**2,073**	1,417
Convertible notes	**5,423**	1,282
	16,777	9,444
NON-CURRENT		
Bank bill facility	**-**	-
Bank loans	**1,248**	-
Convertible notes	**9,002**	13,428
	10,250	13,428
	27,027	22,872

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

On 6 August 2020, the Group has announced the sale of the Ginger and Tourism business segments for a total consideration of c. $13 million subject to customary adjustments. The sale is expected to be completed in September 2020 subject to satisfaction of customary conditions. The net cash proceeds generated by the sale will be applied to debt reduction and working capital as the Group focuses its resources on expanding the Macadamia business and adjacent opportunities.

There are no other matters, at the date of this report no matter, or circumstance which has arisen since 30 June 2020 that has significantly affected or may significantly affect:-

i. the operations of the Group;

ii. the results of those operations; or

iii. the state of affairs of the Group in financial years subsequent to 30 June 2020.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Following divestment of the Ginger and Tourism segments the Group will look to consolidate its operations in the Macadamia segment continuing its focus on improving returns to shareholders by, seeking to grow sales and distribution within existing markets, expanding into new markets, maintaining diligent cost control and investing in initiatives that will deliver strong returns on investment.

With continued increasing consumer demand for healthier and plant based protein products, macadamias are well positioned to benefit from these market trends. The Group remains focused on ensuring the necessary resources are in place in its supply chain and sales and marketing functions to support anticipated growth. This includes ensuring access to sufficient macadamia kernel by investing in improving the MacFarms orchard, working with independent growers and investing in processing capabilities. Broadening distribution channels and increasing consumer marketing through both online and offline initiatives will assist with increasing brand and product awareness.

Longer term focus is to consider opportunities in other heath and plant protein products.

ENVIRONMENTAL REGULATION AND PERFORMANCE

In Australia, the Group holds licenses issued by the relevant government agencies which specify limits for discharges to the environment which are due to the Group's operations. These licenses regulate the management of discharges to the air and storm water run-off associated with the ginger processing operations as well as the storage of hazardous materials. The Group is also subject to local environmental laws and controls in respect of its overseas operations. There have been no known reportable breaches of the Group's license conditions.

CLIMATE RELATED RISKS

The Group operates in markets exposed to agricultural risk and climatic factors. In particular macadamia and ginger growing regions can be affected by drought, tropical storms, diseases and pests. The regions the Group operates in include South East Queensland, Australia, and Fiji for ginger and The Big Island Hawaii, USA for macadamias. The increase in natural disasters in the Pacific has impacted on the level and cost of insurance available to the Group covering its operations. In recent years the Group has not suffered any material adverse impact from climate related events.

ROUNDING

The Group is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investment Commissions (ASIC), relating to the "rounding off" of amounts in the Directors report. Amounts in the Directors report have been rounded off in accordance with the ASIC instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

REMUNERATION REPORT (AUDITED)

The remuneration report outlines the remuneration arrangements in place for the key management personnel, comprising of Directors and senior executives, of Buderim Group Limited ("the Group").

The key management personnel of the Group consisted of the following Directors of Buderim Group Limited:

Name	Position held
G Cowan	Chairman (Independent Non-executive Director)
Q Chen	Non-Executive Director
P O'Keeffe	Non-Executive Director
D Lin (1)	Non-Executive Director

(1) D Lin was appointed Executive Director from 1 July 2020

And the following senior executives:

Name	Position held
A Bond	Chief Executive Officer
L Davis (2)	Finance Manager
J Wood (3)	Group Operations Manager

(2) L Davis was appointed Chief Financial Officer from 1 July 2020
(3) J Wood resigned effective 31 August 2020

Remuneration philosophy

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

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

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

Remuneration committee

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

The Remuneration Committee meet at least once a year and more often as required.

Voting and comments made at the last AGM

The remuneration report resolution in regards to the remuneration report for the 2019 financial year was carried at the 2019 AGM. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

Link between remuneration and the Group's performance

The table below indicates the earnings and shareholder value against the remuneration of key management personnel:

	30/06/20	30/06/19	30/06/18	30/06/17	30/06/16
Earnings ($'000)	**(7,566)**	(235)	(16,720)	(8,971)	(6,938)
Basic earnings per share (cents)	**(8.80)**	(0.27)	(21.40)	(16.61)	(16.00)
Dividend paid per share (cents)	**-**	-	-	-	-
Net asset value ($'000)	**26,389**	36,259	32,025	41,862	39,821
Net tangible asset backing per share (cents)	**36**	48	40	60	90
Share price (cents)	**22**	17	31	31	34.5
KMP remuneration ($)	**916,840**	1,550,298	1,704,785	1,268,401	1,164,148
KMP remuneration excluding long-term incentive and share-based payments ($)	**916,840**	1,094,298	1,405,344	1,268,401	1,163,148

REMUNERATION REPORT (AUDITED) (CONTINUED)

Non-executive Director remuneration

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.

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 30 October 2015 when shareholders approved an aggregate remuneration of $300,000 per year. Actual fees paid to Non-executive Directors during the year totalled $204,087.

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

The annualised fees for the year end 30 June 2020, as compared with the year end 30 June 2019, are outlined below:

	30/06/20	30/06/19
Chairman	**108,179**	108,179
Non-executive Director (1)	**47,954**	47,954

(1) Effective from 1 September 2018, Q Chen agreed to forgo the Non-Executive Director fees.

Additional fees are not currently paid for any board sub-committee on which a director sits, although considerable time commitments have been afforded by directors serving on various board sub-committees.

Non-executive Directors have long been encouraged by the board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company. The remuneration of Non-executive Directors for the year is provided later in this report.

Executive remuneration

Salary packages are measured by the company as Total Employment Cost (TEC). TEC includes all costs associated with employment, which may include, but not limited to, PAYG salary, provision of motor vehicles, FBT, superannuation, salary sacrifice arrangements, and any other approved expenditure, excluding employment oncosts such as payroll tax and workers compensation. Fringe benefits or non-deductible expenditure is grossed up to include the tax effect as part of the cost of providing such benefits in a salary package. The Group aims to reward executives with a level and mix of TEC remuneration commensurate with their position and responsibilities within the Group so as to:

- Reward executives for the Group 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 Group; and
- Ensure total remuneration is competitive by market standards.

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

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

- Base salary and benefits;
- Short term incentives; and
- Long term incentives.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Fixed Remuneration

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. There is no guaranteed base remuneration increases included in contracts.

Variable Remuneration

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

Short-term incentives payable for executives are capped at a maximum, depending on seniority, of their fixed component of salary. The details of each executive's individual at risk short-term incentive is detailed in the table below under Details of Remuneration of Directors and Executives.

Actual incentive payments granted to relevant senior 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 (KPI) covering both revenue and profitability of their areas of responsibility.

The objective of the long-term incentive program (LTI) are designed to promote long-term stability to shareholder returns. At this stage, the Remuneration Committee has determined that this variable remuneration component is only offered to the Chief Executive Officer (CEO).

LTI's payable to the CEO are capped at a maximum. The details of the long-term incentives are detailed in the table below under details of Remuneration of Directors and Executives.

STI's are payable at the Board's discretion.

Service agreements

It is the Remuneration Committee's policy that employment contracts are entered into with executives to protect the interest of both the Group and the employee. Details of the key terms of these agreements are as follows:

Executive	Position held	Term	Notice Period (required by the KMP)	Notice Period (required by the Group)
A Bond	Chief Executive Officer	On-going	6 months	6 months
D Lin (1)	Non-Executive Director	12 Months	1 month	1 month
L Davis (2)	Finance Manager	On-going	1 month	1 month
J Wood (3)	Group Operations Manager	On-going	3 month	3 months / 6 months

(1) D Lin was appointed Executive Director from 1 July 2020

(2) L Davis was appointed Chief Financial Officer from 1 July 2020 and notice period changed to 3 months.

(3) J Wood resigned effective 31 August 2020. Revised terms states 6 months' notice is required from the company if the termination is due to a take-over.

Amounts paid to key management personnel are disclosed in the relevant section below.

Other than statutory leave entitlements, there are no specific termination benefits applicable to the other key management personnel's service agreements.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration of Directors and Executives

Details of the remuneration of the directors and other key management personnel are set out in the following tables. The amounts shown are equal to the amount expensed in the Group's financial statements.

	Short Term Benefits			Post Employment Benefits	Long Term Benefits					
2020	Salary and fees [1] $	Short-term incentives $	Non-monetary benefits[2] $	Super-annuation $	Long service leave $	Long-term incentives $	Share-based payments $	Termination benefits $	Total $	Proportion of remuneration that is performance based %
Directors										
G Cowan	98,794	-	-	9,385	-	-	-	-	108,179	-
P O'Keeffe	43,794	-	-	4,160	-	-	-	-	47,954	-
Q Chen	-	-	-	-	-	-	-	-	-	-
D Lin [3]	43,794	-	-	4,160	-	-	-	-	47,954	-
Total Directors	**186,382**	**-**	**-**	**17,705**	**-**	**-**	**-**	**-**	**204,087**	**-**
Executives										
A Bond	314,993	-	695	25,000	5,494	-	-	-	346,182	
L Davis [4]	151,080	-	695	13,402	2,995	-	-	-	168,172	
J Wood [5]	174,826	-	-	19,341	4,232	-	-	-	198,399	
Total Executives	**640,899**	**-**	**1,390**	**57,743**	**12,721**	**-**	**-**	**-**	**712,753**	**-**
Total Remuneration	**827,281**	**-**	**1,390**	**75,448**	**12,721**	**-**	**-**	**-**	**916,840**	**-**

(1) 'Salary and fees' includes annual leave entitlements accrued during the reporting period.
(2) 'Non-monetary benefits' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, insurance and/or professional membership subscriptions.
(3) D Lin was appointed Executive Director from 1 July 2020
(4) L Davis was appointed Chief Financial Officer from 1 July 2020
(5) J Wood resigned effective 31 August 2020

REMUNERATION REPORT (AUDITED) (CONTINUED)

Details of Remuneration of Directors and Executives

2019	Short Term Benefits: Salary and fees (1) $	Short Term Benefits: Short-term incentives $	Short Term Benefits: Non-monetary benefits(2) $	Post Employment Benefits: Super-annuation $	Long Term Benefits: Long service leave $	Long Term Benefits: Long-term incentives $	Share-based payments $	Termination benefits $	Total $	Proportion of remuneration that is performance based %
Directors										
G Cowan	98,794	-	-	9,385	-	-	-	-	108,179	-
P O'Keeffe	43,794	-	-	4,160	-	-	-	-	47,954	-
Q Chen	7,993	-	-	-	-	-	-	-	7,993	-
D Lin	43,794	-	-	4,160	-	-	-	-	47,954	-
A Tse (3)	7,299	-	-	693	-	-	-	-	7,992	-
Total Directors	**201,674**	**-**	**-**	**18,398**	**-**	**-**	**-**	**-**	**220,072**	-
Executives										
A Bond	301,066	138,192	612	24,172	9,333	250,000	206,000	-	929,375	*42%*
D Ball (4)	169,126	-	-	-	-	-	-	-	169,126	-
J Rao (5)	6,248	-	-	594	-	-	-	14,815	21,657	-
J Wood	159,951	33,441	-	14,486	3,306	-	-	-	211,184	*16%*
Total Executives	**636,391**	**171,633**	**612**	**39,252**	**12,639**	**250,000**	**206,000**	**14,815**	**1,331,342**	
Total Remuneration	**838,065**	**171,633**	**612**	**57,650**	**12,639**	**250,000**	**206,000**	**14,815**	**1,551,414**	

(1) 'Salary and fees' includes annual leave entitlements accrued during the reporting period.
(2) 'Non-monetary benefits' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, insurance and/or professional membership subscriptions
(3) Resigned 25 February 2019
(4) Appointed 3 September 2018, resigned 14 June 2019
(5) Resigned 13 July 2018

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

The relative proportions of those elements of remuneration of key management personnel that are linked to performance are as follows:

	Fixed remuneration		At risk STI		STI awarded		STI forfeited		At risk LTI		LTI awarded		LTI forfeited	
Executive	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
A Bond	**72%**	44%	**28%**	20%	**-**	100%	**100%**	-	**-**	36%	**-**	100%	**100%**	-
J Wood (1)	**84%**	84%	**16%**	16%	**-**	100%	**100%**	-	**-**	-	**-**	-	**-**	-
L Davis (2)	**84%**	-	**16%**	-	**-**	-	**100%**	-	**-**	-	**-**	-	**-**	-

(1) 'Salary and fees' includes annual leave entitlements accrued during the reporting period.
(2) 'Non-monetary benefits' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, insurance and/or professional membership subscriptions

Share-based payments

During the year, there has been no issues of options.

Options

In October 2018 the Group agreed to a Long-Term Incentive Scheme with the CEO for 3 million options at a share price of $0.40 per share. The options consisted of three tranches of one million options subject to the satisfaction of EBIT related performance targets. The conditions relating to the first two tranches were met during the period ending 30 June 2019. As at 30 June 2020, the conditions for the third tranche had not been met. There were no options exercised in the current year. Options are able to be exercised up to 31 December 2022.

REMUNERATION REPORT (AUDITED) (CONTINUED)

Shareholdings

The number of ordinary shares held in Buderim Group Limited during the financial year by each Director and other members of key management personnel of the Group at 30 June 2020 is set out below:

Ordinary Shares	Interest	Balance at 01/07/19	Received as part of remuneration	Market acquisition / (sale)	Other	Balance at 30/06/20
Directors						
G Cowan [(1)]	Direct	165,831	-	46,221	-	212,052
D Lin [(2)]	Direct	79,000	-	-	-	79,000
Executives						
A Bond	Indirect	800,000	-	-	-	800,000

(1) G Cowan prior year closing balance was shown as 171,001 in June 2019 Annual report. This was incorrect. Correct figure as shown.
(2) D Lin was appointed executive director from 1 July 2020

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

Other transactions and balances with directors and executives

Transactions between related directors and executives are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Global Foods

P O'Keeffe is a related party to substantial shareholder John Cheadle (ATF) Global Foods Group Pty Ltd. Global Foods group provided products to The Ginger Factory during the year to the value of $nil (2019: $2,802). At 30 June 2020, no amounts were outstanding (2019: $nil).

The Karand Family Trust

In October 2018, 3 million options at an exercise price of $0.40 were granted to the Karand Family Trust a related party of the CEO for $3,600 consideration. As at 30 June 2019 the conditions for vesting had been met for the first two tranches. During the year there has been no options exercised or vested.

Loans

There were no loans made to key management personnel during the year or prior year and there are no loans outstanding as at 30 June 2020.

END OF AUDITED REMUNERATION REPORT

INDEMNIFICATION AND INSURANCE OF DIRECTORS, OFFICERS AND AUDITORS

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

During the financial year, the Group has paid premiums in respect of a contract insuring all the directors and officers of Buderim Group 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.

The Group has not, during or since the end of the financial year indemnified or agreed to indemnify the auditor of the Group against a liability incurred as auditor.

OPTIONS

No options over unissued shares or interests in the company or a controlled entity were granted during or since the end of the financial period.

CORPORATE GOVERNANCE

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

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

AUDITOR INDEPENDENCE

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 23.

NON-AUDIT SERVICES

There were no non-audit services provided by entities associated with the Group's auditor, PricewaterhouseCoopers.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Signed in accordance with a resolution of the directors.

G Cowan
Director
Brisbane, 28 August 2020

AUDITORS' DECLARATION OF INDEPENDENCE

Auditor's Independence Declaration

As lead auditor for the audit of Buderim Group Limited for the year ended 30 June 2020, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

P.J. Carney

Paddy Carney
Partner
PricewaterhouseCoopers

Brisbane
28 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au


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No Artificial Colours or Flavours
Buderim Ginger
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GINGER & LEMONGRASS
WITH A HINT OF LEMON
REFRESHING CORDIAL
PROUDLY AUSTRALIAN
750mL

CONTENTS TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2020

	NOTES	CONSOLIDATED 30/06/20 $'000	30/06/19 $'000
CURRENT ASSETS			
Cash and cash equivalents	7	**2,673**	1,512
Trade and other receivables	8	**803**	8,849
Inventories	10	**22,103**	27,157
Current tax assets	6	**22**	76
Prepayments		**866**	1,595
Biological assets	11	**1,641**	1,749
Assets held for sale	26	**16,491**	-
TOTAL CURRENT ASSETS		**44,599**	40,938
NON-CURRENT ASSETS			
Property, plant and equipment	12	**27,279**	37,763
Deferred tax assets	6	**-**	-
Intangible assets	13	**1,720**	2,852
TOTAL NON-CURRENT ASSETS		**28,999**	40,615
TOTAL ASSETS		**73,598**	81,553
CURRENT LIABILITIES			
Trade and other payables	9	**4,824**	12,126
Interest-bearing liabilities	14	**16,777**	9,444
Other financial liabilities	15	**430**	-
Lease liabilities	16	**449**	-
Employee entitlements	17	**669**	1,832
Provisions	18	**-**	129
Liabilities directly associated with assets classified as held for sale	26	**6,059**	-
TOTAL CURRENT LIABILITIES		**29,208**	23,531
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	14	**10,250**	13,428
Other financial liabilities	15	**860**	358
Lease liabilities	16	**311**	-
Deferred tax liabilities	6	**6,580**	7,583
Long-term employee entitlements	17	**-**	170
Provisions	18	**-**	224
TOTAL NON-CURRENT LIABILITIES		**18,001**	21,763
TOTAL LIABILITIES		**47,209**	45,294
NET ASSETS		**26,389**	36,259
EQUITY			
Contributed equity	19	**54,824**	54,824
Reserves	19	**15,210**	17,514
Accumulated losses	19	**(43,645)**	(36,079)
TOTAL EQUITY		**26,389**	36,259

The effect of the assets and liabilities held for sale are presented as a single line item in the financial statements, refer to breakdown in note 26.

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

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	CONSOLIDATED	
		30/06/20 $'000	30/06/19 Restated $'000
INCOME			
Sale of goods	4	**42,115**	41,603
Change in fair value of biological assets	11	**6,193**	7,111
Cost of sales		**(38,424)**	(38,397)
Gross profit		**9,884**	10,317
Rental revenue		**3**	-
Other income	5	**794**	4,059
Finance revenue		**574**	-
		11,255	14,376
Selling and distribution expenses		**(4,220)**	(4,090)
Marketing expenses		**(628)**	(304)
Administration expenses		**(5,284)**	(5,417)
Impairment expense	5	**(207)**	(549)
Other expenses	5	**(974)**	(431)
PROFIT/(LOSS) BEFORE TAX AND FINANCE COSTS		**(58)**	3,585
Finance costs	5	**(2,159)**	(4,033)
PROFIT/(LOSS) BEFORE INCOME TAX		**(2,217)**	(448)
Income tax (expense)/benefit	6	**(265)**	49
NET LOSS FROM CONTINUING OPERATIONS		**(2,482)**	(399)
Gain / (loss) from discontinued operations	26	**(5,084)**	164
NET LOSS FOR THE YEAR		**(7,566)**	(235)
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of land for continuing operations, net of tax	12	**439**	3,163
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of land for discontinued operations, net of tax	*12*	**(2,938)**	514
Exchange difference on translation of foreign operations, net of tax		**226**	474
Exchange differences on translation of discontinued operations		**(31)**	120
Total other comprehensive income/(loss), net of tax		**(2,304)**	4,271
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(9,870)**	4,036
Total net loss is attributable to:			
Equity holders of Buderim Group Limited		**(7,566)**	(235)
		(7,566)	(235)
Total comprehensive income/(loss) is attributed to:		**(9,870)**	4,036
Equity holders of Buderim Group Limited		**(9,870)**	4,036
Basic and diluted loss per share from continuing operations (cents)	3	**(2.89)**	(0.46)
Basic and diluted loss per share attributable to the ordinary equity holders of the Group (cents)	3	**(8.80)**	(0.27)

* Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 26).

The Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2020

	NOTES	CONSOLIDATED	
		30/06/20 $'000	30/06/19 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**75,770**	75,809
Payments to suppliers and employees (inclusive of GST)		**(74,551)**	(83,156)
Other receipts		**1,289**	417
Interest received		**-**	3
Interest and other finance costs paid		**(1,827)**	(203)
Income tax (paid)/received		**179**	(4)
NET CASH FLOWS FROM/(USED) IN OPERATING ACTIVITIES	7	**860**	(7,134)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,152)**	(336)
Consideration paid for business combination less cash receipts		**(247)**	(200)
Proceeds from sale of property, plant and equipment		**5**	404
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,394)**	(132)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from options		**-**	4
Proceeds from borrowings		**24,517**	5,500
Repayments of borrowings		**(22,151)**	(1,013)
Principal elements of lease payments		**(627)**	-
NET CASH FLOWS FROM FINANCING ACTIVITIES		**1,739**	4,491
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,205**	(2,775)
Cash and cash equivalents at beginning of the year		**1,512**	4,293
Foreign exchange difference on cash holdings		**(175)**	(6)
TOTAL GROUP CASH AND CASH EQUIVALENTS AT END OF THE YEAR		**2,542**	1,512
Cash and cash equivalents classified as held for sale (overdraft)	26	**131**	-
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	7	**2,673**	1,512

* Cash flows from discontinued operations have been included above, refer to note 26 for breakdown.

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2020

	CONSOLIDATED				
	Contributed Equity $'000	Asset Revaluation $'000	Foreign Currency Translation $'000	Accumulated Losses $'000	Total Equity $'000
As at 1 July 2018	**54,626**	**12,794**	**449**	**(35,844)**	**32,025**
Total comprehensive income for the year					
Net loss for the year	-	-	-	(235)	**(235)**
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	474	-	**474**
Exchange differences on translation of discontinued operations	-	-	120	-	**120**
Change in fair value of land for continuing operations	-	4,861	-	-	**4,861**
Income tax on other comprehensive income items	-	(1,698)	-	-	**(1,698)**
Change in fair value of land for discontinuing operations	-	655	-	-	**655**
Income tax on other comprehensive income items	-	(141)	-	-	**(141)**
Total comprehensive income for the year	-	3,677	594	(235)	**4,036**
Transactions with owners in their capacity as owners					
Shares based payments expense	198	-	-	-	**198**
Shares issued, net of transaction costs	-	-	-	-	**-**
As at 30 June 2019	**54,824**	**16,471**	**1,043**	**(36,079)**	**36,259**
Adjustment on adoption of AASB16 (net of tax)	-	-	-	-	**-**
As at 1 July 2019	**54,824**	**16,471**	**1,043**	**(36,079)**	**36,259**
Total comprehensive income for the year					
Net loss for the year	-	-	-	(7,566)	**(7,566)**
Other comprehensive income					
Exchange differences on translation of foreign operations	-	-	226	-	**226**
Exchange differences on translation of discontinued operations	-	-	(31)	-	**(31)**
Change in fair value of land for continuing operations	-	608	-	-	**608**
Income tax on other comprehensive income items	-	(169)	-	-	**(169)**
Change in fair value of land for discontinuing operations	-	(3,895)	-	-	**(3,895)**
Income tax on other comprehensive income items	-	957	-	-	**957**
Total comprehensive income for the year	-	(2,499)	195	(7,566)	**(9,870)**
Transactions with owners in their capacity as owners					
Share based payments expense	-	-	-	-	**-**
Shares issued, net of transaction costs	-	-	-	-	**-**
As at 30 June 2020	**54,824**	**13,972**	**1,238**	**(43,645)**	**26,389**

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

The consolidated financial statements of Buderim Group Limited for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 28 August 2020. Buderim Group Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements covers the consolidated group of Buderim Group Limited and its controlled entities (the "Group").

1. BASIS OF PREPARATION

The consolidated financial statements are general purpose financial statements, which have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards, including Australian Accounting Interpretations, and other authoritative pronouncements of the Australian Accounting Standards Board. The Groups' financial statements comply with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the consolidated financial statements comply with International Financial Reporting Standards ("IFRS').The group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

The Group has adopted all the new, revised or amended Australian Accounting Standards and Australian Accounting Interpretations that are mandatory for the current reporting period. The adoption of these Accounting Standards and Interpretations has impacted the financial performance and position of the Group. Refer to note 31 for further information.

The consolidated financial statements have also been prepared on an accruals basis and are based on historical costs, except for investments, land, biological assets and derivative liabilities that have been measured at fair value. The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency.

GOING CONCERN

For the year ended 30 June 2020, the Group incurred a net loss after tax of $7,566,000 (2019: loss of $235,000). At 30 June 2020 the Group had drawn down an amount of $9,281,000 under a short term finance facility with Greensill Capital (UK) Limited the terms of which mature within a 120 days from each drawdown. The Group also has Convertible Notes held by Asia Mark Development Limited (AMD) of $15,000,000 of which $5,000,000 is due for payment by 30 September 2020 and the remaining balance of $10,000,000 is due by 30 September 2021. The Group's total interest-bearing liabilities at 30 June 2020 were $27,134,000 as a result of these arrangements.

As described in note 26, the Group entered a binding agreement to sell the Ginger and Tourism divisions for cash consideration of $11,000,000 on 6 August 2020. The sale is subject to certain conditions, and is expected to complete on 30 September 2020. It is the intention of the Group to apply part of the proceeds from sale to debt reduction once the sale is complete.

The consideration expected on 30 September 2020 is not sufficient to cover the settlement of the convertible notes and the short term financial facility, and as a result there is a material uncertainty that may cast doubt on the Group's ability to continue as a going concern. The Group may therefore be unable to realise its assets and discharge its liabilities in the normal course of business.

The Directors expect the financiers to provide continued support. The Group is continuing to expand sales distribution and implement strategies to improve profitability and generate sufficient cash flow to repay borrowings on the appropriate dates. Further the Directors believe that should the working capital facility be reduced, assets could be realised in an orderly manner to raise sufficient funds to meet the needs of the business.

Accordingly the financial report has been prepared on a going concern basis.

The Company is of a kind referred to in ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, related to the rounding off of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

BASIS OF CONSOLIDATION

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, 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.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies relevant to gaining an understanding of the financial statements have been grouped with the relevant notes to the financial statements.

1. BASIS OF PREPARATION (CONTINUED)

KEY JUDGEMENTS AND ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates, judgements in the process of applying the Group's accounting policies. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are outlined in the following notes:

		PAGE
Note 1	Going Concern	**30**
Note 6	Deferred Tax Assets	**43**
Note 12	Impairment of Non-Financial Assets	**53**
Note 13	Impairment of Goodwill and Intangible Assets	**55**
Note 8	Allowance for Impairment Loss on Trade Receivables	**46**
Note 11	Macadamia Produce	**48**
Note 15	Derivative Financial Liabilities	**59**
Note 25	Intercompany Loans	**70**
Note 26	Discontinued Operations	**70**

In addition, significant judgements, estimates and assumptions for the year ended 30 June 2020 include consideration to the COVID-19 pandemic. The carrying value of certain assets and liabilities have been measured with revised assumption resulting from the effects of the COVID-19 pandemic on the Group's operations with specific consideration given to estimates and judgements applied in the following key areas:

- Allowance for impairment loss on trade receivables
- Recoverability of inventories
- Recoverability of biological assets
- Recoverability of goodwill
- Valuation of derivative financial liabilities
- Recognition of government grants and other support packages

The Group has implemented financial measures appropriate to the business environment to ensure that the Group continues to remain viable and sustainable, under COVID-19 economic conditions.

The Group has benefited from government COVID assistance programs in the US and Australia. The US Paycheck Protection Plan provided $1,800,000 as an un-secured loan at a zero percent interest to support the macadamia operations, refer to further disclosures in note 14 in relation to the loan arrangement. In Australia, the Australian Government JobKeeper program provided $750,000 of support, this is included in the discontinued operations outlined in note 26.

These government grants and support packages as well as the Group's strong inventory position is ensuring that the Group is well-positioned to manage any potential supply chain disruptions and is ready to leverage growth opportunities when business conditions improve.

2. SEGMENT INFORMATION

Accounting Policy

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

A. Description of Segments

The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets, and thus forms the basis of the reports reviewed by the Board and the executive management committee.

The Chief Executive Officer reviews each segments performance and is the Chief Operational Decision Maker (CODM).

The reportable segments for the year ended 30 June 2020 were as follows:

- **Ginger -** manufacture in Australia and Fiji of a variety of confectionery ginger and other ginger-based products and marketing to industrial, food service and retail customers throughout the world;
- **Macadamias -** production and processing in Australia and Hawaii of macadamia products and marketing to wholesale and retail customers throughout the world;
- **Tourism -** the sale of ginger products and other retail gift and food products, and the provision of leisure activities within the Australian tourism market;

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

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

Segment accounting policies are the same as the Group's policies described in each note. There were no other changes in segment accounting policies that had a material effect on the segment information.

2. SEGMENT INFORMATION (CONTINUED)

B. Reportable Segment Information as presented for the CODM

Segment information provided to the Chief Operational Decision Maker includes an allocation of corporate costs for finance, information technology and administrative costs as a percentage of total sale of goods to external customers, as such there has been costs included in the operating profit below which may differ from the operating profit reported as part of the presentation of the financial statement for the continuing and discontinuing operations. For the purpose of the financial statements, a portion of the actual corporate costs have been allocated between the continuing and discontinuing operations that is reflective of the costs incurred by each segment of the business.

The segment information as provided to the CODM for the years ended 30 June 2020 and 30 June 2019 is as follows:

REPORTABLE SEGMENTS	Ginger		Tourism		Macadamias		Total	
	30/06/20 $'000	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000
Income								
Sales of goods to external customers	**23,515**	23,966	**4,790**	6,250	**42,115**	41,586	**70,420**	71,802
Sales of goods to internal segments	**747**	722	**-**	-	**-**	17	**747**	739
Other revenue / income*	**1,496**	1,149	**345**	99	**331**	805	**2,172**	2,053
Total segment revenue	**25,758**	25,837	**5,135**	6,349	**42,446**	42,408	**73,339**	74,594
Consolidation adjustments	**(747)**	(722)	**-**	-	**-**	(17)	**(747)**	(739)
Total income							**72,592**	73,855
Results								
Operating profit	**2,824**	2,343	**166**	652	**3,732**	3,962	**6,722**	6,957
Impairment expense	**(6,054)**	(549)	**-**	-	**(248)**	-	**(6,302)**	(549)
Inventory (write-downs and provisions)/releases	**(355)**	159	**-**	-	**(1,532)**	(486)	**(1,887)**	(327)
Segment EBITDA	**(3,585)**	1,953	**166**	652	**1,952**	3,106	**(1,466)**	5,711
Depreciation and amortisation	**(311)**	(235)	**(259)**	(268)	**(1,375)**	(902)	**(1,946)**	(1,405)
Segment result	**(3,896)**	1,718	**(93)**	384	**577**	2,574	**(3,412)**	4,676
Fair value gain/(loss) on derivative							**(932)**	2,365
Corporate overheads							**(1,844)**	(2,925)
EBIT							**(6,188)**	4,116
Net Finance costs							**(1,617)**	(4,025)
Profit/(Loss) before income tax							**(7,805)**	91
Income tax (expense)/benefit							**239**	(321)
Net Loss after income tax							**(7,566)**	(230)

* Other revenue and income for the segment consists of foreign exchange gains, government grants and other assistance packages received as a result of the COVID-19 pandemic and agricultural services. Results from continuing operations are shown in note 5, while amounts relating to discontinued operations is shown in note 26.

2. SEGMENT INFORMATION (CONTINUED)

C. REPORTABLE SEGMENT INFORMATION AS PRESENTED FOR CONTINUING AND DISCONTINUING OPERATIONS

Segment information as presented for the continuing operations for the years ended 30 June 2020 and 30 June 2019 is as follows:

	Macadamias		Other		Total	
	30/06/20 $'000	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000
Income						
Sales of goods to external customers	**42,115**	41,586	**-**	-	**42,115**	41,586
Sales of goods to internal segments	**-**	17	**-**	-	**-**	17
Other revenue / income	**331**	805	**463**	902	**794**	1,707
Total segment revenue	**42,446**	42,408	**463**	902	**42,909**	43,310
Consolidation adjustments	**-**	(17)	**-**	-	**-**	(17)
Total income from continuing operations					**42,909**	43,293
Results						
Operating profit	**4,245**	3,918	**463**	902	**4,708**	4,820
Impairment expense	**(248)**	-	**41**	(549)	**(207)**	(549)
Inventory write-downs and provisions	**(1,532)**	(486)	**-**	-	**(1,532)**	(486)
Segment EBITDA	**2,465**	3,432	**504**	353	**2,969**	3,785
Depreciation and amortisation	**(1,375)**	(902)	**(90)**	-	**(1,465)**	(902)
Segment result	**1,090**	2,530	**414**	353	**1,504**	2,883
Fair value gain/(loss) on derivative					**(932)**	2,365
Corporate overheads					**(1,204)**	(1,663)
EBIT					**(632)**	3,585
Net Finance costs					**(1,585)**	(4,033)
Loss before income tax					**(2,217)**	(448)
Income tax (expense)/benefit					**(265)**	49
Net Loss after income tax from continuing operations					**(2,482)**	(399)

* The comparative figures have been restated to present the impact of the current year discontinued operations.

'Other' segment relates to the Australian corporate head office, foreign exchange gains, Morwell leases recognised during the period ending 30 June 2020 and the impairment of the Morwell assets during the period ended 30 June 2019.

2. SEGMENT INFORMATION (CONTINUED)

C. REPORTABLE SEGMENT INFORMATION AS PRESENTED FOR CONTINUING AND DISCONTINUING OPERATIONS (CONTINUED)

Segment information as presented for the discontinuing operations for the years ended 30 June 2020 and 30 June 2019 is as follows:

REPORTABLE SEGMENTS	Ginger		Tourism		Total	
	30/06/20 $'000	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000
Income						
Sales of goods to external customers	**23,515**	23,966	**4,790**	6,250	**28,305**	30,216
Sales of goods to internal segments	**747**	722	**-**	-	**747**	722
Other revenue / income	**1,032**	247	**345**	99	**1,377**	346
Total segment revenue	**25,294**	24,935	**5,135**	6,349	**30,429**	31,284
Consolidation adjustments	**(747)**	(722)	**-**	-	**(747)**	(722)
Total income from discontinuing operations					**29,682**	30,562
Results						
Operating profit	**1,678**	1,185	**336**	947	**2,014**	2,132
Impairment expense	**(6,095)**	-	**-**	-	**(6,095)**	-
Inventory (write-downs and provisions)/releases	**(355)**	159	**-**	-	**(355)**	159
Segment EBITDA	**(4,772)**	1,344	**336**	947	**(4,436)**	2,291
Depreciation and amortisation	**(221)**	(235)	**(259)**	(268)	**(480)**	(503)
Segment result	**(4,993)**	1,109	**77**	679	**(4,916)**	1,788
Fair value gain/(loss) on derivative					**-**	-
Corporate overheads					**(640)**	(1,262)
EBIT					**(5,556)**	526
Net Finance costs					**(32)**	8
Profit/(loss) before income tax from discontinuing operations					**(5,588)**	534
Income tax (expense)/benefit					**504**	(370)
Net profit/(loss) after income tax from discontinuing operations					**(5,084)**	164

* The comparative figures have been restated to present the impact of the current year discontinued operations.

2. SEGMENT INFORMATION (CONTINUED)

D. OTHER GEOGRAPHICAL INFORMATION

Revenue is attributable to external customers based on location of the customer.

REPORTABLE SEGMENTS	Australia		USA		Other		Total	
	30/06/20 $'000	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000
Sales of goods to external customers	**18,951**	20,249	**43,120**	41,970	**8,349**	9,583	**70,420**	71,802
Sales of goods to internal segments	**747**	702	**-**	37	**-**	-	**747**	739
Other revenue / income	**1,538**	1,393	**331**	805	**22**	(145)	**1,891**	2,053
Total geographical revenue	**21,236**	22,344	**43,451**	42,812	**8,371**	9,438	**73,058**	74,594
Consolidated entity adjustments							**(747)**	(739)
Less income from discontinued operations							**(29,402)**	(30,562)
Total income from continuing operations							**42,909**	43,293
Total geographical assets	**34,959**	46,754	**35,060**	30,992	**3,578**	3,807	**73,597**	81,553
Total geographical liabilities	**23,462**	27,327	**23,626**	17,645	**120**	322	**47,208**	45,294

'Other' represents sales to foreign countries that are not individually material to the Group and include the Asia, Europe and the South Pacific regions.

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

During the period ended 30 June 2020, revenues of $18,798,000 (2019: $17,926,000) were derived from sales to from one customer through the macadamia segment. In total the 2020 revenue recorded through sales to one customer amounted to more than 25% (2019: 24%) of the Group's revenue from external customers.

3. EARNINGS PER SHARE

Accounting Policy

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.

The convertible notes issued in 2017 have the potential to have a dilutive impact on ordinary shares. As the Group incurred losses for the period, these notes are considered antidilutive and are therefore not utilised in dilutive earnings per share calculations.

The following reflects the income and share data used in the basic earnings per share computations:

	CONSOLIDATED	
	30/06/20	30/06/19
Net loss after tax attributable to ordinary shareholders of Buderim Group Limited from continuing operations, used in the calculation of basic and diluted earnings per share ($'000)	**(2,482)**	(399)
Net gain / (loss) from discontinued operations	**(5,084)**	164
Weighted average number of ordinary shares on issue used in the calculation of basic and diluted earnings per share.	**86,021,860**	86,021,860
Basic and diluted earnings per share from continuing operations (cents per share)	**(2.89)**	(0.46)
Basic and diluted earnings per share from discontinued operations (cents per share)	**(5.91)**	0.19
Total basic and diluted earnings per share attributable to ordinary shareholders of Buderim Group Limited (cents per share)	**(8.80)**	(0.27)

3. EARNINGS PER SHARE (CONTINUED)

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purpose of diluted earnings per share:

	CONSOLIDATED	
	30/06/20 Number of Notes	30/06/19 Number of Notes
CEO options issued on 29 October 2018	**3,000,000**	3,000,000
Convertible notes issued on 15 February 2017	**38,895,152**	38,895,152
	41,895,152	41,895,152

The impact of the adoption of AASB 16 *Leases* for the earning per share attributable to ordinary shareholders of the Group is $0.10 per share for the year ended 30 June 2020.

4. REVENUE

Accounting Policy

Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally at the time of shipment or on delivery of the goods depending on agreed trading terms. Tourism revenue is recognised at the point of sale, with the exception of annual passes which are recognised over the period to which they apply.

The Group considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., freight). In determining the transaction price for the sale of product, the Group considers the effects of variable consideration, freight revenue, and principal versus agent relationship.

If the consideration in a contract includes a variable amount, the Group estimates at the time of recognition of the sale to the customer the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. Certain promotions, or discounts, are provided for at the time of recognition of the sale to the customer based off historical and forecast promotional activities.

The Group identified two performance obligations for the sale of goods in some instances when control transfers on shipment.

The Group concluded that it is the principal in its revenue arrangements, because it controls the goods or services before transferring them to the customer.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Interest

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

Rental income

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

During the period ended 30 June 2020, revenues of $42,115 (2019: $41,603) were received from the sale of goods from continuing operations. Revenue is recognised at the point in time the sale occurs. There is no revenue recognised over time for the continuing operations.

No contract assets existed at 30 June 2019 or 30 June 2020.

5. OTHER INCOME AND EXPENSES

Accounting Policy

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

		CONSOLIDATED	
	Notes	**30/06/20 $'000**	30/06/19 Restated $'000
(a) Other income			
Foreign exchange gains		**490**	1,104
Profit on disposal of property, plant and equipment		**19**	346
Fair value gain on derivative financial liabilities		**-**	2,365
Sundry income		**285**	244
Total other income		**794**	4,059
(b) Other expenses			
Foreign exchange losses		**3**	9
Fair value loss on derivative financial liabilities		**932**	-
Sundry expenses		**39**	422
Total other expenses		**974**	431
(c) Finance costs			
Working capital financing facilities		**356**	203
Bank loans and overdraft		**171**	5
Interest on lease liabilities		**61**	-
Convertible notes	14	**1,571**	3,825
Total finance costs		**2,159**	4,033
(d) Depreciation and Amortisation			
Buildings		**55**	51
Bearer plant		**194**	182
Plant and equipment		**331**	300
Right-of-use assets		**253**	-
Total depreciation		**833**	533
Relationships		**425**	158
Trade marks		**208**	212
Total amortisation		**633**	370
Total depreciation and amortisation		**1,466**	903

* Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 26).

5. OTHER INCOME AND EXPENSES (CONTINUED)

	Notes	CONSOLIDATED 30/06/20 $'000	CONSOLIDATED 30/06/19 Restated $'000
(e) Employee expenses			
Employee benefits expensed (excluding 401k Profit sharing plan expenses)		**8,138**	7,947
401k Profit sharing plan expenses		**311**	403
Total employee expenses		**8,449**	8,350
(f) Inventory write-downs and provisions		**1,532**	486
(g) Impairment			
Impairment of goodwill	13	**248**	549
Reversal of impairment of assets	12	**(41)**	-
		207	549

* Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 26).

6. INCOME TAX

Accounting Policy

Current tax assets and liabilities

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

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

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

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

Deferred tax assets and liabilities

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

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

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

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

Tax consolidation

Buderim Group Limited and its wholly owned Australian resident subsidiaries are a tax consolidated group. All members of the tax consolidated group are taxed as a single entity from the date they enter the group. Members of the group apply the group allocation approach in determining the amount of current tax and deferred taxes recognised by members of the tax consolidation group. The head entity and other members of the tax consolidated group have entered into a tax sharing agreement. The agreement provides for the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement. At the balance date, the possibility of default is remote. The head entity of the tax consolidated group is Buderim Group Limited.

6. INCOME TAX (CONTINUED)

Major components of income tax expense/(benefit) for the years ended 30 June 2020 and 30 June 2019 are:

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Current income tax		
Current income tax (expense)/benefit	**21**	(60)
Adjustments in respect of current income tax of previous years	**-**	-
Deferred income tax		
Deferred income tax (expense)/benefit	**50**	(126)
Adjustments in respect of deferred income tax of previous years	**168**	(206)
Relating to origination and reversal of temporary differences	**-**	71
Tax (expense)/benefit	**239**	(321)
Income tax (expense)/benefit is attributable to:		
Profit/(loss) from continuing operations	**(265)**	49
Profit/(loss) from discontinued operations	**504**	(370)
	239	(321)

* Comparative figures have been restated to present the impacts of the current year discontinued operations (as outlined in note 26).

A reconciliation of income tax expense/(benefit) to accounting loss before income tax at the statutory income tax rate for the years ended 30 June 2020 and 30 June 2019 is as follows:

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Accounting profit/(loss) before tax for continuing operations	**(2,217)**	(448)
Accounting profit/(loss) before tax from discontinuing operations	**(5,588)**	539
	(7,805)	91
At the statutory income tax rate of 30%	**2,341**	(27)
Australia (under)/over provision	**(245)**	(261)
USA (under)/over provision	**10**	-
Tax adjustments due to tax in foreign jurisdictions	**(17)**	11
Australian deferred tax assets not brought to account for the year	**(1,958)**	132
Tax effect of non-deductible amounts for taxation	**108**	(176)
Tax (expense)/benefit	**239**	(321)

Deferred tax benefits are recognised for deductible temporary differences and accumulated losses incurred in the Macadamia segment in the current and preceding period to the extent they are available to be offset with deferred tax liabilities.

6. INCOME TAX (CONTINUED)

TAX ON OTHER COMPREHENSIVE INCOME

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Income tax on other comprehensive income items	**788**	(1,839)
	788	(1,839)

Movement in deferred tax balances for the years ended 30 June 2020 and 30 June 2019

	CONSOLIDATED				
	Revaluation of Land	**Accelerated Depreciation**	**Employment Benefits**	**Tax Losses to Offset / Other**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Deferred tax assets					
As at 1 July 2019	-	-	157	1,069	**1,226**
Recognised in equity	-	-	-	-	**-**
Recognised in profit/(loss)	-	-	35	392	**364**
Transferred to assets held for sale	-	-	-	(124)	**(124)**
As at 30 June 2020	-	-	192	1,273	**1,465**
Deferred tax liabilities					
As at 1 July 2019	(8,145)	(644)	-	(20)	**(8,809)**
Recognised in equity	1,089	-	-	-	**1,089**
Recognised in profit/(loss)	-	(82)	-	(320)	**(403)**
Transferred to liabilities held for sale	-	79	-	-	**79**
As at 30 June 2020	(7,056)	(647)	-	(342)	**(8,045)**
Set-off of deferred tax assets pursuant to set-off provisions					**1,465**
Net deferred tax liabilities at 30 June 2020					**(6,580)**

6. INCOME TAX (CONTINUED)

	CONSOLIDATED				
	Revaluation of Land $'000	Accelerated Depreciation $'000	Employment Benefits $'000	Tax Losses to Offset / Other $'000	Total $'000
Deferred tax assets					
As at 1 July 2018	-	-	575	1,374	**1,949**
Recognised in equity	-	-	-	-	**-**
Recognised in profit/(loss)	-	-	(418)	(305)	**(723)**
As at 30 June 2019	-	-	157	1,069	**1,226**
Deferred tax liabilities					
As at 1 July 2018	(6,306)	(533)	-	(593)	**(7,432)**
Recognised in equity	(1,839)	-	-	-	**(1,839)**
Recognised in profit/(loss)	-	(111)	-	573	**462**
As at 30 June 2019	(8,145)	(644)	-	(20)	**(8,809)**
Set-off of deferred tax assets pursuant to set-off provisions					**1,226**
Net deferred tax liabilities at 30 June 2019					**(7,583)**

The amount of deductible temporary differences and unused tax losses for which no deferred tax assets have been brought to account:

(i) Tax losses: operating losses $38,164,000 (2019: $34,219,000)
(ii) Tax losses: capital losses $11,762,000 (2019: $2,016,000)

The benefits of the above temporary differences and unused tax losses will only be realised if the conditions for deductibility occur. These amounts have no expiry date.

7. CASH AND CASH EQUIVALENTS

Accounting Policy

Cash and cash equivalents in the Consolidated Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less. For the purposes of the Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Bank overdrafts are shown within interest-bearing liabilities in current liabilities in the Consolidated Statement of Financial Position.

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

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Cash balance comprises		
Cash at bank and on hand	**2,673**	1,530
Overdraft	**-**	(18)
Total cash and cash equivalents	**2,673**	1,512

The bank overdraft facilities are secured by a bank guarantee by Westpac Banking Corporations Limited. The interest rate on the overdraft facilities is approximately 6.01% (2019: 8.19%).

7. CASH AND CASH EQUIVALENTS (CONTINUED)

Reconciliation of loss after tax to the net cash flows from operations

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Net Loss	**(7,566)**	(235)
Adjustments for:		-
Depreciation and amortisation	**1,945**	1,405
Impairment expenses	**6,302**	549
Change in fair value of biological assets	**(64)**	(815)
Fair value (gain)/loss on derivative financial liabilities	**932**	(2,365)
(Profit)/loss on disposal	**44**	(351)
Recognition of share-based payments	**-**	206
Net exchange differences	**(635)**	(1,000)
Inventory write-downs and provisions	**1,888**	327
Interest expense on convertible notes debt-host liability	**1,571**	3,825
Government grants	**(36)**	(36)
Modification gain on convertible note debt-host liability	**(573)**	-
Interest expense on lease liabilities	**56**	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**3,692**	861
(Increase)/decrease in inventories	**(3,043)**	(11,408)
(Increase)/decrease in prepayments	**108**	(411)
(Increase)/decrease in biological assets	**108**	(741)
(Decrease)/increase in tax provisions	**(4)**	58
(Decrease)/increase in trade and other payables	**(2,995)**	544
(Decrease)/increase in other provisions	**178**	353
(Decrease)/increase in deferred tax liabilities	**(1,048)**	2,100
Net cash flows from operating activities	**860**	(7,134)

(i) All cash and cash equivalents are categorised as financial assets as amortised cost. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

7. CASH AND CASH EQUIVALENTS (CONTINUED)

Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	CONSOLIDATED			
	Other assets	Liabilities from financing activities		
	Cash/bank overdraft	Borrowings due within 1 year	Borrowings due after 1 year	Total
	$'000	$'000	$'000	$'000
Net debt as at 1 July 2019	1,512	(9,444)	(13,428)	**(21,360)**
Cash flows	1,205	212	(1,297)	**120**
Foreign exchange adjustments	(175)	82	49	**(44)**
Other non-cash movements	131	(7,627)	4,426	**(3,070)**
Net debt as at 30 June 2020	2,673	(16,777)	(10,250)	**(24,354)**
Net debt as at 1 July 2018	4,293	(3,716)	(10,288)	**(9,711)**
Cash flows	(2,775)	68	4,500	**1,793**
Foreign exchange adjustments	(6)	-	-	**(6)**
Other non-cash movements	-	(5,796)	(7,640)	**(13,436)**
Net debt as at 30 June 2019	1,512	(9,444)	(13,428)	**(21,360)**

8. TRADE AND OTHER RECEIVABLES

Accounting Policy

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income (OCI), or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group's principal financial assets comprise cash and short-term deposits and receivables, which meet the conditions for classification and measurement at amortised cost. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

At initial recognition, the Group's financial assets are measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial asset. Interest income from these financial assets is included in finance income using the effective interest rate method. The trade receivables, which generally have 30-60 day terms, are recognised and carried at original invoice amount less any provision for impairment.

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

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised costs and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group applies the simplified approach to measuring expected credit losses for all trade receivables. To measure the expected losses, trade receivables have been grouped based on days past due. Expected loss rates are based on the payment profiles of sales over a period of 12 months and the corresponding historical default experience within this period.

The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Trade receivables	**757**	8,559
Deposits and other loans	**25**	111
Other receivables	**39**	226
Less: Allowance for expected credit losses	**(18)**	(47)
Total trade and other receivables	**803**	8,849

(i) Trade receivables are non-interest bearing and are generally on 30-60 day terms.

The loss allowance as at 30 June 2020 and 30 June 2019 was determined as follows for trade receivables:

	CONSOLIDATED				
	Current	**More than 30 days past due**	**More than 60 days past due**	**More than 90 days past due**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Loss allowance at 30 June 2020					
Expected loss rate	1.9%	1.7%	3.9%	15.4%	
Gross carrying amount	635	90	2	30	**757**
Total loss allowance	**12**	**1**	**0**	**5**	**18**
Loss allowance at 30 June 2019					
Expected loss rate	0.3%	0.5%	4.0%	15.0%	
Gross carrying amount	7,088	1,249	94	128	**8,559**
Total loss allowance	**18**	**6**	**4**	**19**	**47**

The maximum exposure to credit risk includes considerations provided for as a result of the COVID-19 pandemic.

9. TRADE AND OTHER PAYABLES

Accounting Policy

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

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Trade payables	**2,623**	7,814
Other payables	**2,136**	4,312
Interest payable	**65**	-
Total trade and other payables	**4,824**	12,126

- Trade and other payables are non-interest bearing and are normally settled on 30 – 45 day terms. The net of GST payable and GST received is remitted to the appropriate tax body on a monthly basis.
- The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short term nature.
- All trade and other payables are categorised as "other financial liabilities". They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- For terms and conditions relating to related parties refer to note 28

10. INVENTORIES

Accounting Policy

Inventories are valued at the lower of cost and net realisable value, except for Macadamia produce, which are measured at fair value less costs to sell at the point of harvest. Macadamias cease to be agricultural produce after picking and are subsequently classified as raw materials, measured at cost.

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

- **Macadamia produce –** fair value less costs to sell at the point the Macadamia crop becomes non-living. This measurement then becomes the cost recognised under raw materials;
- **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.

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Raw materials (at lower of cost and net realisable value)	**2,311**	7,269
Work-in-progress (at lower of cost and net realisable value)	**-**	407
Finished goods (at lower of cost and net realisable value)	**19,792**	19,481
Total inventories	**22,103**	27,157

Refer to note 5 for the recognised expenses for inventories carried at net realisable value. This is recognised in cost of sales in the profit or loss.

11. BIOLOGICAL ASSETS

Accounting Policy

Biological assets comprise of macadamia nuts growing on macadamia trees.

The current growing macadamia crop is not considered harvested, as this crop is attached to the trees and therefore classified as a biological asset and valued in accordance with AASB 141 *Agriculture*. The fair value of the macadamia nuts on trees takes into account current macadamia selling prices and current growing, processing and selling costs. The calculated crop value is then discounted to take into account that it is only partly developed, and then further discounted by a suitable factor to take into account the agricultural risk until crop maturity. As the macadamia growth cycle is complete within 12 months, no adjustment has been made for discounting future harvests to net present value. In applying this standard, the Group has made various assumptions at the reporting date as the selling price of the crop can only be estimated and the actual crop yield will not be known until it is completely processed and sold.

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Balance as at 1 July	**1,749**	1,008
Change in fair value due to biological transformation	**6,193**	7,111
Transfer of harvested macadamia nuts to inventory	**(6,301)**	(6,370)
Balance as at 30 June	**1,641**	1,749

As part of its operations, the Group grows, harvests, processes and sells macadamia nuts. As at 30 June 2020, the Group owned a total of 3,998 acres of macadamia orchard located on the Big Island of Hawaii (2019: 3,998 acres). The orchard produced a total of 9.77m lbs of wet in shell macadamia nuts for the year ended 30 June 2020 (2019: 10.60m lbs).

A. Valuation of macadamia produce

The Group has a team that performs valuations of the Group's biological assets for financial reporting purposes, including Level 3 fair values. The main Level 3 inputs used by the Group are derived and evaluated as follows:

- Volume of macadamia nuts on trees is determined utilising know growth cycles and expected macadamia orchard yields. Expected yields are estimated based upon historical yields and adjusted for climatic conditions and observations of the current crop growing in the orchard.
- Selling prices are based on average trend prices for wet in shell macadamia nuts.
- Growing, processing and selling costs are based on long term average levels.

As the macadamia growth cycle is complete within 12 months, no adjustment has been made for discounting future harvest to net present value.

The following table summarises the quantitative information about the significant unobservable inputs used in the Level 3 fair value measure of the macadamia produce:

Valuation inputs	Relationship of unobservable inputs to fair value	2020	2019
Actual macadamia orchard yield (million lbs)	The higher the macadamia nut yield, the higher the fair value	**9.77**	10.67
Selling price of wet in shell macadamia nuts (US $ per lb)	The higher the wet in shell sell price, the higher the fair value	**0.98**	0.94
Cost of growing (US $ per lb)	The higher the cost of growing, the lower the fair value	**0.14**	0.12
Cost of disposal including processing and selling (US $ per lb)	The higher the cost of disposal, the lower the fair value	**0.39 – 0.54**	0.38 – 0.51

Assets pledged as security

Information about assets pledged as security is provided in note 12.

12. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Land

For the basis of the valuations, land and buildings are measured at fair value.

Increases in carrying amounts arising on revaluation of land are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increases reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the land are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the land; all other decreases are charged to profit or loss. Independent valuations are performed with sufficient regularity to ensure that the carrying amount does not differ materially from the lands' fair value at the reporting date. Upon disposal, any revaluation reserve relating to the land being sold is transferred to retained earnings.

Buildings, plant and equipment

Buildings, plant and equipment are stated at cost less accumulated depreciation and any impairment in value.

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, over the estimated useful life of the assets as follows:

Tourism buildings	15 years
Freehold buildings	50 years
Bearer plants	65 years
Plant and equipment	3 – 20 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 2020 are consistent with those used in the prior year.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the profit or loss in the period the item is derecognised.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date, lease incentives and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*. The costs are included in the right-of-use asset, unless those costs are incurred to produce inventories.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

Impairment

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 assets recoverable amount is the higher of its fair value less cost of disposal 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 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. An assessment is made at each reporting date as to whether a previously recognised impairment loss in respect of non-financial assets other than goodwill, can be reversed.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Reconciliation of the book amounts of each class of property, plant and equipment at the beginning and end of the year is set out below:

	CONSOLIDATED								
	Leasehold land	**Freehold land**	**Buildings on leasehold land**	**Buildings on freehold land**	**Bearer plants**	**Plant and equipment**	**Capital works in progress**	**Right-of-use assets**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2019									
Cost or fair value	1,125	26,338	1,377	12,638	4,764	27,895	25	-	**74,162**
Accumulated depreciation	-	-	(1,262)	(9,966)	(743)	(19,464)	-	-	**(31,435)**
Accumulated impairment	-	-	-	-	-	(4,964)	-	-	**(4,964)**
Net book amount	1,125	26,338	115	2,672	4,021	3,467	25	-	**37,763**
Year ended 30 June 2020									
Opening net book amount	1,125	26,338	115	2,672	4,021	3,467	25	-	**37,763**
Recognition of right-of-use assets	-	-	-	-	-	-	-	919	**919**
Exchange differences	(10)	360	(2)	19	80	18	1	21	**487**
Revaluation surplus	450	138	-	-	-	-	-	-	**588**
Additions	-	-	-	-	-	26	1,125	472	**1,623**
Disposals	-	-	-	(20)	-	(29)	-	-	**(49)**
Transfers	-	-	-	141	-	808	(920)	(29)	**-**
Remeasurement adjustment	-	-	-	-	-	-	-	59	**59**
Depreciation	-	-	(31)	(187)	(194)	(592)	-	(309)	**(1,313)**
Impairment reversal	-	-	-	-	-	-	-	41	**41**
Impairment expense	(685)	(3,019)	(36)	(650)	-	(918)	(101)	(209)	**(5,618)**
Assets classified as held for sale	(880)	(3,881)	(46)	(835)	-	(1,180)	(130)	(269)	**(7,221)**
Closing net book amount	-	19,936	-	1,140	3,907	1,600	-	696	**27,279**
At 30 June 2020									**-**
Cost or fair value	-	19,936	-	1,428	4,854	5,832	-	1,220	**33,269**
Accumulated depreciation	-	-	-	(288)	(947)	(4,232)	-	(202)	**(5,669)**
Accumulated impairment	-	-	-	-	-		-	(322)	**(322)**
Net book amount	-	19,936	-	1,140	3,907	1,600	-	696	**27,279**

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	CONSOLIDATED							
	Leasehold land	Freehold land	Buildings on leasehold land	Buildings on freehold land	Bearer plants	Plant and equipment	Capital works in progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 1 July 2018								
Cost or fair value	909	20,476	1,330	12,577	4,538	27,188	52	**67,070**
Accumulated depreciation	-	-	(1,147)	(7,459)	(531)	(18,596)	-	**(27,733)**
Accumulated impairment	-	-	-	(2,318)	-	(4,964)	-	**(7,282)**
Net book amount	909	20,476	183	2,800	4,007	3,628	52	**32,055**
Year ended 30 June 2019								
Opening net book amount	909	20,476	183	2,800	4,007	3,628	52	**32,055**
Exchange differences	31	584	8	56	196	59	-	**934**
Revaluation surplus	185	5,331	-	-	-	-	-	**5,516**
Additions	-	-	-	-	-	48	301	**349**
Disposals	-	(53)	-	-	-	(3)	-	**(56)**
Transfers	-	-	-	-	-	328	(328)	**-**
Depreciation	-	-	(76)	(184)	(182)	(593)	-	**(1,035)**
Impairment	-	-	-	-	-	-	-	**-**
Closing net book amount	1,125	26,338	115	2,672	4,021	3,467	25	**37,763**
At 30 June 2020								
Cost or fair value	1,125	26,338	1,377	12,638	4,764	27,895	25	**74,162**
Accumulated depreciation	-	-	(1,262)	(9,966)	(743)	(19,464)	-	**(31,435)**
Accumulated impairment	-	-	-	-	-	(4,964)	-	**(4,964)**
Net book amount	1,125	26,338	115	2,672	4,021	3,467	25	**37,763**

A. Fair value of leasehold and freehold land

The Group engages external, independent and qualified valuers to determine the fair value of the Group's leasehold and freehold land at least every three years. A directors' valuation has been performed for the leasehold and freehold land as at 30 June 2020. The last independent valuations of these leasehold and freehold lands were performed as follows:

- The freehold land in Hawaii was valued on 19 June 2020 by CBRE Valuation and Advisory Services (USA); and
- The leasehold land in Fiji was last valued on 24 June 2020 by Rolle Associates (Fiji);
- The freehold land in Yandina, Australia was valued on 30 June 2020 by Colliers International (Australia).

The Directors do not believe there has been a material movement in fair value since the valuations were conducted in relation to the Hawaii land. The independent valuations were determined by the direct comparison approach, utilising recent observable market data for similar properties. Key inputs include the price per square meter. There were no changes during the year in the valuation techniques used by the Group to determine Level 2 fair values of land.

As a result of the sale of the Ginger and Tourism division, the leasehold land in Fiji and the freehold land in Yandina has been classified as part of the held for sale assets, refer to note 26.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

A. Fair value of leasehold and freehold land (continued)

Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold and leasehold land were stated on the historical cost basis, the amounts would be as follows:

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Leasehold land at cost	**94**	94
Freehold land at cost	**2,585**	2,585

B. Right-of-use assets

The Group leases various properties, equipment and vehicles. The right-of-use assets relate to the following types of assets:

	CONSOLIDATED		
	Buildings on leasehold land	**Plant and equipment**	**Total**
	$'000	**$'000**	**$'000**
At 1 July 2019			
Cost	675	**566**	1,241
Accumulated depreciation and impairment	(322)	**-**	(322)
Net book amount	353	**566**	919
Year ended 30 June 2020			
Exchange differences	6	**15**	21
Additions	-	**472**	472
Disposals	-	**-**	-
Transfers	-	**(29)**	(29)
Remeasurement adjustment	13	**46**	59
Depreciation	(171)	**(138)**	(309)
Impairment reversal	41	**-**	41
Impairment expense	-	**(209)**	(209)
Leases classified as held for sale	-	**(269)**	(269)
Closing net book amount	242	**454**	696
At 30 June 2020			
Cost	694	**526**	1,220
Accumulated depreciation and impairment	(452)	**(72)**	(524)
Net book amount	242	**454**	696

In relation to the Morwell lease right-of-use asset, the Group has applied the practical expedient to rely on the assessment performed under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* for the period ending 30 June 2019 as an alternative to performing an impairment review As a result, the onerous lease provision which was recognised at 30 June 2019 in the amount of $353,000 has been adjusted against the right-of-use asset at 1 July 2019 with a difference recognised in the consolidated statement of profit or loss and other comprehensive income for the valuation. Refer to information provided regarding the onerous lease provision in note 18.

On 4 May 2020, the Group entered into a sublease for a portion of the Morwell property for a 2 year lease term. This has resulted in a change in the assumptions that were used to determine the value of the right-of-use assets. As a result, management has determined the recoverable amount of the right-of-use asset based on the present value of the net future cash flows have been calculated to determine that a $41,000 reversal of impairment is recognised for the year ended 30 June 2020.

Information about the Group's leases are provided in note 16.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

C. Assets pledged as security

Greensill Capital (UK) Limited holds a first ranking mortgage over the Group's property assets in Hawaii. Westpac Banking Corporation holds a first ranking mortgage over the Group's land at Yandina. 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. The convertible noteholders hold a registered equitable second mortgage over the Group's property assets through the Buderim Security Trust.

D. Impairment testing

Information about impairment testing of property, plant and equipment is provided in note 13.

13. INTANGIBLE ASSETS

Accounting Policy

Goodwill

Goodwill is carried at cost, less any accumulated impairment losses. Goodwill is recognised as the excess of the consideration transferred over the acquisition date fair value of identifiable net assets acquired. Goodwill is not amortised, and is tested for impairment at least annually and is allocated to the cash-generating units for which it relates.

Impairment losses recognised for goodwill are not subsequently reversed.

Customer relationships

Customer relationships are carried at cost, less any accumulated impairment losses and amortisation. Customer relationships have been assessed as having a finite life from the date of business acquisition and are amortised over a period of between 5-8 years (2019: 5-10 years).

Trade marks

Trade marks are carried at cost, less any accumulated impairment losses and amortisation. Separately acquired trademarks and licences through a business combination are recognised at fair value at the acquisition date, they have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment loses. Trade marks are assessed for impairment at least annually and is allocated to the cash-generating unit for which they relate. Trade marks are amortised over a period of between 5-8 years.

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

Impairment testing is performed annually for goodwill and intangible assets with indefinite useful lives regardless of whether any impairment indicators exist.

13. INTANGIBLE ASSETS (CONTINUED)

	CONSOLIDATED			
	Goodwill $'000	Relationships $'000	Trade marks $'000	Total $'000
At 1 July 2019				
Cost	742	1,488	1,515	**3,745**
Accumulated amortisation and impairment	(186)	(210)	(497)	**(893)**
Net carrying amount	556	1,278	1,018	**2,852**
Year ended 30 June 2020				
Opening net carrying amount	556	1,278	1,018	**2,852**
Exchange differences	5	51	6	**62**
Additions	-	-	-	**-**
Amortisation	-	(425)	(208)	**(633)**
Impairment	(561)	-	-	**(561)**
Closing carrying amount	-	904	816	**1,720**
At 30 June 2020				
Cost	248	1,516	1,323	**3,087**
Accumulated amortisation and impairment	(248)	(612)	(507)	**(1,367)**
Net carrying amount	-	904	816	**1,720**

	CONSOLIDATED			
	Goodwill $'000	Relationships $'000	Trade marks $'000	Total $'000
At 1 July 2018				
Cost	726	1,417	1,451	**3,594**
Accumulated amortisation and impairment	(167)	(46)	(275)	**(488)**
Net carrying amount	559	1,371	1,176	**3,106**
Year ended 30 June 2019				
Opening net carrying amount	559	1,371	1,176	**3,106**
Exchange differences	(3)	65	54	**116**
Additions	-	-	-	**-**
Amortisation	-	(158)	(212)	**(370)**
Impairment	-	-	-	**-**
Closing carrying amount	556	1,278	1,018	**2,852**
At 30 June 2019				
Cost	742	1,488	1,515	**3,745**
Accumulated amortisation and impairment	(186)	(210)	(497)	**(893)**
Net carrying amount	556	1,278	1,018	**2,852**

A. Asset pledged as security

Information about assets pledged as security is provided in note 12.

13. INTANGIBLE ASSETS (CONTINUED)

B. Impairment testing

The Group is required to test its intangible assets with indefinite useful lives, including goodwill annually for impairment, along with its other non-financial assets when indications of impairment are identified. Given the nature of the assets held by the Group, including intangible assets and factory plant and equipment which do not generate cash inflows that are largely independent of other assets, the Group must determine the recoverable amount for the cash-generating unit (CGU) to which the assets belongs.

Due to the proposed sale of the Ginger and Tourism segments, as at 30 June 2020 the only remaining CGU from continuing operations represents the USA Macadamia division. The assets of the Ginger and Tourism divisions have been measured at fair value less cost to sell in line with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, refer to note 26, while the prior year comparative information for 30 June 2019 is presented within this note.

For the purposes of impairment assessment, goodwill acquired through business combinations is allocated to individual CGU's for which it relates. No amount of goodwill or intangible assets with indefinite useful lives have been allocated across multiple CGUs. The allocation of goodwill and intangible assets allocation is presented below, the Ginger Fiji and Tourism CGUs are presented for comparative purposes, however these have been reclassified as assets held for sale for 30 June 2020, presented in note 26.

REPORTABLE SEGMENTS	Ginger Fiji		Tourism		Macadamia USA		Total	
	30/06/20 $'000	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000	**30/06/20 $'000**	30/06/19 $'000
Goodwill	**-**	94	**-**	218	**-**	243	**-**	555
Customer Relationships	**-**	-	**-**	-	**904**	1,278	**904**	1,278
Trade marks	**-**	1	**-**	-	**816**	1,017	**816**	1,018
	-	95	**-**	218	**1,720**	2,538	**1,720**	2,851

USA Macadamia CGU

The Group has identified the following indicators of impairment for the current financial reporting period:

- The carrying amount of the net assets of the Group is more than its market capitalisation; and
- There have been significant changes in the market and environment in which the Groups' operates as a result of the coronavirus (COVID-19) which have had an adverse impact for the Group operations.
- There is evidence available from internal reporting that indicates that the economic performance of the Groups' assets is lower than expected.

The Group has calculated the recoverable amount for all CGU based on the higher of the value-in-use (VIU) or the fair value less cost of disposal (FVLCD). For the current period, the recoverable amounts for the CGUs was determined based on the FVLCD for the USA Macadamia CGU.

In determining the FVLCD values, the Group has obtained an independent valuation of the Macadamia USA CGU on a whole of business basis to represent the fair value and has made an allowance for the cost of disposal of 3% of the fair value (2019: 3%). The basis for the fair value of the land associated with the CGU is outlined in note 12. The FVLCD values were determined using both the income capitalisation approach and the comparable sales approach, some of the inputs utilised within the valuation are unobservable and are therefore deemed to be Level 3 in the fair value hierarchy. The following table outlines the key assumptions that have been made in the determination of the FVCLD recoverable amount.

ASSUMPTIONS	2020	2019
INCOME CAPITALISATION APPROACH		
Capitalisation rate (%)	**13.0**	**13.0**
Stabilised orchard yield (m lbs p/a)	**9**	**9**
Stabilised price per lb (US$)	**1.20**	1.15
Stabilised operating costs (US$ per planted acre)	**1,676**	1,608
COMPARABLE SALES APPROACH		
Sales price per acre (US$ per planted acre)	**7,700**	8,050

The carrying amount of the Macadamia USA CGU has been determined with reference to the intangible assets and the relevant property, plant and equipment. Having regard to the information above, the Group has concluded that the FVLCD calculation does not result in the recoverable amount for the CGU being lower than its carrying amount. As a result of the impact of COVID-19 and the uncertainties in relation to the future sales and the decline experienced for the macadamias segment for the current period, the Group has recognised an impairment of the goodwill of $248,000 associated with the CGU.

13. INTANGIBLE ASSETS (CONTINUED)

B. Impairment testing (continued)

Ginger Fiji and Tourism CGUs

In the current year, the assets of the Ginger and Tourism division are measured at fair value less cost to sell line with AASB 5 *Non-Current Assets Held for Sale and Discontinued Operations*, refer to note 26. The below comparative information for 30 June 2019 is presented below.

The VIU calculation utilises the FY2020 budget, approved by the Board of Directors, to determine the future net cash flows arising from the continued use of the CGU's assets, covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The cash flows are then discounted to present value utilising pre-tax weighted average cost of capital (WACC) rates. The following table sets out the key assumptions for those CGUs that have goodwill allocated to them:

ASSUMPTIONS	Ginger Fiji	Tourism
2019		
Cash flow growth rate (%)	**3.0**	2.0
Terminal growth rate (%)	**3.4**	2.7
Pre-tax discount rate (%)	**17.5**	16.2

Management has determined the values assigned to each of the above key assumptions as follows:

ASSUMPTION	APPROACH USED TO DETERMINING VALUES
Revenue growth	The revenue growth is based on the FY2020 budget over the 5-year period using expected growth rates. For the Tourism CGU this includes assumptions relating to increasing visitor numbers through enhancing experience for domestic customers and engagement with international tourism operators.
Gross margin	The gross margins are based on past performance and management's expectations for the future. For the Ginger Fiji operations, slight improvements have been assumed based on anticipated labour rate and supply contracts.
Overheads	The corporate costs are allocated to each CGU based on the percentage of net sales, these represent overhead costs incurred for the Group's head office and include fixed costs which do not vary significantly with sales volumes and price. The amounts are based on inflation increases applied to historical costs along with known contract revisions.
Cash flow growth rate	The 20-year average CPI for each country of operation has been utilised as the growth rates applied to cash forecasts.
Terminal growth rate	This is the weighted average growth rate used to extrapolate cash flows beyond the 5-year forecast period.
Pre-tax discount rate	This reflects the specific risks relating to the relevant segments and the countries in which they operate.

The carrying amount for the Ginger Fiji and Tourism CGUs has been determined with reference to the allocated goodwill and intangible assets and the relevant property, plant and equipment. Having due regard to the information above, the Group has concluded that the VIU calculations does not result in the recoverable amount for the CGU being below its carrying amounts. As a result of the impairment assessment undertaken, there are no impairments required to the Ginger Fiji and Tourism CGUs as at 30 June 2019.

Sensitivity

The Directors had made judgements and estimates in respect of impairment testing of non-financial assets. Should such judgements and estimates not occur the resulting asset carrying amount may decrease. The Group had considered and assessed reasonably possible changes in key assumptions, and had not identified any instances that could cause the carrying amounts of the CGU's to exceed their recoverable amounts.

14. INTEREST-BEARING LIABILITIES

Accounting Policy

Financial liabilities, including all loans and borrowings are initially recognised at fair value, net of transaction costs incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged, cancelled or if the terms are modified resulting in the present value of future cash flow being modified more than 10%. Under the circumstances of modification resulting in derecognition of the liability is recognised at the new present value of the future cash flows under the modified terms. Where the modification results in the present value of future cash flows being modified by less than 10%, any gains or losses on modification are recognised in profit or loss for the period in which the modification occurs.

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
CURRENT		
Secured		
Working capital financing facilities	**9,281**	6,745
Bank loans	**2,073**	1,417
Convertible notes	**5,423**	1,282
Total current interest-bearing liabilities	**16,777**	9,444
NON-CURRENT		
Secured		
Bank loans	**1,248**	-
Convertible notes	**9,002**	13,428
Total non-current interest bearing liabilities	**10,250**	13,428
Total interest-bearing liabilities	**27,027**	22,872

A. Bank loans and working capital financing facilities

During 2019 and 2020, the Group held facilities with Rabobank Australia Limited ("Rabobank"), these included term loan facilities of AUD$1,345,000, an at call revolving working capital facility of AUD$7,000,000 to be repaid by 31 December each year and may be fully redrawn after 31 January in the following year and an at call bank guarantee facility of AUD$1,000,000, expiring 30 September 2020. On 16 January 2020, these facilities were repaid from the initial drawdown under the Greensill Capital (UK) Limited ("Greensill") facilities.

On 16 January 2020, the Group entered into a working capital finance facility with Greensill Capital (UK) Limited. The facility is an uncommitted revolving working capital facility under which the Group may request short-term finance. The lending criteria is based on a borrowings base comprising certain minimum levels of eligible inventory and eligible receivables and maximum funding of AUD$25,000,000. Amounts owing to Greensill are secured by a first ranking general security interest over Buderim Group Limited and its subsidiaries and a first ranking mortgage over the Group's property assets in Hawaii. As at 30 June 2020, the Group has a total drawdown of the facility of $9,281,000. The drawdowns have a 120 day maturity term upon which the balance is able to be drawn down in full again. The average interest rate for the facility is 8.28%.

On 16 January 2020, the Group provided Westpac Banking Corporation ("Westpac") with new security in connection with its retail banking (overdraft) facilities, this security is a first ranking mortgage over the Group's land at Yandina, Australia. This mortgage replaced the previous security (bank guarantee) that was provided by Rabobank to Westpac.

On 29 April 2020, the Group was approved for the US Government Paycheck Protection Program loan through the Bank of Hawaii. Under the arrangement, the US subsidiary, MacFarms LLC, received US$1,250,000 to be used towards covering payroll and other eligible operational expenses to assist supporting the business through COVID-19. The facility has a 2 year term with repayments deferred for the first 6 months of the loan. Under the arrangement the entity would be eligible to apply for loan forgiveness should certain criteria be met and it is the intention of MacFarms, LLC to submit an application subsequent to 30 June 2020. The interest rate for the loan facility is 1.00%.

Other bank loans include the MacFarms LLC loan facilities for AFCO (premium funding) and JD Equipment. These facilities are at an average interest rate of 3.79% (2019: 5.05%) and 0.0% (2019: nil).

The carrying amount of bank related interest-bearing liabilities reasonably approximate their fair values due to the relative short-term nature of these liabilities

14. INTEREST-BEARING LIABILITIES (CONTINUED)

B. Convertible notes

On 15 February 2017, the parent entity issued 37,500,000 convertible notes at $0.40 per note with a coupon rate of 4.50% per annum to Asia Mark Development Limited (AMD). The notes are convertible into fully paid ordinary shares of the parent entity, at the option of the shareholder, or repayable at the maturity date. The conversion ratio for each note held is one note to 1.037204 fully paid ordinary shares. Upon conversion, 38,895,152 shares will be issued.

The initial fair value of the host debt liability portion of the convertible notes was determined as the residual balance between the face value of the notes issued, being $15,000,000 and the fair value of the derivative liability recognised. The derivative liability represents the value attributable to the potential adjustment to the conversion ratio on the conversion of the notes, the valuation of the derivative liability is outlined in note 15. The host debt liability is subsequently recognised on an amortised cost basis until the debt is extinguished on conversion or maturity of the notes.

On 21 February 2020, the terms of the agreement were modified to a partial repayment of the host debt liability in the amount of $5,000,000 is due at 30 September 2020, with the remaining balance of the host debt liability of $10,000,000 extended for 12 months to 30 September 2021 as the maturity date. The contract modification has been assessed and determined not to be a significant change in the present value of the future cash flows (i.e. less than 10% change in the present value of the future cash flows before and after modification). As a result of the modification, a gain of $574,000 has been recognised in finance income for the year ended 30 June 2020.

The host debt liability portion of the convertible notes are held at amortised cost. This host debt liability represents the 4.50% annual coupon payable and $15,000,000 payable at the maturity of the notes. As at 30 June 2020, the fair value of the host debt liability is considered to be $14,425,000 (2019: $14,642,000), representing the net present value of future cash flows utilising the effective interest rate of 10.60%.

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Opening balance	**15,068**	13,679
Fair value (gain)/loss on derivative	**932**	(2,365)
Interest expense	**1,571**	2,917
Interest paid	**(1,283)**	(67)
Liability extinguished	**-**	(14,096)
Liability recognised	**-**	15,000
Modification adjustments	**(573)**	-
	15,715	15,068
Current liability	**5,853**	1,283
Non-current liability	**9,862**	13,785
Total liability	**15,715**	15,068

- The table above includes the debt host liability and the derivative component of the convertible note. Refer to note 15 in relation to the derivative portion.
- The interest expense is calculated by applying the effective interest rate of 10.60% (2019: 25.59% prior to 14 June 2019, and 10.60% following the contract modification on 14 June 2019) to the host debt liability component.
- Current liability portion represents the 4.50% coupon payable on the anniversary of the issue of convertible notes and the $5,000,000 repayment due by 30 September 2020. The remaining balance is presented as non-current.

15. OTHER FINANCIAL LIABILITIES

Accounting Policy

The derivative liability component recognised in other financial liabilities represent the value attributable to the potential adjustments to conversion ratio of the convertible notes issued. They are initially recognised at fair value and subsequently remeasured at each reporting date. The Group is required to measure its other financial liabilities, being the derivative liability component of the convertible notes issued at fair value. Refer to note 14 for further information relating to the convertible notes.

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Derivative liability component - Current	**430**	-
Derivative liability component - Non-Current	**860**	358
Total other financial liabilities	**1,290**	358

A. Fair value of other financial liabilities

In determining the fair value of the derivative liability component, a number of key assumptions are required to be made. The Group engages external, independent and qualified advisors to determine the fair value of the Group's derivative liability component of its convertible notes. The valuation determines the fair value of the derivative component through a Binomial option pricing model.

The following table summarises the quantitative information about the significant unobservable inputs.

Valuation inputs	Relationship of unobservable inputs to fair value	30/06/20	30/06/19
Historical 3-year volatility (%)	The higher the volatility, the higher the fair value	**75.0**	62.5
Dividend yield (%)	The higher the dividend yield, the higher the fair value	**-**	-

The fair value recognised at 30 June 2020 was $1,290,000 (2019: $358,000) resulting in a fair value loss of $932,000 (2019: gain of $2,365,000) recognised during the year in the consolidated statement of profit or loss and other comprehensive income.

16. LEASE LIABILITIES

Accounting Policy – From 1 July 2019

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight line basis over the lease term.

At the commencement date of the lease, the Group recognises the lease liabilities measured at the present value of the lease payments that are not paid at the commencement date, discounted using either the rate implicit in the lease, or if that rate is not readily determined, the Group uses its incremental borrowing rate. The incremental borrowing rate is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use assets in a similar economic environment. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments for penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. For leases which contain a lease and a non-lease component, such as maintenance or charges, these are required to be accounted for separately.

After the commencement date, the amount of the lease liability is increased to reflect interest on the lease liability and reduced for the lease payments made. The Group remeasures the lease liability and makes a corresponding adjustment to the related right-of-use asset whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;
- The lease payments change due to changes in an index or rate of a change in expected payments under guaranteed residual value, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used); and
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Refer to note 12 for the accounting policy for right-of-use assets.

16. LEASE LIABILITIES (CONTINUED)

Accounting Policy – Prior to 1 July 2019

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

Finance leases, which transfer to the Group substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the profit or loss. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

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

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Lease liabilities		
Current	**449**	-
Non-current	**311**	-
Total lease liabilities	**760**	-

For the year ending 30 June 2019, lease of property, plant and equipment were classified as operating leases, refer to note 22 for further information. The Group had no finance leases or hire purchase contracts at 30 June 2019.

Maturity analysis of the contracted undiscounted cash flows for leases:

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Maturity analysis		
Not later than one year	**449**	-
Later than 1 year and not later than 5 years	**311**	-
Later than 5 years	**-**	-
Total	**760**	-

The total cash outflow for leases in 2020 was $564,000.

The statement of profit or loss shows the following amounts relating to leases:

		CONSOLIDATED	
	Notes	**30/06/20 $'000**	30/06/19 $'000
Depreciation charge of right-of-use assets			
Buildings	12	**171**	-
Plant and equipment	12	**138**	-
		309	-
Interest expense (included in finance costs)		**47**	-
Expenses relating to short term lease (included in cost of sales)		**430**	-
Expenses relating to leases of low value assets (included in administration expenses)		**-**	-

16. LEASE LIABILITIES (CONTINUED)

The Group's leasing activities and how these are accounted for

The Group leases several assets including office buildings, machinery and equipment and motor vehicles. The average lease term is 2 years, but may have extension options and purchase options. The Group has made a determination that certain property leases extension options will not be exercised while certain purchase options associated with machinery and equipment leases are likely to be exercised in order to manage the flexibility of managing the assets used in the Group's operations. In determining the lease term, extension option and purchase options, management considers all facts and circumstances that create an economic incentive to exercise an option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

The incremental borrowing rate has been determined with reference to the risk-free interest rate adjusted for the credit risk associated with obtaining financing based on recent secured third party financing received by the Group as a lessee and making adjustments specific to the lease such as term, country, currency and security. The lessee's weighted average incremental borrowing rate applied to the lease liabilities at 30 June 2020 is 6.0%

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. During the year, there has been remeasurement of lease liabilities for the reporting period ending 30 June 2020 based on revision of variable lease payments associated with property leases.

17. EMPLOYEE ENTITLEMENTS

Accounting Policy

Wages, salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and vesting 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.

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 high quality corporate bond rates.

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Employee benefits		
Current	**669**	1,832
Non-current	**-**	170
Total employee benefits	**669**	2,002

The employee benefits cover the Group's liability for annual leave, sick leave and long service leave.

The current portion of this liability includes all of the accrued annual leave, sick leave and unconditional entitlements to long service leave where employees have completed the required period of service and also those where employees are entitled to pro-rata payments.

18. PROVISIONS

Accounting Policy

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in profit or loss net of any reimbursement.

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

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

18. PROVISIONS (CONTINUED)

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Onerous lease provisions		
Current	-	129
Non-current	-	224
Total provisions	-	353

During 2019, a provision for onerous leases was recognised following the closure of the Morwell bottling facility. The non-cancellable lease expires in May 2022, resulting in a requirement for onerous lease provisions. Effective from 1 July 2019, the Group has adopted AASB 16 *Leases*, and the previous onerous lease was reassessed as part of the recognition of the Morwell lease under the new standard. Refer to further information on the leases as part of note 12 for the right-of-use assets and note 16 for the lease liabilities.

19. CONTRIBUTED EQUITY AND RESERVES

Accounting Policy

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.

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Issued and paid up capital		
Fully paid ordinary shares	**54,824**	54,824
	54,824	54,824

Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders' meeting each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

MOVEMENTS IN ORDINARY SHARES ON ISSUE	Date	Issue Price	Number of shares	$'000
Balance as at 1 July 2019			86,021,860	54,824
Shares issued – Placement			-	-
Less: Transaction costs arising on share issues			-	-
Balance as at 30 June 2020			**86,021,860**	**54,824**

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.

20. DIVIDENDS PAID OR PROPOSED

No dividends have been paid during the 2020 year for the year ended 30 June 2020 (2019: nil). No dividend has been declared for the year ended 30 June 2020 (2019: nil)

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General objectives, policies and processes

The Board has overall responsibility for the establishment and oversight of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Group's risk management policies and objectives are established to minimise the potential impacts of these risks to the Group where such impacts may be material. The effectiveness of the processes put in place and the appropriateness of the objectives and policies are discussed regularly at Board level. Management also reviews the risk management policies and processes and reports their findings to the Audit, Compliance & Safety Committee.

The overall objective of the Board is to set policies that seek to reduce risk, without unduly affecting the Group's competitiveness and flexibility.

The Group's principal financial instruments comprise bank loans, convertible notes, overdraft, payables, cash and short-term deposits and receivables.

The main purpose of these financial instruments is to raise finance for the Group's operations. It is, and has been throughout the reporting period, the Group's policy that no trading in financial instruments shall be undertaken.

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

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

A. Interest rate risk

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

The Group's policy is to manage its interest cost using a mix of fixed and variable rate debt. In the current year, the Group has refinanced the existing debt facilities previously held by Rabobank to a 120 day revolving debt facility with Greensill Capital (UK) Limited. Refer to further information on the Group's debt facilities in note 14.

As at reporting date the Group had the following variable rate borrowings:

	CONSOLIDATED			
	30/06/20	**30/06/20**	30/06/19	30/06/19
	Effective Interest Rate	**Balance**	Effective Interest Rate	Balance
	%	**$'000**	%	$'000
Bank overdraft (FJD)	**-**	**-**	10.49%	18
Working capital financing facilities (AUD)	**8.28%**	**9,281**	3.52%	6,745

An analysis of maturities is provided in section E below.

At reporting date, the effect on profit and equity as a result of a 100 basis points change in the interest rate, with all other variables remaining consistent, would be an increase/decrease by $93,000 (2019: $67,000). This is mainly due to the Group's exposure to variable interest rate on the Greensill debt facility of $9,281,000 (2019: Rabobank debt facility of $6,745,000).

B. Foreign currency risk

As a result of significant investment operations in the United States, the macadamia segment's statement of financial position can be affected significantly by movements in USD/AUD exchange rates.

The macadamia segment has transactional currency exposure that arise from sales and purchases in currencies other than the unit's functional currency (USD). Approximately 99% (2019: 13%) of the sales are denominated in currencies other than the functional currency, while almost 92% (2019: 89%) of costs are denominated in the units' functional currency.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

B. Foreign currency risk (continued)

As at 30 June, the effect on profit and equity as a result of changes in exchange rates between the AUD/USD currencies, with all other variables remaining constant would be as follows:

	30/06/20			30/06/19		
	Exposure $'000	**10% $'000**	**-10% $'000**	Exposure $'000	10% $'000	-10% $'000
Balances held in USD	**27,643**	**(2,513)**	**3,071**	25,115	(2,283)	2,791
Balances held in FJD	-	-	-	525	(48)	58
Balances held in GBP	-	-	-	-	-	-
Balances held in CAD	-	-	-	159	(14)	18
Balances held in NZD	-	-	-	87	(8)	10

C. Commodity risk

The Group is exposed to commodity risk in the macadamia segment.

Processes are in place to monitor the price risks associated with commodities such as ginger, macadamias and other ingredients such as sugar. Where appropriate forward contracts are established to minimise exposure to price risks for these commodities. Commodity risk is minimised through crop insurance and where appropriate, sourcing commodities from multiple geographical locations.

As at 30 June, the effect on profit and equity as a result of an increase/(decrease) in commodity prices by 1% would be $31,000 (2019: $84,000).

D. Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instruments fails to meet its contractual obligations to the Group. Credit risk arises principally from trade and other receivables and derivatives.

The object of the Group is to minimise risk of loss from credit risk exposure. To achieve this, the Group has established a number of policies and processes to manage credit risk from receivables and derivatives. The Group trades only with recognised, credit worthy third parties. It is the Group's policy that all customer who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the objective that the Group's exposure to bad debts is minimised, refer to note 8 for further information on the Group's policy for the determination of expected credit losses.

Credit risk from receivables is measured through the use of credit agency reports on worthiness, trading history and days sales outstanding ratios. Credit risk from derivatives is measured through monitoring of foreign exchange and interest rate movements. The Group's maximum exposure to credit risk at reporting date in relation to each class of recognised financial asset, is the carrying amount of those asset as indicated in the consolidated statement of financial position.

E. Liquidity risk

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

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

The Group has established a number of policies and processes for managing liquidity risk, these include:

- Continuously monitoring actual and daily cash flows of all Group entities;
- Continuously monitoring long-term forecast cash flow requirements of the Group;
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows;
- Maintaining adequate borrowing facilities such as unused credit or overdraft facilities;
- Monitoring measures of borrowing such as EBIT/interest, EBIT/sales, gearing and debt to equity ratios;
- Monitoring liquidity ratios such as working capital;
- Managing the timing of outflows designated for reduction for liabilities in accordance with usual industry practice; and
- Liquidity risk is measured using liquidity ratios such as working capital.

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

E. Liquidity risk (continued)

The Group has access to debt facilities held with Greensill Capital (UK) Limited (2019: Rabobank Australia Limited) and Westpac Banking Corporations, the facility limits and undrawn balances as at reporting date are outlined in the table below:

DEBT FACILITY		30/06/20		30/06/19	
	Expiry Date	Facility Limit $'000	Undrawn $'000	Facility Limit $'000	Undrawn $'000
Bank overdraft (AUD)[1]	Ongoing	**455**	**455**	455	455
Bank overdraft (FJD)[1]	N/A	**-**	**-**	329	311
Bank overdraft (USD)[1]	Ongoing	**217**	**92**	213	213
Working capital facility[2]	N/A	**-**	**-**	7,000	1,500
Other facilities (AUD)[3]	Various	**22,721**	**11,271**	1,245	-

1: Held with Westpac Banking Corporation

2: Held with Rabobank Australia Limited as at 30 June 2019.

3. Held with Greensill Capital (UK) Limited, Paycheck Protection program loan through the Bank of Hawaii and John Deere Financials as at 30 June 2020

The Group had access to the following undrawn borrowing facilities at the reporting date:

Bank guarantee facility

Westpac Banking Corporation provides for the issue of a $44,935 guarantee in favour of the Group's overdraft, rental performance guarantees and transactional facilities.

Financiers

Greensill Capital (UK) Limited is the Group's principal financier, previously Rabobank Australia Limited. While Westpac Banking Corporation, Bank of Hawaii and Key Bank supply retail banking facilities such as overdraft, dividend, share purchase plan accounts, credit cards, business and corporate on-line facilities to entities within the Group.

Maturity analysis

Financial liabilities have differing maturity profiles depending on contractual term and in the case of borrowings, different repayment amounts and frequency. The periods in which the principal and interest (where applicable) of recognised and unrecognised financial liability balances will be paid based on the remaining period to repayment date assuming contractual repayments are maintained, may vary from carrying amounts due to future interest to be incurred on amortising liability amounts. The bank overdraft and working capital facilities, which are payable at call, may be drawn down at any time.

2020	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	< 6 MTHS $'000	6 – 12 MTHS $'000	1-3 YEARS $'000	> 3 YEARS $'000
Non-derivatives						
Trade and other payables	**4,824**	4,824	**4,824**	-	**-**	-
Interest-bearing liabilities	**27,027**	28,499	**15,545**	1,413	**11,526**	14
Total Non-derivatives	**31,851**	**33,323**	**20,369**	**1,413**	**11,526**	**14**

2019	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	< 6 MTHS $'000	6 – 12 MTHS $'000	1-3 YEARS $'000	> 3 YEARS $'000
Non-derivatives						
Trade and other payables	**12,126**	12,126	**12,126**	-	**-**	-
Interest-bearing liabilities	**22,872**	24,868	**6,965**	2,336	**15,568**	-
Total Non-derivatives	**34,998**	**36,994**	**19,091**	**2,336**	**15,568**	**-**

For further information on the Group's interest-bearing liabilities, refer to note 14

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

F. Fair value

Accounting Policy

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and assumes that the transaction will take place either; in a principle market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels using fair value hierarchy that reflects the significant of the inputs used in making the measurements, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly;

Level 3: Unobservable inputs for the asset or liability.

Classification are reviewed each reporting period and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison where appropriate, with external source of data.

2020	Notes	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000
Non-financial assets					
Leasehold land	12	-	-	-	**-**
Freehold land	12	-	19,936	-	**19,936**
Macadamia nuts growing on trees	11	-	-	1,641	**1,641**
Total Non-financial assets		-	19,936	1,641	**21,577**
Other financial liabilities					
Derivative liability component	15	-	-	1,290	**1,290**
Total Other financial liabilities		-	-	1,290	**1,290**

2019	Notes	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000
Non-financial assets					
Leasehold land	12	-	1,125	-	**1,125**
Freehold land	12	-	26,338	-	**26,338**
Macadamia nuts growing on trees	11	-	-	1,749	**1,749**
Total Non-financial assets		-	27,463	1,749	**29,212**
Other financial liabilities					
Derivative liability component	15	-	-	358	**358**
Total Other financial liabilities		-	-	358	**358**

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

F. Fair value (continued)

Fair value hierarchy

The following table detail the Group's assets and liabilities, measured or disclosed at fair value, using the three-level hierarchy:

Transfers between fair value

There were no movements between any of the three-level hierarchy classifications.

Fair value measurements using significant unobservable inputs (Level 3)

The following table present the changes in Level 3 items for the years ended 30 June 2020 and 30 June 2019 for recurring fair value measurements:

	TOTAL OPERATIONS	
	30/06/20 $'000	30/06/19 $'000
Macadamia nuts growing on trees		
Balance at 1 July	**1,749**	1,008
Gains recognised in profit or loss	**6,193**	7,111
Reclassification to inventory	**(6,301)**	(6,370)
Balance at 30 June	**1,641**	1,749

	TOTAL OPERATIONS	
	30/06/20 $'000	30/06/19 $'000
Derivative liability component		
Balance at 1 July	**358**	2,723
(Gains)/Losses recognised in profit or loss	**932**	(2,365)
Derivative liability extinguished	**-**	(358)
Recognition of convertible notes on modification of contract	**-**	358
Balance at 30 June	**1,290**	358

22. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of debt, which includes borrowings disclosed in note 21, cash and cash equivalents and equity attributable to the equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in note 17 and on the face of the Consolidated Statement of Changes in Equity. There are no externally imposed capital requirements. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the net gearing ratio. This ratio is calculated as net debt divided by total capital, as demonstrated in the table below. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the consolidated statement of financial position (including minority interest) plus net debt.

22. CAPITAL RISK MANAGEMENT (CONTINUED)

Asset and capital structure

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
NET GEARING		
Debts		
Interest-bearing liabilities	**27,027**	22,872
Cash and cash equivalents	**(2,673)**	(1,512)
Net debt	**24,354**	21,360
Total equity	**26,389**	36,259
Total capital employed	**50,743**	57,619
	48.0%	37.1%
DEBT/EQUITY		
Total equity	**26,389**	36,259
Intangibles	**(1,720)**	(2,852)
	24,669	33,407
Interest-bearing liabilities	**27,027**	22,872
	109.6%	68.5%

23. COMMITMENTS AND CONTINGENCIES

A. Other commitments

At 30 June 2020 the Group has commitments of $3,120,000 (2019: $9,022,000) principally relating to committed plant and equipment purchases and supply of manufacturing inputs. Commitments contracted at reporting date, but not recognised as liabilities are as follows:

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Within one year		
Plant and equipment purchases	**-**	99
Consumables used in production processes	**3,120**	8,923
	3,120	9,022

B. Operating lease commitments – Group as a lessee

The Group has entered into commercial leases on certain motor vehicles, forklifts, office equipment and premises where it is not in the best interest of the Group to purchase these assets. These leases have 3-5 year lives.

From 1 July 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, refer to note 12 and note 16 for further information

	CONSOLIDATED	
	30/06/20 $'000	30/06/19 $'000
Within one year	**5**	473
After one year and not more than five years	**8**	438
in excess of five years	**-**	-
	13	*911*

24. INVESTMENT IN CONTROLLED ENTITIES

		Country of incorporation	Percentage of equity interest held by the Group	
			30/06/20 %	30/06/19 %
Buderim Ginger (Overseas) Holdings Pty Ltd	*(i)*	*Australia*	**100**	100
Buderim Baking Company Pty Ltd	*(i)*	*Australia*	**-**	100
Buderim Ginger America, Inc.	*(ii)*	*United States*	**100**	100
Ginger Head Quarters Pty Ltd	*(i)*	*Australia*	**100**	*100*
Frespac Ginger (Fiji) Pte Ltd	*(ii)*	*Fiji*	**100**	*100*
Agrimac Macadamias Pty Ltd	*(i)*	*Australia*	**-**	*100*
MacFarms, LLC	*(iii)*	*United States*	**100**	*100*

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

During the year, the Buderim Baking Company Pty Ltd and Agrimac Macadamias Pty Ltd entities were de-registered, the entities operations had been previously wound up as presented in the previous year's financial statements. No acquisitions or disposals occurred during the year ended 30 June 2020 (2019:nil).

25. PARENT ENTITY INFORMATION

The Corporations Act 2001 requirement to prepare parent entity financial statements where consolidated financial statements are prepared has been removed and replaced by the regulation 2M.3.01 which requires the following limited disclosure in regards to the parent entity (Buderim Group Limited). The consolidated financial statements incorporate the assets, liabilities and results of the parent entity in accordance with the accounting policy described throughout this report.

	PARENT ENTITY	
	30/06/20	**30/06/19**
Current assets[1]	**$'000**	**$'000**
Non-current assets	**10,498**	14,033
Total assets	**24,361**	32,986
	34,859	47,019
Current liabilities[1]		
Non-current liabilities	**15,318**	12,837
Total liabilities	**11,123**	16,779
Net assets	**26,441**	29,616
	8,418	17,403
Issued capital		
Asset revaluation reserve	**54,824**	54,824
Foreign currency translation reserve	**1,997**	4,439
Accumulated losses	**-**	-
Total shareholder's equity	**(48,403)**	(41,860)
	8,418	17,403
	.	
Net profit/(loss) for the year[1]	**(6,446)**	9,364
Total comprehensive profit/(loss) for the year	**(6,446)**	9,364

(1) Included within the parent entity is the net results from discontinued operations relating to the sale of the Ginger and Tourism operations, refer to note 26. The assets held for sale of $13,138,000 and liabilities held for sale of $5,762,000 are expected to be transferred to the buyer upon completion of the sale. Included within net profit/(loss) for the year of the parent entity is net loss of $2,289,000 relating to discontinued operations.

25. PARENT ENTITY INFORMATION (CONTINUED)

Guarantees

The parent entity has guaranteed under the terms of ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 any deficiency of funds if Buderim Ginger (Overseas) Holdings Pty Ltd, Buderim Baking Company Pty Ltd and Agrimac Macadamias Pty Ltd are wound up.

The parent entity has provided a guarantee to Westpac, Suva, Fiji in the sum of AUD $300,000 (FJD $500,000) to indemnify the Westpac Banking Corporation for an overdraft facility made available to Frespac Ginger (Fiji) Pte Ltd.

Contractual commitments

At 30 June 2020 the parent entity has commitments of $689,000 (2019: $504,000) principally relating to supply of manufacturing inputs. These amounts represent commitments contracted at reporting date, but not recognised as liabilities for the Ginger segment.

Contingent liabilities

The parent entity has no contingent liabilities, other than the guarantees detailed above (2019: nil).

Intercompany loan forgiveness

There has been no loan forgiveness in the current year. (2019: The parent entity results include intercompany loan forgiveness with an entity included within discontinued operations in the prior year (refer Note 24)).

26. DISCONTINUED OPERATIONS

Accounting Policy

Non-current assets are classified as held for sale and measured at the lower of carrying amount and fair value less cost to sell, where the carrying amount will be recovered principally through sale as opposed to continued use. No depreciation or amortisation is charged against assets classified as held for sale. Classification as ‘held for sale’ occurs when management has committed to a plan for immediate sale; the sale is expected to occur within one year from date of classification; and active marketing of the asset has commenced. Such assets are classified as current assets.

Impairment losses are recognised for any initial or subsequent write-down of an asset (or disposal group) classified as held for sale to fair value less cost to sell in accordance with the requirements of AASB 136 *Impairment of Assets*, including the treatment of any assets which are held at revalued amounts. Any reversal of impairment recognised on classification as held for sale or prior to such classification is recognised as a gain in profit or loss in the period in which it occurs.

A. Ginger and Tourism divisions - 2020

On 15 June 2020, the Group has announced plans for the disposal of the assets of the Ginger and Tourism divisions by way of a proposed sale. Considering the Group’s intention the associated assets and liabilities were consequently presented as held for sale for the period ending 30 June 2020. Subsequently on 6 August 2020, the Group entered a binding agreement to sell the Ginger and Tourism divisions for cash consideration of $11,000,000. The purchaser has also committed to assuming certain liabilities of the Ginger and Tourism divisions. The sale is subject to certain conditions and is expected to complete on 30 September 2020.

The following assets are reclassified as held for sale in relation to the discontinued operations as at 30 June 2020:

	30/06/20 $’000	30/06/19 $’000
Assets classified as held for sale		
Cash and cash equivalents	**(131)**	-
Trade and other receivables[(1)]	**4,354**	-
Inventories	**4,321**	-
Current tax assets	**58**	-
Prepayments	**622**	-
Property, plant and equipment	**7,221**	-
Deferred tax assets	**45**	
Intangible assets	**1**	-
Total assets of disposal group held for sale	**16,491**	-

(1) Included in the trade and other receivables balance is the allowance for expected credit losses for the Ginger division in the amount of $8,000, which has been determined with reference to historical recoverability of debtors and the expected implications of the COVID-19 pandemic. The aging analysis is presented below.

26. DISCONTINUED OPERATIONS (CONTINUED)

A. Ginger and Tourism divisions - 2020 (continued)

The following liabilities are reclassified as held for sale in relation to the discontinued operations as at 30 June 2020:

	30/06/20 $'000	30/06/19 $'000
Liabilities directly associated with assets classified as held for sale		
Trade and other payables	4,061	-
Employee entitlements	1,512	-
Lease liabilities	486	-
Total liabilities of disposal group held for sale	6,059	-
Net assets of disposal group held for sale	10,432	

Measurement Disclosures

Allowance for expected credit loss for the disposal group as at 30 June 2020:

	DISCONTINUED OPERATIONS				
	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	$'000	$'000	$'000	$'000	$'000
Loss allowance at 30 June 2020					
Expected loss rate	0.2%	1.8%	11.7%	6.2%	
Gross carrying amount	4,227	6	1	1	4,234
Total loss allowance	8	0	0	0	8

As a result of the classification of assets being held for sale, the Group has recognised total impairment of the assets of the disposal group of $9,799,000 on the basis that the fair value of the disposal group represents the expected cash consideration of the sale of $11 million less estimated cost to sell of 5% of the cash proceeds based on actual costs incurred to date and estimated costs to completion date.

Impairment for the period ending 30 June 2020 has been recognised for the following assets:

	30/06/20 $'000
Inventories	3,361
Prepayments	517
Property, plant and equipment	
Land	3,704
Buildings	686
Plant and equipment	918
Capital expenditure in progress	101
Right-of-use assets	209
Intangible assets	
Goodwill	302
Trademarks	1
Total impairment of disposal group	9,799
Impairment recognised in profit or loss of the disposal group[(1)]	6,095

(1) The fair value adjustments relating to the land is recognised through other comprehensive income as these are carried at revalued amounts.

26. DISCONTINUED OPERATIONS (CONTINUED)

A. Ginger and Tourism divisions - 2020 (continued)

The financial performance for the 12 month ended 30 June 2020 and the year ended 30 June 2019 are presented below:

	CONSOLIDATED	
	30/06/20 $'000	**30/06/19 $'000**
Revenue	**28,306**	30,200
Other income[1]	**1,375**	297
Operating expenses	**(29,174)**	(29,958)
Impairment expenses	**(6,095)**	-
Gain on sale of assets	**-**	-
Profit/(loss) before income tax	**(5,588)**	539
Income tax (expense)/benefit	**504**	(370)
Profit/(loss) from discontinued operations	**(5,084)**	169
Exchange differences on translation of discontinued operations	**(31)**	120
Changes in fair value of land, net of tax	**(2,677)**	514
Other comprehensive income/(loss) from discontinued operations	**(2,708)**	634

(1) Other income for the discontinued operations includes Government support received during the current year as a result of the COVID-19 pandemic. During the period, the discontinued operations received an amount of $750,000 in JobKeeper for the Australian operations

The net cash flows attributable to the operating, investing and financing activities of the discontinued operations were as follows:

	CONSOLIDATED	
	30/06/20 $'000	**30/06/19 $'000**
Net cash inflow/(outflow) from operating activities	**1,023**	(958)
Net cash outflow from investing activities	**(637)**	(140)
Net cash outflow from financing activities	**(235)**	(447)
Net increase/(decrease) in cash generated by the discontinued operations	**151**	(1,545)

B. Agrimac operations - 2019

On 21 December 2017, the Group disposed of the assets (excluding inventory) of Agrimac Macadamias Pty Ltd, the Australian macadamia operations. The proceeds on disposal of $1,400,000, net of GST, were received in cash. During 2019, the Group continued to sell the remaining Australian macadamia inventory following the sale of the assets. The loss from the discontinued operations is analysed as follows:

	CONSOLIDATED	
	30/06/20 $'000	**30/06/19 $'000**
Revenue	**-**	781
Other income	**-**	10
Operating expenses	**-**	(796)
Gain on sale of assets	**-**	-
Loss before income tax	-	(5)
Income tax expense	-	-
Loss from discontinued operations	-	(5)

26. DISCONTINUED OPERATIONS (CONTINUED)

B. Agrimac operations – 2019 (continued)

The net cash flows attributable to the operating, investing and financing activities of the discontinued operations were as follows:

	CONSOLIDATED	
	30/06/20 $'000	**30/06/19 $'000**
Net cash outflow from operating activities	**-**	(5)
Net cash inflow/(outflow) from investing activities	**-**	-
Net cash inflow/(outflow) from financing activities	**-**	-
Net decrease in cash generated by the discontinued operations	**-**	(5)

27. DIRECTORS AND EXECUTIVE DISCLOSURES

Details of Compensation of Key Management Personnel

Details of the nature and amount of each element of the remuneration of Key Management Personnel (KMP) of the company and the Group for the financial year can be found in the remuneration report in the director's report. Refer to note 28 for other KMP transactions.

	CONSOLIDATED	
	30/06/20 $	**30/06/19 $**
Short-term employee benefits		
Cash salary and fees	**827,281**	838,065
Short-term incentives	**-**	171,633
Non-Monetary	**1,390**	612
Post-employment benefits		
Superannuation	**75,448**	57,650
Other long-term employee benefits		
Share based payments	**-**	206,000
Long-term incentives	**-**	250,000
Long service leave	**12,721**	12,639
Termination benefits	**-**	14,815
	916,840	1,551,414

28. RELATED PARTY DISCLOSURES

A. Entities subject to class order relief

Pursuant to ASIC Corporations (Wholly-owned Companies) Instrument 2016/785, relief has been granted to certain controlled entities of Buderim Group Limited from the Corporations Act 2001 requirements for preparation, audit, publication and lodgement of their financial reports. As a condition of the ASIC Instrument, Buderim Group Limited and the controlled entities, subject to the ASIC Instrument, entered into a Deed of Indemnity on 22 March 2019. Members of the closed group include Buderim Group Limited Ginger Headquarters and Buderim Ginger (Overseas) Holdings Pty Ltd. Buderim Baking Company Pty Ltd and Agrimac Macadamias The effect of the deed is that Buderim Group Limited has guaranteed to pay any deficiency in the event of winding up of the members of the close group. The members of the closed group have also given a similar guarantee in the event that Buderim Group Limited is wound up.

The Consolidated Statement of Profit or Loss and Other Comprehensive Income of the entities which are members of the "Closed Group" are as follows:

	CLOSED GROUP	
	30/06/20 $'000	**30/06/19 Restated $'000**
INCOME		
Gross profit	**-**	-
Rental revenue	**3**	-
Dividend income	**266**	485
Other income	**1,614**	6,387
Finance revenue	**574**	-
	2,457	6,872
Administration expenses	**(2,282)**	(3,166)
Impairment expense	**41**	(549)
Other expenses	**(1,548)**	(402)
PROFIT/(LOSS) BEFORE TAX AND FINANCE COSTS	**(1,332)**	2,755
Finance costs	**(1,325)**	(3,466)
LOSS BEFORE INCOME TAX	**(2,657)**	(711)
Income tax (expense) / benefit	**(132)**	-
NET LOSS FROM CONTINUING OPERATIONS	**(2,789)**	(711)
Gain/(loss) from discontinued operations(1)	**(3,665)**	461
NET PROFIT/(LOSS) FOR THE YEAR	**(6,454)**	(250)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Changes in fair value of land, net of tax	**(2,442)**	329
Total other comprehensive income/(loss) net of tax	**(2,442)**	329
TOTAL COMPREHENSIVE PROFIT/(LOSS) FOR THE YEAR	**(8,896)**	79
Total net profit/(loss) is attributable to:		
Equity holders of Buderim Group Limited	**(6,454)**	(250)
	(6,454)	(250)
Total comprehensive loss is attributed to:		
Equity holders of Buderim Group Limited	**(8,896)**	79

(1) Included within the closed group is the discontinued operations relating to the sale of the Ginger and Tourism operations, refer to note 26. Presented in the net gain/(loss) on discontinued operations is the revenues and expenses for the Ginger Yandina, Tourism and Ginger Head Quarters entities. The remaining balances relate to the continued corporate operations included within the Buderim Group Limited entity. The prior year comparatives have been restated consistent with the requirements for discontinued operations.

28. RELATED PARTY DISCLOSURES (CONTINUED)

A. Entities subject to class order relief (continued)

The Consolidated Statement of Financial Position of the entities which are members of the "Closed Group" are as follows:

	CLOSED GROUP	
	30/06/20 $'000	30/06/19 $'000
CURRENT ASSETS		
Cash and cash equivalents	**179**	1,030
Trade and other receivables	**6,270**	11,085
Inventories	**-**	6,763
Other current assets	**-**	453
Assets classified as held for sale(1)	**15,476**	-
TOTAL CURRENT ASSETS	**21,925**	19,331
NON-CURRENT ASSETS		
Receivables	**21,709**	20,588
Investments	**147**	1,298
Property, plant and equipment	**144**	8,688
Intangible assets	**-**	218
TOTAL NON-CURRENT ASSETS	**22,000**	30,792
TOTAL ASSETS	**43,925**	50,123
CURRENT LIABILITIES		
Trade and other payables	**-**	2,855
Interest-bearing liabilities	**10,035**	8,688
Other financial liabilities	**430**	-
Lease liabilities	**209**	-
Short-term provision		1,293
Liabilities directly associated with assets classified as held for sale(1)	**6,010**	-
TOTAL CURRENT LIABILITIES	**16,684**	12,836
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	**10,440**	13,428
Other financial liabilities	**860**	358
Lease liabilities	**117**	2,874
Deferred tax liabilities	**1,418**	-
Long-term provisions	**-**	170
TOTAL NON-CURRENT LIABILITIES	**12,835**	16,830
TOTAL LIABILITIES	**29,519**	29,666
NET ASSETS	**14,406**	20,457
EQUITY		
Contributed equity	**59,141**	56,917
Reserves	**1,997**	4,439
Accumulated losses	**(46,732)**	(40,899)
TOTAL EQUITY	**14,406**	20,457
Movement in retained earnings		
Opening balance	**(40,899)**	(35,608)
Attributable to changes to the Closed Group members	**620**	(5,041)
Net profit/(loss) for the year	**(6,453)**	(250)
Closing balance	**(46,732)**	(40,899)

(1) Included within the closed group is the discontinued operations relating to the sale of the Ginger and Tourism operations, refer to note 26. Presented in the assets and liabilities held for sale is the expected balances for the Ginger Yandina, Tourism and Ginger Head Quarters entities which will be sold as part of completion of the sale. The remaining balances relate to the continued corporate operations included within the Buderim Group Limited entity.

28. RELATED PARTY DISCLOSURES (CONTINUED)

B. Subsidiaries

Interests in subsidiaries are set out in note 24.

C. Key management personnel

Disclosures relating to key management personnel are set out in note 27 and the remuneration report included in the Directors' report.

D. Transactions with other related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:

Asia Mark Development Limited

Asia Mark Development Limited, a major shareholder, hold 37,500,000 convertible notes issued by the parent entity on 15 February 2017. The convertible notes pay an annual coupon of 4.5%. Accrued coupon payable at reporting date totals $253,356 (2019: $859,007).

MacFarms of Hawaii 401(k) Profit Sharing Plan

The Group elected to make a discretionary contribution amounting to $271,036 (2019: $283,800) to the accounts of eligible employees under the MacFarms of Hawaii (401k) Profit Sharing Plan, a self-administered deferred profit sharing plan for eligible employees of MacFarms, LLC. There were no outstanding contributions payable at reporting date (2019: nil). The Group made payments to Hicks Pension Services on behalf of the MacFarms of Hawaii 401(k) Profit Sharing Plan of $15,004 in relation to administration fees (2019: $10,102).

29. AUDITORS REMUNERATION

	CONSOLIDATED	
	30/06/20 $	30/06/19 $
Amounts received or due and receivable by PricewaterhouseCoopers and associated entities for:		
– an audit or review of the financial report of the parent entity and any other entity in the consolidated group	**290,000**	297,600
– other assurance services in relation to the entity and any other entity in the consolidated entity	**35,400**	-
	325,400	297,600
Amounts received or due and receivable by aliz pacific Chartered Accountants & Business Advisors Suva & Nadi		
– an audit or review of the financial report of subsidiaries	**5,654**	8,540
	5,654	8,540
	331,054	306,140

30. EVENTS AFTER THE REPORTING PERIOD

The Directors are not aware of any significant events since the end of the reporting period, other than the following:

On 6 August 2020, the Group has announced the sale of the Ginger and Tourism divisions for a cash consideration of $11 million subject to customary adjustments. The sale is expected to be completed in September 2020 subject to satisfaction of customary conditions. The net cash proceeds generated by the sale will be applied to debt reduction and working capital as the Group focuses its resources on expanding the Macadamia business and adjacent opportunities.

31. OTHER ACCOUNTING POLICIES

A. Other Accounting Policies

Foreign currency

The functional currency of each entity of the Group is measured using the currency of the primary economic environment in which the entity operates. The consolidated financial statements are presented in Australian Dollars (AUD) or ($), which is the Group's functional and presentational currency

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of transaction. Foreign monetary assets and liabilities are translated using the exchange rates prevailing as at the reporting date. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate as at the date of initial transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rate as at the date of the fair value determination.

Exchange differences arising from the translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income. Exchange differences arising from the translation of non-monetary items are recognised in other comprehensive income to the extent that the underlying gain or loss is recognised in other comprehensive income, otherwise the exchange difference is recognised in profit or loss.

Goods and services tax (GST) and other value-added taxes

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

- Where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivable and payables are started 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 consolidated statement of financial position.

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

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

B. New, revised or amended Accounting Standards and Interpretations adopted.

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

AASB 16 Leases ("AASB 16")

The Group has changed its accounting policies as a result of the adoptions of AASB 16 *Leases* in the current year, refer to note 12 and note 16 for the policies adopted in relation to right-of-use assets and lease liabilities.

AASB 16 supersedes AASB 117 *Leases* ("AASB 117"). The standard introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating and finance leases and requiring the recognition of a right-of-use asset and a lease liability at commencement of all leases, except for short-term leases and leases of low value assets. In contrast, the requirements for lessor accounting have remained largely unchanged.

The Group has adopted AASB 16 retrospectively from 1 July 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provision in the standard. The reclassification and the adjustments arising from the new leasing standard are therefore recognised in the opening balance sheet on 1 July 2019.

31. OTHER ACCOUNTING POLICIES (CONTINUED)

B. New, revised or amended Accounting Standards and Interpretations adopted. (continued)

AASB 16 Leases (continued)

As a result of the adoption of AASB 16, the Group has:

- Recognise right-of-use asset and lease liabilities in the consolidated statement of financial position initially measured at the present value of future lease payments, discounted using either the rate implicit in the lease or a single incremental borrowing rate for the portfolio of leases in each jurisdiction as at 1 July 2019;
- Recognise depreciation of right-of-use asset and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income;
- Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented in operating activities) in the consolidated statement of cash flows.
- Lease incentives are recognised as part of the measurement of the right-of-use asset and lease liability.

For short-term leases where the lease term is 12 months or less and leases of low value assets, the Group has opted to recognise a lease expense on a straight-line basis as permitted under AASB 16. This expense is presented within other expenses in the consolidated statement of profit or loss and other comprehensive income.

In applying for the first time AASB 16 the Group has elected to use the following practical expedients

- The use of a single discount rate to a portfolio of leases with similar characteristics
- Reliance on the assessment performed under AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* for the period ending 30 June 2019 as an alternative to performing an impairment review.
- To use the recognition exemptions for lease contracts that, at the date of initial application at 1 July 2019, have a lease term of 12 months or less.
- The use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Estimation uncertainty arising from variable lease payments

Some property leases contain variable payment terms that are linked to CPI, in such instance given the uncertainty arising from the variable payments, the Group has elected to apply the current lease payments when determining the lease payments for initial adoption. The Group will review at each reporting period the changes arising from the variable lease payments and remeasure the lease liability as required.

Extension and termination options

Extension and termination options are included in a number of property and equipment leases across the Group. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended and the Group has elected to take into consideration a number of purchase options as part of the initial adoption of AASB 16. The assessment is reviewed if significant event or a significant change in circumstances occurs which affects the assessment.

Impact on lessor accounting

Lessor accounting under AASB 16 is substantially unchanged from AASB 117. Lessors will continue to classify leases as either operating or finance leases using similar principles as AASB 117. However, AASB 16 has changed and expanded the disclosures required, in particular how a lessor manages the risk arising from its residual interest in leased assets. While the Group is a lessor for property lease agreements as part of the Tourism operations, the implementation of AASB 16 has not resulted in any changes to the financial statements and its disclosures.

Financial impact of the initial adoption of AASB 16

The Group leases several assets including office buildings, machinery and equipment and motor vehicles. The average lease term is 2 years.

31. OTHER ACCOUNTING POLICIES (CONTINUED)

B. New, revised or amended Accounting Standards and Interpretations adopted. (continued)

AASB 16 Leases (continued)

On adoption of AASB 16, the Group recognised lease liabilities in relation to leases which had previously been classified as operating. Refer below to reconciliation of the operating lease commitments disclosed at 30 June 2019 and the lease liabilities recognised at 1 July 2019:

	CONSOLIDATED
	$'000
Operating lease commitments disclosed as at 30 June 2019	**911**
Discounted using incremental borrowing rate as at 1 July 2019	**(33)**
(Less): short term leases not recognised as a liability	**(141)**
(Less): low value leases not recognised as a liability	**-**
Add: contracts reassessed as lease contracts	**423**
Add: adjustments as a result of a different treatment of extension and termination options	**97**
Add: adjustments relating to changes in the index or rate affecting variable payments	**(16)**
LEASE LIABILITY RECOGNISED AT 1 JULY 2019	**1,241**
Current lease liabilities	**502**
Non-current lease liabilities	**739**
TOTAL LEASE LIABILITIES	**1,241**

The lessee's weighted average incremental borrowing rate applied to the lease liabilities on 1 July 2019 was 6.0%.

The associated right-of-use assets for leases were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019. There was an onerous lease provision recognised at 30 June 2019 in the amount of $353,000, this has been adjusted against the right-of-use asset at 1 July 2019 with a difference recognised in the consolidated statement of profit or loss and other comprehensive income.

DIRECTORS' DECLARATION

The directors of the company declare that:

(a) the attached financial statements and notes, and the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, and:

(i) comply with Accounting Standards and the Corporations Regulations 2001; and

(ii) give a true and fair view of the Group's financial position as at 30 June 2020 and of the performance for the year ended on that date;

(b) this declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2020;

(c) in the opinion of the directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable;

(d) the Directors confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board; and

(e) in the opinion of the directors, as at the date of this declaration, there are reasonable grounds to believe that the members of the closed group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 26.

Signed in accordance with a resolution of the directors.

Guy Cowan

Director

Brisbane, 28 August 2020

Independent auditor's report

To the members of Buderim Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Buderim Group Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

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

Independence

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

PricewaterhouseCoopers, ABN 52 780 433 757
480 Queen Street, BRISBANE QLD 4000, GPO Box 150, BRISBANE QLD 4001
T: +61 7 3257 5000, F: +61 7 3257 5999, www.pwc.com.au

INDEPENDENT AUDITOR'S REPORT

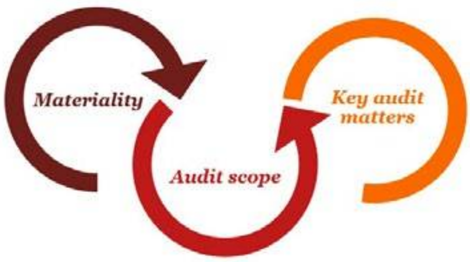
Material uncertainty related to going concern

We draw attention to Note 1 in the financial report, which indicates that a significant portion of the Group's finance facilities are short term in nature, and that as a result the Group is dependent on receiving the continuing support of its financiers. This condition, along with the other matters set forth in Note 1, indicates that a materiality uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $426,000, which represents approximately 1% of the Group's total revenues from continuing operations.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group total revenues from continuing operations because, in our view, it is the benchmark against which the Group is measured given the historical volatility in underlying profits.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

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- During the year, the Group operated in three regions, being Australia, the United States of America, and Fiji.
- Local component auditors in Fiji and the United States of America assisted in performing audit procedures over inventory held in these locations on behalf of the Group engagement team. Specific instructions were issued to the component audit teams in Fiji and the United States of America for this purpose. The Group engagement team were responsible for the direction, supervision and performance of these procedures.
- Otherwise, the Group engagement team performed all required audit procedures over the Group's consolidated financial report. Our audit procedures were mostly performed at the Group's corporate head office in Brisbane, Australia, along with visits to one other location in Australia to perform audit procedures over inventory held at that location.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit, Compliance and Safety Committee.

In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	***How our audit addressed the key audit matter***
Assets Held for Sale and Discontinued Operations *Refer to note 26 and 30* On 15 June 2020, the Group announced the disposal of its Ginger & Tourism divisions by way of a proposed sale. Subsequently the group entered into a binding agreement to sell these divisions for a total cash consideration of $11M. This was a key audit matter due to: • the size of the businesses being disposed compared to the Group as a whole; • the assessment required to be performed to determine the carrying value of assets held for sale; and • the complexities of disclosure requirements for discontinued operations as per Australian Accounting Standards.	We performed the following procedures, amongst others: • assessed the appropriateness of the carrying value of assets held for sale by comparing the agreed consideration to the net carrying value of the divisions being sold • considered whether the impairment assessment took into consideration the carrying values of all relevant assets • on a sample basis, tested the allocation of revenues and expenses to discontinued operations • on a sample basis, checked that the assets and liabilities reclassified to assets held for sale are consistent with the agreement • assessed the adequacy of discontinued operation disclosures in light of the requirements of Australian Accounting Standards.

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Key audit matter	*How our audit addressed the key audit matter*
Impairment assessment of the Group's non-current assets *Refer to note 12 & 13* At 30 June 2020, the Group has recognised $27,279K of Property, Plant and Equipment, and $1,720K of Intangible Assets in the consolidated statement of financial position in respect of continuing operations. The Group has determined that impairment indicators exist at 30 June 2020 and accordingly has performed an impairment assessment on all cash generating units (CGUs). Given the materiality of the non-current assets recognised on the Group's consolidated statement of financial position, this was a key audit matter.	Assisted by PwC valuation experts in aspects of our work, our procedures included the following, amongst others: • considered any indicators of potential impairment, including the Group's market value compared to its net assets • in relation to valuations performed by the Group's valuation experts to support the fair value less costs of disposal (FVLCD) for the Macadamia CGU, we: ○ considered the competency, qualifications, experience and objectivity of the valuers ○ read the valuation reports and considered if the methodology was consistent with the basis of preparation required by Australian Accounting Standards ○ assessed the reasonableness of the key assumption used in the comparable sales approach, being market price per acre • assessed the adequacy of impairment disclosures in light of the requirements of Australian Accounting Standards.
Inventory valuation including biological assets *Refer to note 10 & 11* The Group's inventories at 30 June 2020 amounted to $22,103K, of which $19,792K related to finished goods, $2,311K related to raw materials, and $1,641K related to biological assets. This was a key audit matter due to: • the size of the inventory balances held • the number of estimates used to determine the valuation of biological assets • the judgement involved in providing for quality or obsolescence issues in inventory.	We performed the following procedures, amongst others: • observed a sample of physical inventory counts, including those related to biological assets. This included consideration of whether items of inventory with quality or obsolescence issues had been appropriately identified separately from other inventory items. • considered the methods and key assumptions used to develop the provision for slow moving and obsolete inventory, and assessed the adequacy of this provision compared to the prior period, subsequent experience, and aging of inventory items. • considered whether the inventory was appropriately accounted for at the lower of cost or net realisable value by selecting a sample of inventory items on hand at balance date, and comparing the carrying value of this inventory to its most recent sale price

Key audit matter	*How our audit addressed the key audit matter*
	• evaluated the fair value methodology and key assumptions used to determine the value of the biological assets, including agreeing these assumptions to supporting evidence. The key assumptions related to volume of macadamia nuts on trees, macadamia selling prices and growing, processing and selling costs.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2020, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at:
https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 16 to 21 of the directors' report for the year ended 30 June 2020.

In our opinion, the remuneration report of Buderim Group Limited for the year ended 30 June 2020 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

P.J. Carney

Paddy Carney
Partner

Brisbane
28 August 2020

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 August 2020.

(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	592	208,904
1,001 – 5,000	360	900,069
5,001 – 10,000	112	852,769
10,001 – 100,000	226	7,017,352
100,001 and over	46	77,042,766
	1,336	86,021,860
The number of shareholders holding less than a marketable parcel of shares are:	779	493,648

(B) TWENTY LARGEST SHAREHOLDERS

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

		ORDINARY SHARES	
		Number of Shares	Percentage of Ordinary Shares
1	Asia Mark Development Limited	28,792,625	33.47
2	Mr John Cheadle	13,639,918	15.86
3	Citicorp Nominees Pty Limited	9,284,779	10.79
4	Randell Management Services Pty Ltd <Timms Super Fund Account>	4,900,000	5.70
5	Rubicon Family Office Pty Limited	4,195,088	4.88
6	Bundaberg Sugar Group Ltd	2,291,261	2.66
7	Ace Property Holdings Pty Ltd	2,250,000	2.62
8	Redarea Pty Ltd <The Templeton Family A/C>	1,449,908	1.69
9	HSBC Custody Nominees (Australia) Limited	920,218	1.07
10	Mr Andrew Paul Bond + Mrs Karen Michelle Bond <The Karand Family A/C>	757,130	0.88
11	Mr Roger David Elliott Masters <RD Masters Super Fund A/C>	735,056	0.85
12	The Genuine Snake Oil Company Pty Ltd <Morson Group Super Fund A/C>	600,000	0.70
13	Mr Phillip Bomford	560,000	0.65
14	Mr Gerald Francis Pauley + Mr Michal James Pauley <Pauley Super Fund A/C>	421,982	0.49
15	Boundary Capital Pty Ltd	350,000	0.41
16	Mr Rhett Anthony John Morson	350,000	0.41
17	Winpar Holdings Limited	350,000	0.41
18	Ms Linlin Li	317,572	0.37
19	Mr Morris Stanley Newport	317,125	0.37
20	Somersby Springs Pty Ltd <Penn Super Fund A/C>	300,000	0.35
	Report Total	**72,782,662**	**84.61**
	Remainder	**13,239,198**	**15.39**
	Grand Total	**86,021,860**	**100.00**

(C) SUBSTANTIAL SHAREHOLDERS

The names of the substantial shareholders are:

	Number of Shares
Asia Mark Development Limited	28,792,625
Mr John Cheadle	13,639,918
Citicorp Nominees Pty Limited	9,284,779
Randell Management Services Pty Ltd <Timms Super Fund Account>	4,900,000

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

CORPORATE INFORMATION

ABN 68 010 978 800
ASX Code: BUG

Directors
Guy Cowan (Chairman)
Christina Chen
Peter O'Keeffe
Dennis Lin

Chief Executive
Andrew Bond

Company Secretary
Lisa Davis

Senior Management
Lisa Davis (Chief Financial Officer)

Auditors
PricewaterhouseCoopers

Solicitors
Thomson Geer Lawyers

Bankers and Financiers
Greensill Capital (UK) Limited
Westpac Banking Corporation
Bank of Hawaii
Asia Mark Development Limited

Share Register
Computershare Investor Services Pty Limited
Level 1, 200 Mary Street
Brisbane Queensland 4000
Telephone: 1300 850 505 (within AUS)
+61 3 9415 4000 (outside AUS)
Facsimile: (03) 9473 2500
www.investorcentre.com/contact

Australian Head Office & Registered Office
Level 5, 303 Coronation Drive
Milton, Queensland, 4064
Telephone: (07) 3726 3400
Facsimile: (07) 3876 3010
Email: buderimg@buderimginger.com
www.buderimginger.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

Hawaiian Macadamia Office
MacFarms, LLC dba MacFarms of Hawaii
89-406 Mamalahoa Highway
Captain Cook, Hawaii, 96704
Telephone: +1 808 328 2435
Facsimile: +1 808 328 2080
Email: info@macfarms.com

USA Macadamia Office
M24921 Dana Point Harbour Drive
#B-200 Dana Point
California, USA 92629
Telephone: + 1 808 328 2435
Facsimile: +1 808 328 2080
Email: info@macfarms.com

The Ginger Factory
50 Pioneer Road
Yandina, Queensland, 4561
Telephone: (07) 5447 8431
Facsimile: (07) 5472 7251
Email: enquiries@gingerfactory.com.au

Buderim Group™

buderimginger.com