Buderim Group™

ANNUAL REPORT 2016

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CHAIRMAN'S MESSAGE AND CHIEF EXECUTIVE OFFICER'S REVIEW

Dear Shareholders,

The 2016 financial year was very disappointing after improvements were expected from 2015.

A number of operational issues along with more one-off expenses contributed to the poor result.

The group's net profit before tax was a loss of $9.16 million, including $4.51 million of impairments compared to a profit of $2.52 million in 2015. The 2016 earnings represented a loss of 15.28 cents per share after tax. Despite the profit result a higher MacFarms valuation supported the Net Tangible Asset backing per share which dropped from 95 cents to 91 cents per share.

Revenue increased mainly due to macadamia sales which benefited from a combination of higher prices and favourable foreign exchange rate movements. Our macadamia business in Australia was challenged by higher farm gate prices as a result of strong demand from China for nut in shell. Our kernel customers were reluctant to meet higher prices and our margins were squeezed. The MacFarms business in Hawaii had another good production year but operational issues impacted on profitability.

We suffered deletions in some of our retail ginger range and new product distribution was unable to fully compensate. While we have a number of exciting new products, their market launch was later than expected. In addition expected cost savings in ginger processing are yet to be fully realised. Operational issues also contributed to higher than expected expenses.

The tourism business attracted more visitors this year and continues to be a good profit contributor and a strong endorser of our brands.

The outlook for our macadamia business in Australia will depend on production and demand from China but is expected to remain a challenge as we compete with other local processors and Chinese buyers of nut in shell. In Hawaii, MacFarms has had good rainfall and another good crop is anticipated. We intend to take full advantage of the opportunity this presents.

We are gaining more traction with our new ginger based products and distribution will improve significantly in the coming year. Operational issues affecting 2016 have been addressed and we do not expect a repeat.

We are also in the process of a balance sheet restructure aimed at reducing bank debt and better capitalising the company. In May 2016 we announced a project to look at all capital raising options, including the sale and leaseback of our Yandina site. At the time of writing, we are well progressed with a number of options and expect to make an announcement in the near future.

We remain focussed on returning the company to profitability and will address the businesses that have under performed.

Subsequent to year end, Director, Lewis Timms, resigned and we thank him for his contribution.

Steve Morrow
Chairman

Chief Executive Officer's Review

The 2016 financial year was extremely challenging and our financial result reflects the changing nature of our business.

- The Group's total consolidated income grew 4.5% from $76.0 million to $79.5 million on the back of a very changed sales mix which impacted heavily on profitability.
- The Group recorded an underlying loss before tax of $2.92 million before impairments and one-off costs compared to an underlying profit in the prior year of $0.33 million.
- Net one-off costs and provisions of $1.74 million before tax related to the settlement of legal claims, due diligence costs, capital structure review costs, stock write offs and provisions, loss of margin from delisted products, product withdrawal, general indirect tax provision and recognition of deferred grant income.
- Non-cash impairments of $4.51 million before tax related to a write down in the value of plant and equipment of $2.84 million, goodwill $1.52 million and trademarks $0.15 million.
- Visitor numbers to The Ginger Factory Tourism Park grew by 4.4% on last year supporting the segment profit of $0.16 million for the year.
- Unfavourable valuation impairments have been taken up against the Profit & Loss account while favourable valuation movements to the Hawaiian orchard and Fiji are to the Asset Revaluation Reserve.

Summary of Group Results

	2016 $'000	2015 $'000	2014 $'000
Revenue (external)	78,473	70,720	66,412
Total Consolidated Income	79,496	76,042	70,067
EBITDA	(5,875)	5,519	125
EBIT	(8,231)	3,328	(1,944)
Net Profit /(Loss) Before Tax	**(9,163)**	**2,516**	**(2,956)**
Fair Value Adjustment	-	(3,556)	-
Crop Insurance	-	-	(1,124)
'One-Offs'	1,737	1,372	1,119
Impairments	4,508	-	-
Adjusted Net Profit/(Loss) Before Tax	**(2,918)**	**331**	**(2,935)**
Net Profit/(Loss) After Tax	**(6,626)**	**290**	**(1,493)**

* The table above contains non-IFRS financial information, which has not been audited.

The table above shows the impact of the 'one-off' items and also the outcome of the asset review. However, the result before those items was not expected to be so poor and this will be examined in more detail in the segment reviews.

Our business is changing

We have talked of change in previous Reports and the factors driving it for Buderim Group. A significant number of our mature age ginger products have been deleted or delisted by our major customers since 2013. We have responded with a limited budget to bring new products to market with varying degrees of success. We said last year 'our focus is on sales growth and distribution which includes new products, new distribution channels and expanded market segments'. The front cover shows those products and our challenge has been to get distribution in what is a very competitive space for supermarket listings. One of the greatest challenges has been to predict the timing of a listing and estimating the volumes for completely new products. Replacement of 'new' for 'old' is a difficult process but we work hard to achieve it.

Our business is dependent on a high level of outsourced manufacturing in both ginger and macadamia processing and we continue to seek ways to bring these activities in-house in order to decrease our costs of production. These will be discussed later in review of the segments.

There was a significant increase in the cost of Australian macadamia nuts which we purchase from independent growers and our customers were not inclined to accept the increase in prices. These changes result in a high working capital need and low profitability in the Australian macadamia business.

Since joining the company three years ago we have introduced branding change and new product introductions in both Ginger and Macadamia. The 'Ginger Revolution' has re-positioned us for a new generation of ginger users, who until now did not have ginger on their radar. Our new product introductions include alcoholic and non-alcoholic ginger beers; our Snack Packs; our Chocolate Coated Ginger; and MacaBella macadamia chocolate spread. These were designed to replace former mainstay products we have lost. We have also extended the macadamia retail range, with five new macadamia flavours and the Sawn Nut in Shell in the MacFarms brand retail range.

Recruitment of new staff

Change also involves recruitment of new staff and it is very challenging for new employees to learn the business in an FMCG/agribusiness environment, where we are forecasting crops a year out against a backdrop of new products with no trading history. Recruitment costs were high as we turned over a number of positions, finding the right level of knowledge and experience. Our move towards a centralised management of functions like marketing, information technology and finance has allowed us to finally have the same financial platform across our trading entities, providing us with functions like perpetual inventory systems and a coordinated marketing approach.

Ginger Division

Despite steady sales of $25.1 million to external customers we have a decline in Ginger Division profitability of $1.80 million before tax, excluding impairments.

	2016 $'000	2015 $'000	Change $'000
Contribution to Group Profit (Loss)	(6,857)	(2,155)	
Fair value adjustment	-	-	
Asset impairment	2,897	-	
	(3,960)	**(2,155)**	**(1,805)**

Retail product deletions and reduced product margins in the Australian retail market, together with increased operating costs contributed to a decline in Ginger Division profit, resulting in a loss before tax of $3.96 million excluding impairments.

As our sales mix changed, an increasing level of rebates and discounts on our ginger and spread products weighed heavily on profitability, being $0.7 million higher than last year. Product deletions cost us contribution of $0.32 million compared with last year. Our macadamia chocolate spread, despite being voted Australian Supermarket Product of the Year, entered the market at a time when Kraft also launched four competing products in the same category on the same shelf. There occurred significant discounting by the market leaders in chocolate spreads, with which we had to compete. Discounting of our ginger products also occurred when we found ourselves competing with cheaper overseas origin ginger. It underscores the need to reduce our manufacturing costs to improve our margin.

The steps taken to improve sales growth through new packaging with refreshed branding has seen the new products picked up and listed, and it remains our challenge to increase distribution, especially in export markets. New distribution opportunities gained include Canada, USA, Guam, Saipan, and we also gained new distribution in Australia, especially for drinks. Higher selling costs in the order of $0.36 million were incurred as we increased the sales force to launch our ginger beverage business and push our existing products in new channels.

There has been an increase in costs pertaining to Head Office, relating to recruitment fees, redundancies and higher salaries for better qualified financial and manufacturing personnel in QA and planning. In addition, marketing costs have increased as we launch new products and enter new markets.

Other 'one-off' costs includes a $0.08 million settlement of a lengthy legal claim in respect of Proposition 65, a Californian food safety law. A product withdrawal relating to food safety issues arising from one of our products packed by a contract packer cost $0.1 million.

Our cost reduction programs in manufacturing will improve our margin. The change to the new ginger pouch formats introduced a higher contract packing cost until new in-house packing equipment was purchased. Originally set down for February 2016 it was not installed until August 2016. In addition, sugar handling equipment designed to reduce material and labour cost, was not installed until October 2015.

In Frespac, we were unable to meet sales in the first quarter due to a shortage of ginger on hand, which dropped profitability by an estimated $0.52 million. We have taken steps to improve our forecasting in this respect.

On a brighter note, the outlook for our drinks business is positive, with non-alcoholic ginger beer drinks listing in Coles nationally in September 2016 following steady gains in distribution elsewhere. Our alcoholic drinks have already listed in First Choice and Vintage Cellars.

Macadamia Division

The Macadamia Division declined in profitability by $1.83 million compared to last year excluding impairments this year and fair value adjustments last year, producing a loss before tax of $0.85 million before impairments. The profit in MacFarms was impacted by provisions and write-offs totaling $1.30 million. The profitability of Agrimac was affected by the write-off of goodwill of $1.5 million. Sales to external customers grew 17.4% to $49.1 million.

	2016 $'000	2015 $'000	Change $'000
Contribution to Group Profit / (Loss)	(2,465)	4,532	
Fair value adjustment	-	(3,556)	
Asset impairment	1,611	-	
	(854)	**976**	**(1,830)**

One of the greatest challenges concerns Agrimac, our Australian macadamia business, where the cost of nut in shell from growers has risen by approximately A$2.00 per kg in two years, which over 2,500 tonnes results in a requirement for another A$5 million in working capital. At the same time we found our long standing customers were not accepting of our need to recover those price increases, since they in turn had difficulty at the consumer level recovering those prices. We also faced competitive bids to our customers from those competitors with direct supply through their own orchards. As a result our Agrimac business was marginal. Further vertical integration will help protect the company's future in this regard.

The MacFarms orchard produced well and, together with purchases from independent growers, the intake was in the order of 12.9 million pounds. After a slow first half start, almost all was sold by financial year end. However, its profitability was affected by aforesaid one-off provisions and write-offs of $1.3 million – comprising a provision for indirect tax for $0.33 million, an amount of $0.23 million relating to settlement of a legal claim in respect of a 2012 agreement and the remainder mostly relating to stock affected by aflatoxins considered unsaleable, and a dispute over stock stored at a contract packing operation.

Tourism

Visitor numbers increased 4.4% amid improved local tourism conditions and the Ginger Factory continues to prove a popular destination, confirmed by Trip Advisor write-ups and 'likes'. The playground remains a popular spot for young families supported by excellent café food & facilities, with activities such as the Ginger Train, Overboard ride, Taste of Ginger Tour and the live bee show. The retail shop and the revitalised factory tour are a drawcard for tourists.

Balance Sheet and Cash Flow

The Current Ratio worsened following the re-classification of bank debt into current liability as a result of covenant conditions as at 30 June 2016. The debt ratio increased primarily as a result of increased borrowings. Independent valuations were obtain during the year in respect of all properties. The leasehold land in Fiji was increased by $0.2 million, the freehold land in Hawaii was increased by $5.1 million and no change in the value of the Australian land was recorded.

	2016	2015
Current Ratio (Current Assets/Current Liabilities)	**1.3**	2.1
Debt Ratio (Total Liabilities/Total Assets)	**56.8%**	49.7%
Working Capital ($'000's)	**20,586**	20,217
Net Assets ($'000's)	**40,127**	43,090

During the year cash utilised by operating activities was $2.4 million as a result of the trading conditions discussed above. Other major cash outflows were $4.7 million in debt repayments and $1.0 million in investing outflows primarily for the purchase of plant and equipment. These outflows were offset by inflows of $7.2 million from borrowings resulting in a net reduction in cash on hand during the year of $1.0 million. Cash and cash equivalents as at 30 June 2016 were $3.5 million.

Outlook

In summary, the branding strategy and new packaging has been well received and we are increasing the distribution of our retail products, in particular through expanding our export markets. The new products to replace the past products is a vital step in returning ginger to profitability, together with securing wider and better distribution. We have been working hard to achieve these but it is a great challenge.

We stated last year that our focus in financial year 2016 was on the sale and distribution of our new products including the newly formatted pouch packaging, chocolate macadamia spread, Snack Packs and also ginger beer drinks. The strength of our branding contributed to the listing of these products and we saw an uplift in sales for the new pouch pack and Snack Pack. While Macabella received consumer recognition as a Product of the Year, we found ourselves facing heavy competitor discounting. The timing of the launch of non-alcoholic ginger beer drinks into Coles was set back last year and is now set down for financial year 2017.

Our acquisition of Kapua orchard gave us a base to build our macadamia and potentially a tree-nut business. While the outlook for the MacFarms business is good with an expanding product range, sales and distribution and supply at our orchard, there are challenges to be met in respect of Agrimac if we continue to be squeezed on supply and sales pricing.

Following the conclusion of the assessment of capital restructuring opportunities we will be in a better position to see how we may improve shareholder returns.

Roger Masters
Chief Executive Officer

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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 2015 and ended on 30 June 2016.

DIRECTORS

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

Names, qualifications, experience and special responsibilities

CURRENT DIRECTORS

**Stephen John Morrow
B.Ag Econ, UNE, MAICD**

(Non-executive Chairman, Chairman of Remuneration Committee and Member of the Audit & Compliance Committee)

Mr Morrow joined the Board in February 2010. He has had 37 years' experience in Agribusiness in the grain, wool, pastoral, banking and food processing industries. Over the past 20 years he has held the positions of Managing Director ConAgra Wool Australia, Managing Director Primac Holdings, General Manager Agribusiness, Suncorp and Chief Executive Golden Circle Limited. Mr Morrow is currently a director of Cefn Pty Ltd and the chairman of both Priestley's Gourmet Holding Ltd's and Blue Ribbon Seed and Pulse Exporters Pty Ltd's Board of Directors. Mr Morrow is also the Australian representative for the Municipal Employees' Retirement System of Michigan. Mr Morrow is 62 years of age. Mr Morrow has not held any other listed company directorships in the past 3 years.

**Shane Tyson Templeton,
B.Bus, FAICD**

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

Mr Templeton has been a director since 21 February 2002. He is a third generation ginger grower and is professionally qualified with a business degree. He has been growing ginger since 1991 and has holds the position of President of the Australian Ginger Growers Association. Mr Templeton is a director of Templeton Ginger Pty Ltd, Redarea Pty Ltd and the Victory COC (Gympie) school board. Mr Templeton is 44 years of age. Mr Templeton has not held any other listed company directorships in the past 3 years.

Peter Francis O'Keeffe

(Non-executive Director and Chairman of the Audit & Compliance Committee)

Mr O'Keeffe was appointed a director at the 2014 AGM 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. Mr O'Keeffe is 67 years of age and does not hold a position as director in any other listed public company.

COMPANY SECRETARY

**Andrew Paul Bond,
B.Bus (Acc), GAICD, CA**

Mr Bond was appointed Company Secretary of all group companies in January 2014. Mr Bond has over twenty seven years of broad corporate experience across a range of industries, including ten years in chartered accounting firms, of which six years were with KPMG, before moving to commerce. He has held senior executive roles with Capilano Honey Limited, Fenix Fitness, and most recently Village National Limited.

RETIRED DIRECTORS

**Margaret Patricia Walker,
B.Com. CPA, GAICD.**

(Non-executive Director and Chairman of the Audit & Compliance Committee)

Ms Walker was a director from 22 October 2012 until her resignation effective 28 October 2015. Ms Walker has held a number of executive financial roles within the financial services industry including 10 years as CFO and Executive Director of marketing, business development, finance, risk and compliance for Tactical Global Management (TGM), a pre-eminent global macro hedge fund firm with offices in Brisbane and London. Ms Walker is 55 years of age. Ms Walker has not held any other listed company directorships in the past 3 years.

**William Lewis Timms,
B.Bus**

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

Mr Timms was a director from 30 January 2015 until his resignation effective 28 August 2016. Mr Timms has 30 years of experience in Accounting and Taxation and 23 years of experience in Commercial Real Estate and Project Management. He holds a B.Bus and is a licensed real estate and business agent. Mr Timms is a partner and beneficiary in several property partnerships and trusts which hold a portfolio in Retail, Commercial and Industrial property investments and investments in private and publicly listed securities. Mr Timms is 67 years of age. Mr Timms is also currently a director of Oldfields Holdings Limited and the Chairman of Oldfields Holdings Limited's Board of Directors.

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

	Ordinary Shares
S.J. Morrow [(1)]	-
S.T. Templeton [(2)]	56,209
P.F. O'Keeffe [(3)]	-

(1) S.J. Morrow holds relevant interest in 79,348 shares registered in the name of Morrow Family Super Pty Ltd.

(2) S.T. Templeton holds a relevant interest in 13,297 shares registered in the name of Templeton Holdings (Qld) Pty Ltd and 1,503,945 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

(3) P.F. O'Keeffe holds no shares in the company and has no relevant interest in shares.

EARNINGS PER SHARE	Cents
Basic and Diluted earnings per share after tax	(15.28)

There were no options issued or exercised during the year.

DISTRIBUTIONS

Dividends paid in the year:

There was no dividend paid during the 2016 year for the year ended 30 June 2015.

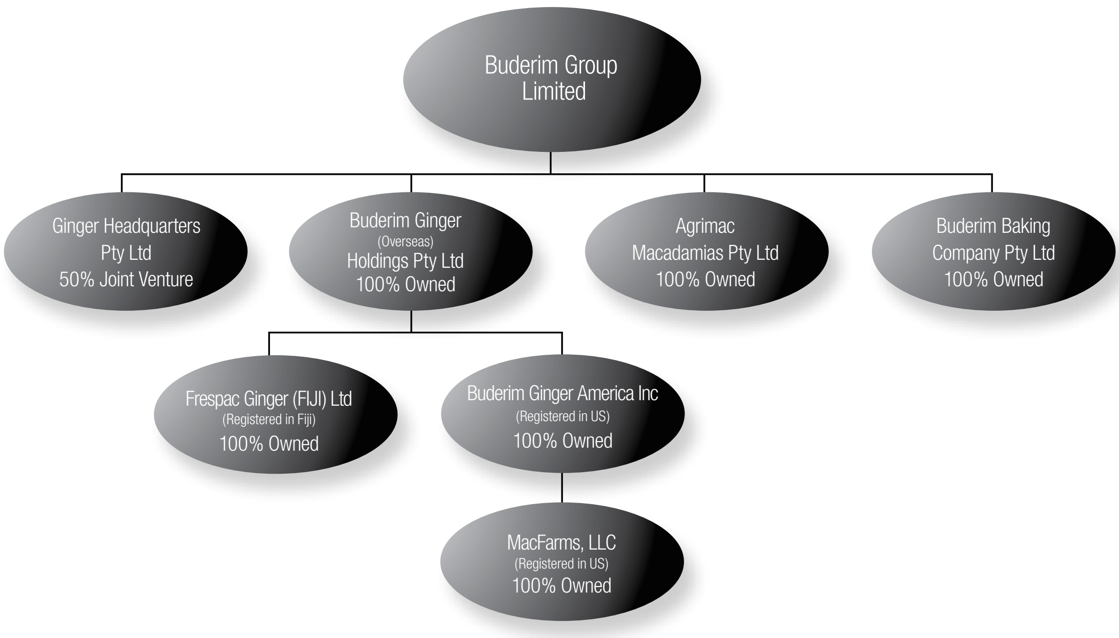
Dividends declared for current year:

A dividend has not been declared for the year which commenced on 1 July 2015 and ended on 30 June 2016.

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 the following illustration of the group's corporate structure:



NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

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

- **Ginger** - manufacture in Australia and Fiji of a variety of confectionery ginger and other ginger-based products and marketing to industrial, food service and retail customers throughout the world;
- **Macadamias** - production and processing of macadamia products and marketing to wholesale 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 those activities during the year.

EMPLOYEES

The Group employed 454 employees as at 30 June 2016 (2015: 397). The number of employees will vary from year to year, and during each year, due to seasonal factors. The ginger segment employed 260 employees (2015: 232). The ginger segment includes tourism and corporate staff members. The increase in employees over last year is due to more casual processing staff being required at 30 June 2016 in Fiji. Employees employed within the macadamia segment were 194 (2015: 165). The increase in employees over last year relates to the Hawaiian macadamia operations, including the orchard operation which engages a large proportion of seasonal labour.

OPERATING AND FINANCIAL REVIEW

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

	2016		2015	
	Revenues $'000	**Results* $'000**	Revenues $'000	Results* $'000
Business segments				
Ginger operations	**27,264**	**(6,424)**	29,256	(1,682)
Macadamia operations	**54,045**	**(1,622)**	51,369	5,320
Tourism operations	**4,418**	**174**	4,069	191
Total	**85,727**	**(7,872)**	84,694	3,829
Consolidation adjustments	**(6,231)**	**-**	(8,652)	-
Corporate overhead expenses	**-**	**(1,347)**	-	(1,333)
Share of profit/(loss) of joint controlled entities and associates	**-**	**56**	-	20
Group income and profit/(loss) from ordinary activities before income tax expense	**79,496**	**(9,163)**	76,042	2,516

	2016 $'000	2015 $'000
Geographic segments – revenue		
Australia	**53,945**	56,301
United States	**27,163**	22,123
Fiji	**4,619**	6,270
	85,727	84,694
Consolidation adjustments	**(6,231)**	(8,652)
Group income	**79,496**	76,042

*Business segment results represent profit before corporate interest and tax

In Summary

The Group recorded a net loss after tax of $6.63 million for the year ended 30 June 2016 after impairments of $4.51 million and one-off costs and provisions of $1.74 million. The underlying loss before tax of $2.92 million recorded before impairments, one-off costs and provisions compared to an underlying profit in the prior year of $0.33 million.

Non-cash impairments of $4.51 million before tax related to write downs in the value of plant and equipment $2.84 million, goodwill $1.52 million and trademarks $0.15 million. Net one-off costs and provisions totalling $1.74 million before tax related to the settlement of legal claims, due diligence costs, capital structure review costs, stock write offs and provisions, loss of margin from delisted products, product withdrawal, general indirect tax provision and recognition of deferred grant income.

Other factors affecting the result for this year included:

- A decline in Ginger Segment profitability of $1.80 million before tax, excluding impairments. Sales of $25.1 million to external customers remained steady. However, retail product deletions together with reduced profit margins in the Australian retail market and increased operating costs, including net one-off costs and provisions totalling $0.44 million, contributed to a decline in Ginger Segment profit. This resulted in a loss before tax of $3.95 million excluding impairments.
- A decline in Macadamia Segment profitability of $1.83 million excluding impairments and fair value adjustments, led to a loss before tax of $0.85 million before impairments. Sales to external customers grew 17.4% to $49.1 million. However profit was impacted by one-off costs and provisions totalling $1.30 million. Margins were impacted by increased costs, including an increase in the farm gate price of Australian macadamias from an average of $4.65/kg last year to $5.70/kg.
- A growth of 4.4% in visitor numbers to The Ginger Factory Tourism Park compared to the prior year contributed to a segment profit of $0.16 million for the year.

Shareholder Returns and Performance measurements

For the year ended		30/06/16	30/06/15	30/06/14	30/06/13 6 months	31/12/12	31/12/11
		Post Consolidation					Pre Consolidation
EBIT	(a)	**(8,231)**	3,326	(1,944)	(5,940)	4,181	3,137
EBITDA	(a)	**(5,875)**	5,519	125	(4,602)	6,858	5,710
Basic Earnings per share (cents)		**(15.28)**	0.67	(7.10)	(22.30)	8.91	2.20
Dividend per share (cents)	(b)	**-**	-	-	-	3.00	0.50
Dividend payout ratio (%)	(b)	**-**	-	-	-	33.70	22.70
Return on assets (%)	(c)	**(7.14)**	0.34	(1.91)	(6.30)	2.67	2.23
Return on equity (%)	(d)	**(16.51)**	0.67	(3.78)	(15.50)	5.34	4.49
Debt/equity (%)	(e)	**60.50**	51.23	57.20	77.90	57.20	65.10
Gearing ratio (%)	(f)	**56.75**	49.67	49.80	59.40	50.00	50.30
Current ratio (%)	(g)	**128**	207	130	103	156	102
Shares on issue (millions)		**43.36**	43.36	43.36	21.02	20.65	82.60
Net tangible asset backing per share (cents)	(h)	**91**	95	78	122	148	37

(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 6).

(b) These figures reflect the dividend amounts declared per share subsequent to reporting dates (refer note 9). The dividend declared subsequent to reporting date of 31 December 2012, has been shown post share consolidation. 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 or financial leverage 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 calculation of total assets funded by external stakeholders is demonstrated on the following page. This ratio is calculated by dividing total liabilities by total assets 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 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 23, 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.

Liquidity and Capital Resources

The Consolidated Statement of Cash Flows shows a decrease in cash and cash equivalents for the year ended 30 June 2016 of $1.00 million down to $3.53 million.

At the commencement of the year cash and cash equivalents amounted to $4.53 million. During the year cash outflows included $2.42 million from net operating activities and $1.00 million from net investing outflows which included the purchase plant and equipment totalling $1.1 million, partially offset by a $0.1 million partial return of capital from Ginger Head Quarters Pty Ltd. Net cash inflows of $2.43 million from financing activities resulted from debt repayments of $4.75 million being offset by debt drawdowns of $7.17 million. This increase in net debt primarily related to the increase in the Rabobank working capital facility to fund crop purchases and also included net borrowings under insurance premium funding arrangements from other financiers.

Asset and capital structure

	CONSOLIDATED		
	30/06/16 $'000	30/06/15 $'000	30/06/14 $'000
NET GEARING			
Debts			
Interest-bearing loans and borrowings	**24,040**	21,024	21,458
Cash and cash equivalents	**(3,901)**	(4,532)	(12,634)
Net debt	**20,139**	16,492	8,824
Total equity	**40,127**	43,090	39,520
Total capital employed	**60,266**	59,582	48,344
	33.4%	27.7%	18.3%
ASSETS FUNDED BY EXTERNAL STAKEHOLDERS			
Total Assets	**92,787**	85,614	78,678
Total Liabilities	**52,660**	42,524	39,158
	56.8%	49.7%	49.8%
DEBT/EQUITY			
Total equity	**40,127**	43,090	39,520
Intangibles	**(389)**	(2,049)	(2,023)
	39,738	41,041	37,497
Interest-bearing loans and borrowings	**24,040**	21,024	21,458
	60.5%	51.2%	57.2%

In May 2016 the Group entered into a restated letter of offer with its principal financier, Rabo Australia Limited (Rabobank). The restated facilities provided an increase of $3.5 million in the working capital facility. The restated facilities include term loan facilities of AUD$11.3 million and USD$4.2 million, expiring 30 November 2017 and a working capital facility of AUD$7.5 million to be reduced to $4.0 million by 31 August 2016 and fully repaid by 28 February 2017. The working capital facility may be redrawn to $4.0 million after 30 April 2017. There were no changes to covenants in the restated letter of offer.

As at 28 June 2016, the Group obtained a waiver from Rabobank in relation to the financial banking covenants due to the 2016 financial results not meeting budgeted EBITDA targets. Bank debt has been classified as current at 30 June 2016 because the Group was unable to secure the Rabobank requirements from third party warehouses required as a condition of the waiver letter.

Shares issued during the year

During the twelve months ended 30 June 2016, there were no new shares issued.

Profile of Debts

The profile of the Group's debt finance below reflects the re-classification of the bank facilities as at 30 June 2016 showing the debt classified as current as mentioned above.

However as at 30 June 2015 debt was split between current and non-current portions. The small portion of non-current debt relates to equipment loan funding for the bulk sugar handling equipment installed at Yandina.

	CONSOLIDATED		
	30/06/16 $'000	30/06/15 $'000	30/06/14 $'000
CURRENT			
Bank overdraft	**368**	-	179
Bank bill facility	**22,781**	3,476	20,695
Bank loans	**802**	851	468
	23,951	4,327	21,342
NON-CURRENT			
Bank bill facility	**-**	16,697	-
Bank loans	**89**	-	116
	89	16,697	116
	24,040	21,024	21,458

TREASURY POLICY

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

Hedging may be undertaken through the use of borrowings in overseas currency, interest rate swap contracts and foreign exchange contracts. No speculative trading in derivatives is undertaken. All derivatives have underlying commercial transactions.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

In May 2016 M&A Partners were engaged to conduct a strategic review of the Group's operations. As a result of the review a decision was taken to sell the Yandina property and commence an Expressions of Interest campaign in July 2016. At 30 June 2016 the Yandina property was classified as an asset held for sale in the current assets section of the Consolidated Statement of Financial Position.

It is the opinion of the Directors that there were no other 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

An Expressions of Interest campaign was announced to the market on 14 July 2016 to offer the Group's Yandina property for a sale and leaseback. The campaign closed on 18 August 2016, with a number of parties submitting offers for consideration. Discussions with those parties are continuing.

Other than the Expression of Interest campaign in respect of the Yandina property, there is at the date of this report no other matter, or circumstance which has arisen since 30 June 2016 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 2016.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

The focus will continue on products developed to replace past products, together with securing increased distribution through expanding domestic and export markets.

In support of increased distribution and new products the Group is continuing its business improvement program transitioning to a lower cost structure with better automation and more vertical integration.

Further disclosure on likely developments in the operations of the Group are considered commercial-in-confidence and the expected results of operations have not been included in this directors' report because directors believe it would be likely to result in unreasonable prejudice to the Group.

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.

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 and there were no options outstanding at the date of this report.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for the key management personnel comprising of directors and executives of Buderim Group Limited (the Group).

Remuneration philosophy

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

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

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

Remuneration committee

The Remuneration Committee of the Board of Directors is responsible for determining and reviewing compensation arrangements for the Directors, the 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.

Remuneration structure

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

Salary packages are measured by the company as Total Employment Cost (TEC). TEC includes all costs associated with employment, including 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.

Non-executive director remuneration

Objective

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

Structure

The Constitution and the ASX Listing Rules specify that the aggregate remuneration of non-executive directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the directors as agreed. The latest determination was at the Annual General Meeting held on 30 October 2015 when shareholders approved an aggregate remuneration of $300,000 per year.

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

Each director receives a fee for being a director of the company. Additional fees are not currently paid for any board committee on which a director sits, although considerable time commitments have been afforded by directors serving on various board sub-committees. Non-executive directors have long been encouraged by the board to hold shares in the company (purchased by the director on market). It is considered good governance for directors to have a stake in the company. The remuneration of non-executive directors for the year ended 30 June 2016 is detailed in Table 1 below.

Unless otherwise stated, on termination, executives are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. No other termination benefits are payable.

Senior manager and executive director remuneration

Objective

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

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

Structure

In determining the level and make-up of executive 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.

It is the Remuneration Committee's policy that employment contracts are entered into with executives to protect the interest of both the company and the employee. Unless otherwise stated, employment contracts are generally unlimited in term but capable of termination on one to three month's notice, depending upon the seniority of the role.

Unless otherwise stated, on termination, executives are entitled to receive their statutory entitlements of accrued annual and long service leave, together with any superannuation benefits. No other termination benefits are payable.

Unless otherwise stated, service agreements do not provide for pre-determined compensation values or the manner of payment. Compensation is determined in accordance with the general remuneration policy outlined below. The manner of payment is determined on a case by case basis and may be a mix of cash and non-cash benefits. Depending upon the particular role undertaken by executives, remuneration consists of one or all of the following key elements:

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

The proportion of fixed remuneration and variable remuneration (potential incentives) is established for each senior manager by the Remuneration Committee. Table 2 below details the fixed and variable remuneration components of senior executives who have the major influence on business decisions.

Fixed Remuneration

Objective

The level of fixed remuneration is set so as to provide a base level of remuneration which is both appropriate to the position and is competitive in the market. Fixed remuneration is reviewed annually by the Remuneration Committee and the process consists of a review of companywide, business division and individual performance, relevant comparative remuneration in the market, internal relativities and, where appropriate, external advice on policies and practices. As noted above, the Remuneration Committee makes reference to external advice/ surveys independent of management.

Structure

Senior managers are given the opportunity to receive their fixed (primary) remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be optimal for the recipient whilst remaining in accordance with the executives TEC approved by the Remuneration Committee. The fixed remuneration component of senior executives who have the major influence on business decisions is detailed in Table 2 below.

Variable Remuneration

Objective

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

Structure

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 Group has predetermined benchmarks (generally based on year-on-year improvement) which must be met in order to trigger payments under the incentive scheme. The achievement of revenue targets does not warrant a bonus payment unless a minimum level of profitability target has also been achieved. These performance conditions were chosen because they directly align the individual's reward to the KPI's of the Group and to its strategy and performance. Bonuses payable for executives are capped at a maximum, depending on seniority, of up to 40% of their fixed component of salary.

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

REMUNERATION REPORT (continued)

Shareholder wealth

	30 June 2016	30 June 2015	30 June 2014	31 December 2013	31 December 2012
Share price (cents)					
Pre-consolidated	**-**	-	-	-	17
Post-consolidation	**34.5**	63	53**	67	67*
Dividend paid per share (cents)	**-**	-	-	-	0.3

* A 4:1 share consolidation was undertaken in May 2012 reducing the number of ordinary shares on issue from 82,592,707 to 20,648,694.

** A 1:1 renounceable entitlement offer was undertaken in June 2014 increasing the number of ordinary shares on issue from 20,648,694 to 41,297,388. A placement of shares undertaken immediately after the renounceable entitlement offer increased the number of ordinary shares on issue from 41,297,388 to 43,363,090.

Employment contracts

Executives employed under contracts provide a level of security to both the Group and the individual. All employment contracts are for no fixed term and subject to up to three month's notice. However, the Group may terminate contracts at any time without prior notice if serious misconduct has occurred.

Changes in Directors and Executives Subsequent to Year-end

On 28 August 2016, Mr W. Timms resigned as a Director.

On 12 September 2016, Mr H. Christiansen resigned as Group Operations Manager.

Details of Remuneration of Directors and Executives

Details of the nature and amount of each element of the remuneration of each director of the Group and other key management personnel of the Group are as follows:

Table 1 - Remuneration of Directors of Buderim Group Limited

Name	Position Held	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Share Based Payments	Termination Benefits	Total Employment Benefits	Proportion of remuneration that is performance based
		Cash salary and fees	Cash bonus	Non Monetary	Super					
Morrow, S	Chairman (Non-executive)	53,000	-	-	29,125	-	-	-	82,125	-
Templeton, S	Director (Non-executive)	45,000	-	-	4,275	-	-	-	49,275	-
Walker, M	Director (Non-executive) to 28 October 2015	15,000	-	-	1,425	-	-	-	16,425	-
O'Keeffe, P	Director (Non-executive)	45,000	-	-	4,275	-	-	-	49,275	-
Timms, W	Director (Non-executive)	38,000	-	-	3,608	-	-	-	41,608	-
Total Directors	**For the year ended 30 June 2016**	196,000	-	-	42,708	-	-	-	238,708	-

Name	Position Held	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Share Based Payments	Termination Benefits	Total Employment Benefits	Proportion of remuneration that is performance based
		Cash salary and fees	Cash bonus	Non Monetary	Super					
Morrow, S	Chairman (Non-executive)	50,500	-	-	31,625	-	-	-	82,125	-
Templeton, S	Director (Non-executive)	45,000	-	-	4,275	-	-	-	49,275	-
Vasili, G	Director (Non-executive) to 31 October 2014	15,000	-	-	1,425	-	-	-	16,425	-
Walker, M	Director (Non-executive)	45,000	-	-	4,275	-	-	-	49,275	-
O'Keeffe, P	Director (Non-executive) from 31 October 2014	30,000	-	-	2,850	-	-	-	32,850	-
Timms, W	Director (Non-executive) from 30 January 2015	10,000	-	-	950	-	-	-	10,950	-
Total Directors	**For the year ended 30 June 2015**	195,500	-	-	45,400	-	-	-	240,900	-

Table 2 – Remuneration of other senior executive officers

Name	Position Held	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Share Based Payments	Termination Benefits	Total Employment Benefits	Proportion of remuneration that is performance based
		Cash salary and fees	Cash bonus	Non Monetary	Super					
Masters, R	Chief Executive Officer	340,000	-	-	-	-	-	-	340,000	-
Bond, A	Company Secretary/CFO	203,394	-	658	18,856	751	-	-	223,659	-
Christiansen, H	Group Operations Manager	171,193	-	8,096	15,978	1,007	-	-	196,274	-
Mikkelsen, C	General Manager – Tourism	31,470	-	378	2,776	280	-	-	34,904	-
Price, J	Group Marketing Manager	117,291	-	463	10,866	983	-	-	129,603	-
Total Executives	**For the year ended 30 June 2016**	863,347	-	9,595	48,476	3,022	-	-	924,440	-

Name	Position Held	Short Term Benefits			Post Employment Benefits	Long Term Benefits	Share Based Payments	Termination Benefits	Total Employment Benefits	Proportion of remuneration that is performance based
		Cash salary and fees	Cash bonus	Non Monetary	Super					
Masters, R	Chief Executive Officer	343,443	-	635	-	-	-	-	344,078	-
Bond, A	Company Secretary/CFO	192,660	-	635	17,497	142	-	-	210,935	-
Christiansen, H	Group Operations Manager	165,112	-	19,402	15,217	592	-	-	200,323	-
Mikkelsen, C	General Manager – Tourism	82,229	-	595	8,110	644	-	-	91,578	-
Price, J	Group Marketing Manager	109,565	-	435	10,348	607	-	-	120,955	-
Total Executives	**For the year ended 30 June 2015**	893,009	-	21,703	51,172	1,985	-	-	967,868	-

Notes

- All elements of remuneration have been determined on the basis of the cost to the Group.
- 'Cash salary and fees' includes annual leave entitlements accrued during the reporting period.
- The category 'Non-Monetary' includes the value of any non-cash benefits provided, such as fully maintained motor vehicle, insurance and/or professional membership subscriptions.
- The Group's insider trading policy prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. The Group requires all executives and directors to sign annual declarations of compliance with this policy throughout the year. There are currently no share-based payment arrangements agreed with employees as part of their remuneration structure.

REMUNERATION REPORT (continued)

Shareholdings during the year ended 30 June 2016

Ordinary Shares held in Buderim Ginger Limited	Balance 1 July 2015	Market Acquisition / (Sale)	Other Movements	Balance 30 June 2016
	Ordinary No.	Ordinary No.	Ordinary No.	Ordinary No.
Current Directors				
Morrow, S (1)	79,348	-	-	79,348
Templeton, S (2)	1,573,451	-	-	1,573,451
O'Keeffe, P (3)	-	-	-	-
Retired Directors				
Timms, W (4)	5,449,996	-	-	5,449,996
Walker, M (5)	70,000	-	(70,000)	-
Executives				
Masters, R	830,000	(282,000)	-	548,000
Bond, A (6)	504,753	-	-	504,753
Christiansen, H	62,736	28,223	-	90,959
Mikkelsen, C (7)	5,000	-	-	5,000
Price, J	6,725	-	-	6,725

(1) S. Morrow holds relevant interest in 79,348 shares registered in the name of Morrow Family Super Pty Ltd.

(2) S. Templeton holds a relevant interest in 13,297 shares registered in the name of Templeton Holdings (Qld) Pty Ltd, and 1,503,945 shares registered in the name of Redarea Pty Ltd (The Templeton Family Account).

(3) P. O'Keeffe does not hold shares or relevant interests.

(4) W. Timms holds relevant interest in 5,449,996 shares registered in the name of Randell Management Services Pty Ltd. The shares were held at 30 January 2015 when W Timms was appointed as a director, and held at 28 August 2016 when W Timms resigned as a director.

(5) M. Walker holds relevant interest in 70,000 shares registered in the name of Hines Family Superannuation Fund Pty Ltd. The shares were held at 28 October 2015 when M Walker resigned as a director.

(6) A. Bond holds a relevant interest in 504,753 shares registered in the name of Andrew Paul Bond and Karen Michelle Bond (The Karand Family Account).

(7) C Mikkelsen is a related party of M Mikkelsen who holds 5,000 shares.

Shares held nominally by directors include 56,209 held by S Templeton.

Executive shareholdings are all nominally held other than those related to A. Bond and C. Mikkelsen.

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

Ginger Supplies

S. Templeton is a director of Templeton Ginger Pty Ltd. Sales of ginger bins were made to Templeton Ginger Pty Ltd during the year to the value of $1,238 (2015: nil). Ginger supplies were purchased during the year to the value of $1,807,297 (2015: $1,099,471). All transactions were in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers. At 30 June 2016, the following amounts were owed to Templeton Ginger Pty Ltd: $389,301 (2015: $19,600).

Maintenance Services

C Mikkelsen is a related party of M Mikkelsen, a sole trader operating under the trading name of Windows That Sparkle. Windows That Sparkle provided maintenance services to The Ginger Factory during the year to the value of $1,680 (2015: $1,400). All transactions were in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers. At 30 June 2016, no amounts were outstanding (2015: nil).

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 2016.

END OF AUDITED REMUNERATION REPORT

DIRECTORS' MEETINGS

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

	DIRECTORS' MEETINGS		AUDIT & COMPLIANCE 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**
S. Morrow	14	14	3	3	1	1
S. Templeton	14	14	-	-	1	1
M. Walker	4	4	1	1	-	-
P. O'Keeffe	14	14	3	3	-	-
W. Timms	14	14	-	-	1	1

Notes

- P. O'Keeffe attended the May 2016 Remuneration Committee meeting.
- S. Templeton attended the May 2016 Audit & Compliance Committee meeting.
- W. Timms attended the August 2015 and May 2016 Audit & Compliance Committee meetings.

Committee membership

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

Members acting on the committees of the board were:

AUDIT & COMPLIANCE COMMITTEE	REMUNERATION COMMITTEE
P. O'Keeffe	S. Morrow
S. Morrow	S. Templeton

ROUNDING

The amounts contained in this report and in the financial report have been rounded to the nearest $1,000 (where rounding is applicable) under the option available to the company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The company is an entity to which the ASIC Instrument applies.

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 company.

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 19.

NON-AUDIT SERVICES

The following non-audit services were provided by Company's associated with the entity's auditor, BDO Audit Pty Ltd. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

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

- Tax compliance and advisory services $30,215

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.

S. Morrow
Director
Brisbane, 27 September 2016

INDEPENDENT AUDITORS' REPORT

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DECLARATION OF INDEPENDENCE BY P A GALLAGHER TO THE DIRECTORS OF BUDERIM GROUP LIMITED

As lead auditor of Buderim Group Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. 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 A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 27 September 2016

CONTENTS TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	NOTES	CONSOLIDATED	
		30/06/16 $'000	30/06/15 $'000
CURRENT ASSETS			
Cash and cash equivalents	11	**3,901**	4,532
Trade and other receivables	12	**13,358**	9,597
Inventories	13	**25,892**	25,334
Current tax assets		**319**	179
Other current assets	14	**962**	1,054
Assets classified as held for sale	10	**10,825**	-
TOTAL CURRENT ASSETS		**55,257**	40,696
NON-CURRENT ASSETS			
Investment accounted for using the equity method	16	**1,162**	1,205
Property, plant and equipment	17	**20,370**	29,674
Biological assets	18	**6,076**	5,892
Deferred tax assets	7	**9,533**	6,098
Intangible assets	19	**389**	2,049
TOTAL NON-CURRENT ASSETS		**37,530**	44,918
TOTAL ASSETS		**92,787**	85,614
CURRENT LIABILITIES			
Trade and other payables	20	**18,664**	14,715
Interest-bearing liabilities	21	**23,951**	4,327
Short-term provisions	22	**587**	637
TOTAL CURRENT LIABILITIES		**43,202**	19,679
NON-CURRENT LIABILITIES			
Interest-bearing liabilities	21	**89**	16,697
Deferred tax liabilities	7	**9,220**	6,105
Long-term provisions	22	**149**	43
TOTAL NON-CURRENT LIABILITIES		**9,458**	22,845
TOTAL LIABILITIES		**52,660**	42,524
NET ASSETS		**40,127**	43,090
EQUITY			
Contributed equity	23	**39,272**	39,272
Reserves		**11,038**	7,375
Retained earnings/(accumulated losses)		**(10,183)**	(3,557)
TOTAL EQUITY		**40,127**	43,090

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 2016

	NOTES	CONSOLIDATED 30/06/16 $'000	CONSOLIDATED 30/06/15 $'000
INCOME			
Sale of goods		**78,473**	70,720
Cost of sales		**(67,516)**	(57,527)
Gross profit		**10,957**	13,193
Rental revenue		**164**	238
Other income	6 (a)	**859**	5,102
Finance revenue		**6**	68
		11,986	18,601
Share of profit accounted for using the equity method		**56**	20
Selling and distribution expenses		**(4,974)**	(5,104)
Marketing expenses		**(1,372)**	(959)
Tourism expenses		**(2,486)**	(2,321)
Administration expenses		**(6,895)**	(6,700)
Impairment expense	26	**(4,508)**	-
Other expenses	6 (b)	**(32)**	(142)
PROFIT/(LOSS) BEFORE TAX AND FINANCE COSTS		**(8,225)**	3,395
Finance costs	6 (c)	**(938)**	(879)
PROFIT/(LOSS) BEFORE INCOME TAX		**(9,163)**	2,516
Income tax (expense)/benefit	7	**2,537**	(2,226)
NET PROFIT/(LOSS) FOR THE YEAR		**(6,626)**	290
OTHER COMPREHENSIVE INCOME/(LOSS)			
Items that will not be reclassified subsequently to profit or loss			
Changes in fair value of land, net of tax		**3,245**	2,437
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations, net of tax		**418**	885
Prior year adjustment		**-**	(42)
Total other comprehensive income/(loss), net of tax		**3,663**	3,280
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**(2,963)**	3,570
Total net profit/(loss) is attributable to:			
Equity holders of Buderim Group Limited		**(6,626)**	290
		(6,626)	290
Total comprehensive income is attributed to:			
Equity holders of Buderim Group Limited		**(2,963)**	3,570
		(2,963)	3,570
Basic and diluted earnings / (loss) per share (cents)	8	**(15.28)**	0.67
Basic and diluted earnings / (loss) per share from continuing operations (cents)	8	**(15.28)**	0.67

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 2016

	NOTES	CONSOLIDATED	
		30/06/16 $'000	30/06/15 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers (inclusive of GST)		**77,474**	73,228
Payments to suppliers and employees (inclusive of GST)		**(79,721)**	(70,638)
Other receipts		**731**	(1,699)
Interest received		**6**	67
Interest and other finance costs paid		**(938)**	(886)
Income tax received/(paid)		**44**	53
NET CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES	11	**(2,404)**	145
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(1,124)**	(5,015)
Purchase of biological assets		**-**	(2,185)
Purchase of intangible assets		**-**	(10)
Proceeds from sale of equipment		**3**	-
Return of equity from joint venture		**100**	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**(1,021)**	(7,210)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds from borrowings		**7,172**	6,065
Repayments of borrowings		**(4,746)**	(7,102)
NET CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES		**2,426**	(1,037)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**(999)**	(8,102)
Cash and cash equivalents at beginning of the year		**4,532**	12,634
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	11	**3,533**	4,532

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 2016

	CONSOLIDATED				
		RESERVES			
	Contributed Equity $'000	Asset Revaluation $'000	Foreign Currency Translation $'000	Retained Earnings/ Accumulated Losses $'000	Total Equity $'000
As at 1 July 2014	39,272	4,553	(500)	(3,805)	**39,520**
Total comprehensive income for the year					
Net profit/(loss) for year	-	-	-	290	**290**
Other comprehensive income					
Exchange difference on translation of foreign operation	-	-	885	-	**885**
Change in fair value of land	-	2,542	-	-	**2,542**
Prior year adjustment	-	-	-	(42)	**(42)**
Income tax on other comprehensive income items	-	(105)	-	-	**(105)**
Total comprehensive income for the year	-	2,437	885	248	**3,570**
Transactions with owners in their capacity as owners					
Equity dividend	-	-	-	-	**-**
As at 30 June 2015	39,272	6,990	385	(3,557)	**43,090**
As at 1 July 2015					
Total comprehensive income for the year					
Net profit/(loss) for year	-	-	-	(6,626)	**(6,626)**
Other comprehensive income					
Exchange difference on translation of foreign operation	-	-	418	-	**418**
Change in fair value of land	-	5,278	-	-	**5,278**
Prior year adjustment	-	-	-	-	**-**
Income tax on other comprehensive income items	-	(2,033)	-	-	**(2,033)**
Total comprehensive income for the year	-	3,245	418	(6,626)	**(2,963)**
Transactions with owners in their capacity as owners					
Equity dividend	-	-	-	-	**-**
As at 30 June 2016	39,272	10,235	803	(10,183)	**40,127**

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

1. CORPORATE INFORMATION

The consolidated financial statements of Buderim Group Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the directors on 27 September 2016. 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 nature of the operations and principal activities of the Group are described in note 5.

The consolidated financial statements covers the consolidated group of Buderim Group Limited and its controlled entities (the "Group").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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(a) 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 group is a for-profit entity for financial reporting purposes under Australian Accounting Standards. The consolidated financial statements have also been prepared on an accruals basis and are based on historical costs, except for investments, land and biological assets that have been measured at fair value.

The Group has adopted all the new, revised or amended Australian Accounting Standards and AASB Interpretations that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The consolidated financial statements are presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to the company under *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*. The company is an entity to which the ASIC Instrument applies.

(b) Going concern

The Group incurred a net loss of $6,626,000 for the year ended 30 June 2016. As at 30 June 2016 the Group had cash reserves of $3,901,000, a net current asset surplus of $12,055,000 and net assets of $40,127,000. Included in current assets is assets held for sale of $10,825,000. The Group operates under finance facilities varied with Rabo Australia Limited ("Rabobank") in May 2016. Included in current liabilities are borrowings of $2,000,000 that are set to expire on 31 August 2016, $4,000,000 on 28 February 2017, and $16,780,657 on 30 November 2017. These loans were classified as current liabilities as the Group did not meet its Debt service cover ratio, Debt to Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") ratio and forecasted EBITDA banking covenant ratios with Rabobank for the period ended 30 June 2016. The Group received a waiver from Rabobank on 28 June 2016 in respect of the expected financial banking covenant breaches as at 30 June 2016. All Rabobank facilities have been classified as current because the Group was unable to secure Rabobank requirements from third party warehouses, required as a condition of the waiver letter.

The ability of the Group to continue as a going concern is principally dependent upon the continued support of its financiers and ability to generate future profits. Should the company not obtain the support of its financiers or generate future profits, there may be doubt that the Group will continue as a going concern. The directors believe that the going concern basis of preparation of the consolidated financial statements is appropriate given a waiver has been received from Rabobank for the covenants that have been breached, and that the Group's financiers will continue to support the Group following variation of the facilities on 24 May 2016. Further, as discussed in the Directors' Report, the Group is continuing to expand sales distribution and implement cost reduction strategies to improve Group profitability. Should the Group be unable to continue as a going concern, it may be required to realise its assets and extinguish its liabilities other than in the ordinary course of business, and at amounts that may differ, either more or less, from those stated in the consolidated financial statements.

(c) Statement of compliance

The consolidated financial statements of Buderim Group Limited and controlled entities 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').

(d) Changes in accounting policies, disclosures, standards and interpretations

The accounting policies adopted are consistent with those of the previous financial reporting period.

(e) Basis of consolidation

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions, have been eliminated in full.

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

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised directly in equity as attributable to owners of Buderim Group Limited.

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are re-classified to profit or loss.

(f) Segment reporting

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 disclosed in note 5.

(g) Investment in jointly controlled entities

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of the joint venture are incorporated in these consolidated financial statements using the equity method of accounting from the date on which the investee became a joint venture. Under the equity method, an investment in a joint venture is initially recognised in the Consolidated Statement of Financial Position at cost and adjusted thereafter to recognise the Group's share of profit or loss and other comprehensive income of the joint venture. The joint venture operates the boat ride "Overboard" and the "Ginger Train" at the tourism facility, The Ginger Factory at Yandina.

Where necessary, the entire carrying amount of the investment is tested for impairment.

When a group entity transacts with the joint venture, profits and losses resulting from the transactions within the joint venture are recognised in the Group's consolidated financial statements only to the extent of the interest in the joint venture is not related to the group.

(h) Foreign currency

Functional and presentational 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 Buderim Group Limited's functional and presentational currency.

Foreign currency translation

Foreign currency transactions are translated into the 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.

(i) Cash and cash equivalents

Cash and cash equivalent 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.

(j) Trade and other receivables

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

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

(k) Inventories

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Property, plant and equipment

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

Tourism buildings	**15 years**
Freehold buildings	**50 years**
Plant and equipment	**3 – 10 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 2016 are consistent with those used in the prior year.

Refer to note 2(ad) for the fair value measurement.

Increases in the 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 increase 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.

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

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

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

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

(m) Assets classified as held for sale

Non-current assets are classified as held for sale and measured at the lower of carrying amount and fair value less costs 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 costs to sell. 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.

(n) Biological assets

Macadamia trees

Macadamia trees are classified as biological assets and valued in accordance with AASB 141 *Agriculture*. Macadamia trees are measured at fair value using a discounted cash flow methodology in accordance with AASB 141. The fair value measurement of biological assets is a level 3 measurement, as defined by the AASB 13 *Fair Value Measurement* fair value hierarchy, as one or more of the significant inputs is not based on observable market data.

Growing macadamia trees

The growing macadamia trees are valued in accordance with AASB 141 *Agriculture*. This valuation 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.

Biological asset fair value adjustment

The biological asset fair value adjustment in the profit or loss includes current changes to the fair value of macadamia trees, the fair value change for the current year growing macadamia crop and the fair value component of cost of sales.

(o) Intangible assets

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.

Trademarks

Trademarks are carried at cost, less any accumulated impairment losses and amortisation. Trademarks have been assessed by the directors as having indefinite useful lives as the related products and brand names will generate net inflows for the Group for an indefinite period. Trademarks are assessed for impairment at least annually and is allocated to the cash-generating unit for which they relate.

Disposals

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.

(p) Impairment of Non-financial Assets

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

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

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 a non-financial asset other than goodwill, can be reversed.

(q) Interest-bearing loans and borrowings

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

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

(r) Trade and other payables

Trade payables 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.

(s) Provisions

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

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

(t) Employee benefits

Wages, salaries, annual leave and sick leave

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

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 corporate bond rates.

(u) Leases

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

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

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

(v) Revenue recognition

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

Sale of goods

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

Interest

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

Rental income

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

(w) Government grants

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(x) Income tax

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

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

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

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

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

(z) Derecognition of financial instruments

The derecognition of a financial assets takes place when the Group no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the contractual rights to the cash flows 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 of AASB 139 are satisfied. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

(aa) Impairment of financial assets

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

Financial assets carried at amortised cost

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

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

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost (assuming no impairment has been recognised) at the reversal date.

(ab) Contributed equity

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

(ac) Earnings per share

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

(ad) Fair Value Measurement

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 the 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 are 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 significance of the inputs used in making the measurements. Classifications are reviewed each reporting date 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 applicable, with external sources of data.

(ae) Comparatives

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these consolidated financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function. The Group's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The 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 and Compliance Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Group's competitiveness and flexibility. Further details regarding these policies are set out below:

The Group's principal financial instruments comprise bank loans, 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 period under review, the Group's policy that no trading in financial instruments shall be undertaken.

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

The Group also monitors the market price risk arising from all financial instruments. The magnitude of this risk that has arisen over the period is discussed in note 24.

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

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

(a) Interest rate risk

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

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

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

These swaps are designated to hedge underlying debt obligations.

As at 30 June 2016, there were no Group borrowings at a fixed rate of interest (2015: Nil).

Interest rate risk sensitivity is disclosed in note 24.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk

As a result of significant investment operations in Fiji and the United States, the Group's Consolidated Statement of Financial Position can be affected significantly by movements in the USD/AUD and FJD/AUD exchange rates.

The Group seeks to mitigate the effect of its structural currency exposure by borrowing a portion of its facility in overseas currency loans.

The Group also has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 34% (2015: 23%) of the Group's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 89% (2015: 86%) of costs are denominated in the unit's functional currency.

Further information relating to currency risk is disclosed in note 24.

(c) Commodity risk

The Group is exposed to commodity risks in the ginger and macadamia segments.

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 production risk is minimised through crop insurance and where appropriate, sourcing commodities from multiple geographical locations.

(d) Credit risk

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

The objective of the Group is to minimise risk of loss from credit risk exposure.

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. Collateral (in the form of a guarantee) is normally obtained from customers.

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

In addition, receivable balances are monitored on an ongoing basis with the objective that the Group's exposure to bad debts is minimised.

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 assets as indicated in the Consolidated Statement of Financial Position.

(e) Liquidity risk

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

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

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

- Continuously monitoring actual and daily cashflows of all Group entities
- Continuously monitoring longer-term forecast cashflow requirements of the Group
- Monitoring the maturity profiles of financial assets and liabilities in order to match inflows and outflows
- Maintaining adequate borrowing facilities such as unused credit or overdraft facilities (refer note 21)
- Monitoring measures of borrowing such as EBIT/Interest, EBIT/Sales, Gearing and Debt to Equity ratios
- Monitoring liquidity ratios such as working capital
- Managing the timing of outflows designated for reduction for liabilities in accordance with usual industry practice.

Liquidity risk is measured using liquidity ratios such as working capital.

Summary of quantitative data	2016 $'000	2015 $'000
Current assets	**55,257**	40,696
Current liabilities	**43,202**	19,679
Surplus / (deficit)	**12,055**	21,017

Included in current assets is assets held for sale of $10,825,000 (2015: nil). Refer to note 10 for further information.

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

Maturity Analysis – Group – 2016

Financial Liabilities	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	< 6 MTHS $'000	6-12 MTHS $'000	1-3 YEARS $'000	> 3 YEARS $'000
Non-derivatives						
Bank loans and bills	24,040	24,902	4,324	20,578	-	-
Trade and other payables	18,664	18,664	18,664	-	-	-
Total Non-derivatives	42,704	43,566	22,988	20,578	-	-

Maturity Analysis – Group - 2015

Financial Liabilities	CARRYING AMOUNT $'000	CONTRACTUAL CASH FLOWS $'000	< 6 MTHS $'000	6-12 MTHS $'000	1-3 YEARS $'000	> 3 YEARS $'000
Non-derivatives						
Bank loans and bills	21,024	22,447	1,651	2,723	18,073	-
Trade and other payables	14,715	14,715	14,715	-	-	-
Total Non-derivatives	35,739	37,162	16,366	2,723	18,073	-

Refer to note 21 Interest-Bearing Liabilities for further details.

Hierarchy

The Group has no listed equity securities, material financial derivatives or financial instruments recognised at fair value.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In applying the Group's accounting policies management continually evaluates judgments, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact of the Group. All judgments, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management. Actual results differ from the judgments, estimates and assumptions. Significant judgments, estimates and assumptions made by management in the preparation of these consolidated financial statements that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are outlined below:

(i) Significant accounting judgments

Recovery of deferred tax assets

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

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

(ii) Significant accounting estimates and assumptions

Impairment of goodwill and intangibles with indefinite useful lives

The Group determines whether goodwill and intangibles with indefinite useful lives are impaired at least on an annual basis. This requires an estimate of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

The assumptions used in this estimation of recoverable amount and the carrying amount of goodwill and intangibles with indefinite useful lives are discussed in note 26.

Allowance for impairment loss on trade receivables

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

Kapua orchard purchase

In December 2014 the Group completed the acquisition of the Kapua Macadamia Orchard, Hawaii. The purchase comprised the acquisition of land, buildings and improvements (see note 17 for detail), macadamias trees (including nuts on the tree – see note 18 for detail) and harvested nuts (including nuts on the ground). Further details are provided below.

Inventory – Current year Macadamia crop

The current year 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*. 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. The assumptions are detailed in note 18.

Macadamia trees

Macadamia trees are classified as biological assets and valued in accordance with AASB 141 *Agriculture*. The Group's accounting policies in relation to the macadamia trees are detailed in Note 1(n). In applying this policy the Group has made various assumptions which are detailed in note 18. As at 30 June 2016, the value of macadamia trees carried in the consolidated financial statements is $6.1m (2015: $5.9m). The valuation of macadamia trees is very sensitive to the assumptions of the long term macadamia price and yields. Any change to the long term macadamia price or yields may have a material impact on the valuations. The assumptions are detailed in note 18.

5. SEGMENT INFORMATION

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 form the basis of the reports reviewed by the Board and the executive management committee.

The reportable segments for the period ended 30 June 2016 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 - processing in Australia and Hawaii of macadamia products and marketing to wholesale and retail customers throughout the world;

Tourism - the sale of ginger and other retail gift and food products, and the provision of leisure activities within the Australian tourism market.

Other

The Fiji ginger business is not a reportable segment under AASB 8, since its results are not reviewed by the Board and executive management 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 Hawaiian macadamia business is not a reportable segment under AASB 8, since its results are not reviewed by Board and executive management separately from the rest of the macadamia business. As such it is not a separate operating segment and cannot be a separate reporting segment. Information about the Hawaiian macadamia business has been disclosed within the Macadamia 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 note 2. During the financial period, there were no changes in segment accounting policies that had a material effect on the segment information.

Reportable segments

Segment information provided to the Board and executive management committee for the year ended 30 June 2016 and 30 June 2015 is as follows:

REPORTABLE SEGMENTS	Ginger		Tourism		Macadamias		Total	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Income								
Sales of goods to external customers	**25,169**	25,104	**4,254**	3,831	**49,050**	41,785	**78,473**	70,720
Sales of goods to internal segments	**1,493**	3,264	**-**	-	**4,738**	5,388	**6,231**	8,652
Other revenue / income	**602**	888	**164**	238	**257**	4,196	**1,023**	5,322
Total segment revenue	**27,264**	29,256	**4,418**	4,069	**54,045**	51,369	**85,727**	84,694
Consolidation adjustments	**(1,493)**	(3,264)	**-**	-	**(4,738)**	(5,388)	**(6,231)**	(8,652)
Total Income							**79,496**	76,042
Results								
Segment result	**(6,424)**	(1,682)	**174**	191	**(1,622)**	5,320	**(7,872)**	3,829
Share of profit/(loss) of jointly controlled entities'	**-**	-	**56**	20	**-**	-	**56**	20
Corporate overhead expenses	**(433)**	(473)	**(71)**	(72)	**(843)**	(788)	**(1,347)**	(1,333)
Contribution to group profit/(loss)	**(6,857)**	(2,155)	**159**	139	**(2,465)**	4,532	**(9,163)**	2,516
Finance costs	**539**	606	**-**	-	**399**	273	**938**	879
Finance revenue	**(6)**	(67)	**-**	-	**-**	-	**(6)**	(67)
Depreciation & amortisation	**1,412**	1,399	**236**	209	**708**	583	**2,356**	2,191
EBITDA	**(4,912)**	(217)	**395**	348	**(1,358)**	5,388	**(5,875)**	5,519
Profit/(loss) before income tax							**(9,163)**	2,516
Income tax (expense)/benefit	**2,040**	(410)	**(48)**	(63)	**545**	(1,753)	**2,537**	(2,226)
Net profit/(loss) for the year							**(6,626)**	290
Inventory write-downs and provisions	**294**	-	**-**	-	**1,342**	-	**1,636**	-
Material abnormal items								
Redundancies	**-**	36	**-**	-	**-**	-	**-**	36
Impairment expense	**2,897**	-	**-**	-	**1,611**	-	**4,508**	-
Total	**2,897**	36	**-**	-	**1,611**	-	**4,508**	36

5. SEGMENT INFORMATION (continued)

Geographic location	Australia		Fiji		USA		Total	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Sales of goods to external customers	**50,733**	52,975	**3,658**	3,525	**24,082**	14,220	**78,473**	70,720
Sales of goods to internal segments	**451**	392	**1,042**	2,872	**4,738**	5,388	**6,231**	8,652
Other revenue / income	**2,761**	2,934	**(81)**	(127)	**(1,657)**	2,515	**1,023**	5,322
Total segment revenue	**53,945**	56,301	**4,619**	6,270	**27,163**	22,123	**85,727**	84,694
Consolidation adjustments							**(6,231)**	(8,652)
Total Income							**79,496**	76,042
Total segment assets	**68,630**	64,002	**5,112**	6,257	**19,045**	15,355	**92,787**	85,614
Total segment liabilities	**41,812**	34,559	**395**	425	**10,453**	7,540	**52,660**	42,524

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

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

During the period ended 30 June 2016, revenues of $8,934,421 (2015: $7,480,952) were derived from sales to Customer A through the ginger and macadamia segment. In total, the 2016 revenue recorded through sales to Customer A amounted to more than 11% (2015: 11%) of the Group's revenues from external customers. Revenues of $5,966,174 (2015: $8,375,461) were derived from sales to Customer B through the ginger and macadamia segment. In total the 2016 revenue recorded through sales to Customer B amounted to more than 7% (2015: 12%) of the Group's revenue from external customers.

6. INCOME AND EXPENSES

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
(a) Other income		
Fair Value adjustment – biological assets	**-**	3,556
Foreign exchange gains/(losses) realised	**29**	-
Foreign exchange gains/(losses) unrealised	**99**	945
Sundry income	**316**	601
Government grants	**415**	-
Total other income	**859**	5,102
(b) Other expenses		
Net foreign currency losses/(gains) realised	**-**	86
Sundry expenses	**32**	56
Total other expenses	**32**	142
(c) Finance costs		
Bill facility	**924**	866
Bank loans and overdraft	**14**	13
Total finance costs	**938**	879
(d) Depreciation and amortisation		
Depreciation of non-current assets		
Plant and equipment	**1,912**	1,784
Buildings	**444**	409
Total depreciation and amortisation	**2,356**	2,193
(e) Operating lease payments		
Minimum lease payments on operating leases	**879**	906
(f) Employee benefits expense		
Employee benefits expense (excluding superannuation costs)	**14,511**	11,976
Superannuation costs – defined contribution	**930**	757
Total employee benefits expense	**15,441**	12,733
(g) Inventory write-downs and provisions	**1,637**	86

7. INCOME TAX

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Major components of income tax expense/(benefit) for the years ended 30 June 2016 and 30 June 2015 are:		
Statement of Comprehensive Income		
Current income tax		
Current income tax expense/(benefit)	**177**	223
Adjustments in respect of current income tax of previous years	**22**	-
Deferred income tax		
Relating to origination and reversal of temporary differences	**(2,736)**	2,003
	(2,537)	2,226

A reconciliation of income tax expense/(benefit) to accounting profit/(loss) before income tax at the statutory income tax rate for the years ended 30 June 2016 and 30 June 2015 is as follows:

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Accounting profit/(loss) before tax and non-controlling interest	**(9,163)**	2,516
At the statutory income tax rate of 30% (2015: 30%)	**(2,749)**	755
Australia under/over provision	**22**	438
USA under/over provision	**(25)**	837
Tax adjustment due to tax in foreign jurisdictions	**89**	163
Other	**126**	33
	(2,537)	2,226

Deferred tax benefits have accumulated in recognition of losses incurred in both the Ginger and the Macadamia segments in the current and preceding period due to either legacy or environmental factors. Utilisation of deferred tax assets is anticipated through future taxable profits anticipated in both segments over the next few years as a result of improved climatic conditions and the application of revised supply strategies.

At 30 June 2016, there is no recognised or unrecognised deferred income tax liability (2015: nil) for taxes that would be payable on the unremitted earnings of certain of the Group's subsidiaries or joint ventures, as the Group has no liability for additional taxation should such amounts be remitted.

Tax on other comprehensive income

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Income tax on other comprehensive income items	**(2,033)**	(1,292)
Income tax on exchange difference on translation of foreign operations	**-**	-
Income tax on changes in fair value of cash flow hedges	**-**	-
	(2,033)	(1,292)

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.

Movement in deferred tax for the year ended 30 June 2016

	CONSOLIDATED				
	Revaluation of Land $'000	Accelerated Depreciation $'000	Employment Benefits $'000	Tax Losses to Offset / Other $'000	Consolidated Total $'000
Deferred tax liabilities					
Opening Balance	(5,095)	(324)	-	(686)	**(6,105)**
Recognition in equity	(2,033)	-	-	-	**(2,033)**
Recognition in profit	(80)	(709)	-	90	**(699)**
Closing Balance	(7,208)	(1,033)	-	(979)	**(9,220)**
Deferred tax assets					
Opening Balance	-	-	954	5,144	**6,098**
Recognition in equity	-	-	-	-	**-**
Recognition in profit	-	-	(321)	3,756	**3,435**
Closing Balance	-	-	633	8,900	**9,533**

Movement in deferred tax for the year ended 30 June 2015

	CONSOLIDATED				
	Revaluation of Land $'000	Accelerated Depreciation $'000	Employment Benefits $'000	Tax Losses to Offset / Other $'000	Consolidated Total $'000
Deferred tax liabilities					
Opening Balance	(2,086)	(164)	-	(112)	**(2,362)**
Recognition in equity	(1,292)	-	-	-	**(1,292)**
Recognition in profit	(1,717)	(160)	-	(574)	**(2,451)**
Closing Balance	(5,095)	(324)	-	(686)	**(6,105)**
Deferred tax assets					
Opening Balance	-	-	1,091	4,776	**5,867**
Recognition in equity	-	-	-	-	**-**
Recognition in profit	-	-	(137)	368	**231**
Closing Balance	-	-	954	5,144	**6,098**

8. EARNINGS PER SHARE

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

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

	CONSOLIDATED	
	30/06/16	30/06/15
Net profit/(loss) after tax attributable to ordinary shareholders of parent ($'000)	**(6,626)**	290
Weighted average number of ordinary shares on issue used in the calculation of basic earnings per share.	**43,363,090**	43,363,090
Basic and diluted earnings per share (cents per share)	**(15.28)**	0.67
Earnings/(loss) from continuing operations (cents per share)	**(15.28)**	0.67
Earnings/(loss) from discontinued operations (cents per share)	**-**	-

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

9. DIVIDENDS PAID OR PROPOSED

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Declared and paid during the year:		
Dividends on ordinary shares of Nil cents (2015: Nil cents) per ordinary share.	**-**	-
Dividend proposed subsequent to year end:		
Dividends on ordinary shares Nil cents (2015: Nil cents)	**-**	-
Franking credit balance		
The amount of franking credits available for future reporting periods are:		
– franking account balance as at the end of the financial period at 30% (2015: 30%)	**-**	-
– franking credits that will arise from the refund of income tax paid as at the end of the financial period	**-**	-
– franking debits that will arise from the payment of dividends proposed prior to period end	**-**	-
	-	-

10. ASSETS CLASSIFIED AS HELD FOR SALE

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Property, plant and equipment	**10,825**	-
	10,825	-

In June 2016 the Board commenced a plan for a sale and leaseback of the Group's Yandina property at its June 2016 meeting. M&A Partners were engaged in June 2016 to commence marketing the property. An Expressions of Interest campaign was agreed to commence in July 2016. Refer to note 27 for further details of the Expressions of Interest campaign. The proceeds of sale are to be applied to retire senior debt, improving the use of capital employed in the business.

11. CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Reconciliation of cash and cash equivalents		
Cash balance comprises:		
– cash at bank and on hand	**3,901**	4,532
– overdraft	**(368)**	-
Closing cash balance	**3,533**	4,532

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

Reconciliation of profit/(loss) after tax to the net cash flows from operations

Net profit/(loss)	**(6,626)**	290
Adjustments for:		
Depreciation of non-current assets	**2,356**	2,193
Impairment of goodwill and fixed assets	**4,508**	-
FV on acquisition of biological assets	**-**	(1,688)
Inventory write-down and provisions	**1,637**	86
Share of profit of jointly controlled entities	**(56)**	(20)
Net exchange differences	**130**	-
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	**(3,761)**	(1,329)
(Increase)/decrease in inventories	**(2,195)**	(111)
(Increase)/decrease in deferred tax assets	**(3,435)**	(230)
(Increase)/decrease in prepayments	**92**	(184)
(Decrease)/increase in trade and other payables	**3,948**	951
(Decrease)/increase in tax provision	**140**	292
(Decrease)/increase in deferred tax liability	**1,082**	788
(Decrease)/increase in other provisions	**56**	(893)
Net cash flow from operating activities	**(2,404)**	145

(i) Disclosure of financing facilities - refer to note 21.

(ii) Disclosure of non-cash financing and investing activities - There has been no plant and equipment acquired by way of lease during 2016 or 2015.

(iii) All cash and cash equivalents are categorised as “loans and receivables”. They are initially recognised at fair value and are subsequently carried at amortised cost using the effective interest method.

12. TRADE AND OTHER RECEIVABLES (CURRENT)

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Trade receivables (i)	**13,009**	9,189
Deposits and other loans	**43**	43
Other receivables (ii)	**253**	272
	13,305	9,504
Related party receivables (ii)		
Jointly controlled entities	**53**	93
	53	93
Carrying amount of trade and other receivables	**13,358**	9,597

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

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

The carrying amounts of trade and other receivables are assumed to approximate their fair values due to their short-term nature.

There are no significant concentrations of credit risk, whether through exposure to individual customers or specific industry sectors.

Aging analysis of "past due, not impaired" receivables:

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
61 - 90 days	**12**	178
> 90 days	**115**	150
Total	**127**	328

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

(iii) All trade and other receivables are categorised as "loans and receivables". They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest method, less provision for impairment.

13. INVENTORIES (CURRENT)

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Raw materials (at lower of cost and net realisable value)	**12,423**	12,733
Work-in-progress (at cost)	**521**	370
Finished goods (at lower of cost and net realisable value)	**12,948**	12,231
	25,892	25,334

Refer to note 6(g) for the recognised expenses for inventories carried at net realisable value. This is recognised in cost of sales in the profit or loss.

14. OTHER CURRENT ASSETS

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Prepayments	**962**	1,054
	962	1,054

15. INVESTMENT IN CONTROLLED ENTITIES

Name		Country of incorporation	Percentage of equity interest held by the Group	
			30/06/16 %	30/06/15 %
Buderim Ginger (Overseas) Holdings Pty Ltd	(i)	Australia	**100**	100
Buderim Baking Company Pty Ltd	(i)	Australia	**100**	100
Buderim Ginger America, Inc.	(ii)	United States	**100**	100
Frespac Ginger (Fiji) Ltd	(ii)	Fiji	**100**	100
Agrimac Macadamias Pty Ltd	(i)	Australia	**100**	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.

Acquisition and disposals of controlled entity

No acquisitions or disposals occurred during the year ended 30 June 2016 (2015: nil).

16. INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD

Name		Country of incorporation	Percentage of equity interest held by the entity		Investment Consolidated	
			30/06/16 %	30/06/15 %	**30/06/16 $'000**	30/06/15 $'000
Ginger Head Quarters Pty Ltd	(i)	Australia	**50**	50	**1,162**	1,205
					1,162	1,205

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

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

The reporting date of Ginger Head Quarters Pty Ltd is the same as Buderim Group Limited. There were no impairment losses, capital commitments or contingent liabilities relating to the investment in this entity. The following table illustrates summarised information of the investment in Ginger Head Quarters Pty Ltd.

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Share of joint venture's balance sheet:		
Current assets	**244**	220
Non-current assets	**933**	998
Current liabilities	**(63)**	(60)
Net assets	**1,114**	1,158
Share of joint venture's revenues and profit:		
Revenue	**448**	402
Expenses	**(367)**	(370)
Profit before income tax	**81**	32
Income tax expense	**(24)**	(12)
Profit after income tax	**56**	20
Other comprehensive income	**-**	-
Total comprehensive income for the year	**56**	20
Reconciliation of movement in investment		
Opening balance	**1,206**	1,186
Return of capital	**(100)**	-
Profit/(loss) after tax	**56**	20
Closing balance	**1,162**	1,206
Major components included in joint venture financial statements		
Balance sheet		
Cash at bank and on hand	**179**	174
Buildings and plant and equipment	**838**	903
Goodwill	**95**	95
Revenues and expenses		
Depreciation and amortisation	**65**	72

17. PROPERTY, PLANT AND EQUIPMENT

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Land		
Leasehold land at fair value	**719**	515
Freehold land at fair value	**11,825**	13,429
Total land	**12,544**	13,944
Buildings on leasehold land		
At cost	**1,166**	1,126
Accumulated depreciation	**(1,018)**	(917)
	148	209
Buildings on freehold land		
At cost	**1,251**	11,897
Accumulated depreciation	**(91)**	(6,473)
	1,160	5,424
Total land and buildings	**13,852**	19,577
Plant and equipment		
At cost	**27,815**	29,825
Accumulated depreciation	**(18,841)**	(20,645)
Impairment	**(2,845)**	-
Total plant and equipment	**6,129**	9,180
Capital works in progress at cost	**389**	917
Total property, plant and equipment		
Fair value	**12,544**	13,944
Cost	**30,468**	43,765
	43,012	57,709
Accumulated depreciation and amortisation	**(19,797)**	(28,035)
Impairment	**(2,845)**	-
Total written down amount	**20,370**	29,674

(a) Assets pledged as security

Rabobank holds a registered equitable mortgage over the Group's assets. The terms of this first mortgage preclude the assets being sold or being used as security for further mortgages without the permission of the first mortgage holder. The mortgage also requires buildings that form part of the security to be fully insured at all times.

(b) Valuations

Fair value of land is determined by what the asset can be exchanged for in an orderly transaction between market participants to sell the asset at the measurement date under current market conditions. The leasehold land in Fiji was revalued on the 20 May 2016 by Rolle Associates (Fiji), resulting in a $186,000 revaluation increase at 30 June 2016. The freehold land in Hawaii was valued on 31 May 2016 by CBRE Valuation and Advisory Services, with a revaluation increase of $5,092,000 recognised at 30 June 2016. The directors do not believe there has been a material movement in fair value since the valuations were conducted. The freehold land in Yandina was valued on 30 June 2016 by Colliers International (Australia), with no movement recognised. This land was subsequently transferred to Assets Classified as Held For Sale. Refer to note 10 for further information.

Freehold and leasehold land have been valued utilising the direct comparison approach, utilising recent observable market data for similar properties. Key inputs include the price per square metre. There were no changes during the year in the valuation techniques used by the Group to determine Level 2 fair values.

17. PROPERTY, PLANT AND EQUIPMENT (continued)

(c) Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, 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

Land and buildings have been valued based on similar assets, location and market conditions.

Consolidated 2016	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair Value $'000
Leasehold land	**-**	**719**	**-**	**719**
Freehold land	**-**	**11,825**	**-**	**11,825**
Total	**-**	**12,544**	**-**	**12,544**

Consolidated 2015	Level 1 $'000	Level 2 $'000	Level 3 $'000	Fair Value $'000
Leasehold land	-	515	-	515
Freehold land	-	13,429	-	13,429
Total	**-**	13,944	-	13,944

There were no Level 1 or Level 3 assets or liabilities and no transfers occurred between levels during the financial year.

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

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Freehold Land		
Cost	**2,585**	2,585
Accumulated Depreciation	**-**	-
Net book amount	**2,585**	2,585
Leasehold Land		
Cost	**94**	94
Accumulated depreciation	**-**	-
	94	94

(d) Reconciliations

Reconciliations of the carrying amounts of property, plant and equipment at the beginning and end of the current and previous financial year.

Leasehold land

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Leasehold land		
Carrying amount at beginning	**515**	436
Revaluation to fair value	**186**	43
Net foreign currency movements	**18**	36
	719	515
Freehold land		
Carrying amount at beginning	**13,429**	7,250
Additions	**-**	2,422
Movement in fair value	**5,092**	3,757
Transfers to assets classified as held for sale	**(6,900)**	-
Net foreign currency movements	**204**	-
	11,825	13,429
Buildings on leasehold land		
Carrying amount at beginning	**209**	260
Net foreign currency movements	**7**	19
Depreciation expense	**(68)**	(70)
	148	209
Buildings on freehold land		
Carrying amount at beginning	**5,424**	4,118
Transfers to assets classified as held for sale	**(3,925)**	-
Additions	**-**	1,645
Net foreign currency movements	**37**	-
Depreciation expense	**(376)**	(339)
	1,160	5,424
Plant and equipment (including leasehold improvements)		
Carrying amount at beginning	**9,180**	9,957
Additions	**735**	124
Transfers	**917**	606
Disposals	**(3)**	(15)
Impairment	**(2,844)**	-
Net foreign currency movements	**56**	292
Depreciation expense	**(1,912)**	(1,784)
	6,129	9,180
Capital Works in progress at cost		
Carrying amount at beginning	**917**	42
Additions	**389**	1,481
Transfers	**(917)**	(606)
	389	917

18. BIOLOGICAL ASSETS

The Group as part of its operations grows, harvests, processes and sells macadamia nuts. As at 30 June 2016, the Group owned a total of 4,013 acres of macadamia orchard located on the Big Island of Hawaii. The orchard produced a total of 11.3m lbs of wet in shell macadamia nuts for the year ended 30 June 2016 (2015: 11.4m lbs).

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
(a) Non-Current		
Macadamia Trees	**6,076**	5,892
Total non-current	**6,076**	5,892
(b) Reconciliation of changes in the carrying amount of Biological assets		
Carrying value at the beginning of the financial year	**5,892**	-
Purchases	**-**	2,336
Change in fair value	**-**	3,556
Foreign exchange movement	**184**	-
Total non-current	**6,076**	5,892

(c) Asset pledged as security

See note 17(a)

(d) Valuations

Fair value is determined by using a discounted cashflow model using level 3 observations from the fair value hierarchy stated under AASB 13 *Fair Value Measurement*, as one or more of the significant observations is not based on observable market data. The discounted cash flow incorporates a number of key assumptions, including:

- Macadamia trees have an estimated life-cycle of 65 years;
- Selling prices are based on average trend prices for wet in shell macadamia nuts at US$0.77 per pound;
- Growing, processing and selling costs are based on long term average levels;
- Cash flows are discounted at a pre-tax rate of 12.74% that takes into account the cost of capital and a suitable risk factor.

19. INTANGIBLE ASSETS

	CONSOLIDATED		
	Goodwill $'000	Trade marks $'000	Total $'000
At 1 July 2015			
Cost (gross carrying amount)	1,938	218	**2,156**
Accumulated amortisation and impairment	(37)	(70)	**(107)**
Net carrying amount	1,901	148	**2,049**
Year ended 30 June 2016			
At 1 July 2015, net of accumulated amortisation	1,901	148	**2,049**
Additions	-	-	**-**
Impairment expense	(1,517)	(147)	**(1,664)**
Foreign exchange movement / other	4	-	**4**
At 30 June 2016, net of accumulated amortisation	388	1	**389**
At 30 June 2016			
Cost (gross carrying amount)	1,945	218	**2,163**
Accumulated amortisation and impairment	(1,557)	(217)	**(1,774)**
Net carrying amount	388	1	**389**

	CONSOLIDATED		
	Goodwill $'000	Trade marks $'000	Total $'000
At 1 July 2014			
Cost (gross carrying amount)	1,916	208	**2,124**
Accumulated amortisation and impairment	(31)	(70)	**(101)**
Net carrying amount	1,885	138	**2,023**
Year ended 30 June 2015			
At 1 July 2014, net of accumulated amortisation	1,885	138	**2,023**
Additions	-	10	**10**
Disposal	-	-	**-**
Impairment reversal	-	-	**-**
Foreign exchange movement / other	16	-	**16**
At 30 June 2015, net of accumulated amortisation	1,901	148	**2,049**
At 30 June 2015			
Cost (gross carrying amount)	1,938	218	**2,156**
Accumulated amortisation and impairment	(37)	(70)	**(107)**
Net carrying amount	1,901	148	**2,049**

Assets pledged as security

Refer note 17.

Impairment testing

Refer note 26.

20. TRADE AND OTHER PAYABLES

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
CURRENT		
Trade payables (i)	**13,862**	10,130
Other payables (ii)	**4,704**	4,507
Interest payable (iii)	**7**	13
	18,573	14,650
Related party payables (iv)		
Joint venture entities	**91**	65
	91	65
Carrying amount of trade and other payables	**18,664**	14,715

(i) Trade and other payables are non-interest bearing and are normally settled on 30 – 45 day terms. The net of GST payable and GST receivable is remitted to the appropriate tax body on a monthly basis.

(ii) The carrying amounts of trade and other payables are assumed to approximate their fair values due to their short-term nature.

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

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

(v) 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.

21. INTEREST-BEARING LIABILITIES

	Effective Interest rate %	Maturity	CONSOLIDATED 30/06/16 $'000	30/06/15 $'000
CURRENT				
Secured				
Bank overdraft [(i)]	9.49	-	**368**	-
Bank bill facility [(ii)]	3.54	Rolling	**22,781**	3,476
Bank loans [(ii)]				
- MacFarms LLC	3.55	2016/17	**325**	334
- Buderim Group Limited	4.91	2016/17	**477**	401
- Agrimac Macadamias Pty Ltd	-	2015/16	**-**	116
			23,951	4,327
NON-CURRENT				
Secured				
Bank bill facility [(i)]	3.90	Rolling	**-**	16,697
Bank loans [(ii)]				
- Buderim Group Limited	4.91	-	**89**	-
			89	16,697

(i) Bank overdraft

The bank overdraft facilities are secured by a bank guarantee provided by Rabobank. The interest rate on the overdraft facilities is approximately 9.49% (2015: 8.33 %).

(ii) Bank loans and bill facilities

On the 24 May 2016 Buderim Group Limited entered into a restated letter of offer with its principal financier, Rabobank. The restated facilities included an 18-month term loan facilities of $11,348,790, foreign term loan of USD$4,175,000 and a working capital facility of $7,500,000. Bank loans are secured over the assets of the Group. The term loans are drawn on a rolling basis using bill facilities. The effective interest rate on the bill facilities is currently 3.54% (2015: 4.12%). The Group received a waiver from Rabobank on 28 June 2016 in respect of the expected covenant breaches as at 30 June 2016, albeit conditional on securing Rabobank requirments from third party warehouses by 1 August 2016. The Group failed to meet its' Debt service cover ratio, Debt to EBITDA ratio and forecasted EBITDA for the period ended 30 June 2016. All Rabobank facilities have been classified as current as not all Rabobank requirments from third party warehouses were able to be implemented by 1 August 2016.

Other bank loans include, MacFarms LLC loan facilities are at an average interest rate of 3.55% (2015: 3.33%) which are supported by a guarantee from the parent entity. Buderim Group Limited's loan is at an average interest rate of 4.91% (2015: 5.9%). This loan represents funding of general insurance premiums. Agrimac Macadamias Pty Ltd previously held a loan which was secured over the plant and equipment and was repaid during the year (2015: 6.45% interest rate).

(iii) Fair value

The carrying amount of interest-bearing liabilities reasonably approximate their fair values due to the relatively short-term nature of these liabiltiies.

Financing facilities available

Financiers

Rabobank is the Group's principal financiers, whilst Westpac Banking Corporation supply retail banking facilities such as overdraft, dividend, share purchase plan accounts, business and corporate on-line facilities, to group entities.

21. INTEREST-BEARING LIABILITIES (continued)

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

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Total facilities		
- bank overdraft	**1,000**	1,000
- working capital facility	**7,500**	4,000
- bank loans	**16,781**	19,524
Facilities used at reporting date		
- bank overdraft	**368**	-
- working capital facility	**6,000**	1,500
- bank loans	**16,781**	19,524
Facilities unused at reporting date		
- bank overdraft	**632**	1,000
- working capital facility	**1,500**	2,500

Bank Guarantee Facility

Rabobank provides for the issue of a $1.0 million guarantee(s) in favour of the Group's nominated banks in Australia and Fiji in connection with overdraft and transactional facilities.

22. PROVISIONS

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
CURRENT		
Employee benefits	**587**	637
	587	637
NON-CURRENT		
Employee benefits	**149**	43
	149	43
	736	680

23. CONTRIBUTED EQUITY AND RESERVES

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Issued and paid up capital		
43,363,090 ordinary shares fully paid	**39,272**	39,272

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 2014			43,363,090	39,272
Issued during the year			-	-
Balance as at 30 June 2015			43,363,090	39,272
Balance as at 1 July 2015			43,363,090	39,272
Issued during the year			-	-
Balance as at 30 June 2016			43,363,090	39,272

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.

Dividend

No dividend has been declared or paid during the year ended 30 June 2016.

24. MARKET RISKS

(a) Interest rate sensitivity analysis

Refer to note 21 for disclosure on effective interest rates. At 30 June, the effect on profit and equity as a result of changes in the interest rate, with all other variables remaining consistent would be as follows:

	30/06/16			30/06/15		
	Exposure at 30 June $'000	**+1% $'000**	**-1% $'000**	Exposure at 30 June $'000	+1% $'000	-1% $'000
Interest-bearing liabilities	**24,040**	**(230)**	**230**	21,024	(194)	194

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

(b) Foreign exchange rate sensitivity analysis

At 30 June, the effect on profit and equity as a result of changes in the rates between the AUD and foreign currencies, with all other variables remaining consistent would be as follows:

	30/06/16			30/06/15		
	Exposure at 30 June $'000	**+10% $'000**	**-10% $'000**	Exposure at 30 June $'000	+10% $'000	-10% $'000
Balances held in USD	**10,284**	**(1,254)**	**1,533**	9,734	(1,151)	**1,407**
Balances held in FJD	**(124)**	**7**	**(9)**	(1,778)	100	**(123)**
Balances held in GBP	**93**	**(15)**	**19**	-	-	**-**
Balances held in EUR	**(41)**	**6**	**(7)**	(67)	9	**(11)**
Balances held in CAD	**48**	**(5)**	**6**	1	-	**-**

(c) Hedging risk

Cash flow hedges – foreign currency

At 30 June 2016, the Group held no foreign exchange contracts designated as hedges of expected future sales to customers (2015: Nil). Funds to be received from expected future sales to customers in the United States of America facilitate natural hedges on payment for future purchases from overseas suppliers.

Hedge on investments in foreign entities

Included in the bill facility at 30 June 2016, are borrowings of USD $4,050,000 (AUD $5,431,867). As at 30 June 2015, these borrowings were USD $4,862,500 (AUD $6,323,941). These loans are being used to reduce the exposure to foreign exchange risk and to support the working capital requirements for MacFarms of Hawaii in the local currency, together with part funding of the Kapua orchard purchase. Exchange differences at balance date have been brought to account in profit or loss.

25. COMMITMENTS AND CONTINGENCIES

Operating lease commitments – Group as 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. On 10/06/2015, the Company entered into a commercial 5 year lease agreement for office premises with option to extend for 5 further years. The lease became effective from 24 July 2015.

Future minimum rentals payable under non-cancellable operating leases are as follows:

	CONSOLIDATED	
	30/06/16 $'000	30/06/15 $'000
Within one year	**630**	584
After one year and not more than five years	**902**	1,598
In excess of five years	**-**	-
	1,532	2,182

Finance lease commitments – Group as lessee

The Group has no remaining finance leases or hire purchase contracts.

Other commitments

At 30 June 2016 the Group has commitments of $796,000 (2015: $1,625,000) 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	
	30/06/16 $'000	30/06/15 $'000
Within one year		
– Plant and equipment purchases	**362**	-
– Consumables use in production processes	**434**	1,625
	796	1,625

26. IMPAIRMENT TESTING

Management perform an impairment assessment annually for intangible assets with indefinite useful life, and for property, plant and equipment when indicators of impairment exist. Given the nature of 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 to which the asset belongs. The identified cash generating units, which are consistent with prior financial periods, comprise the Australian and Fijian Ginger divisions, Tourism division and Australian and Hawaiian Macadamia divisions. The recoverable amount of each cash-generating unit has been determined based on a value in use calculation. This calculation utilises the financial budget approved by the board of directors to determine future net cash flows arising from the assets of the cash-generating units. These cash flows are then discounted to present value utilising pre-tax weighted average cost of capital rates. For the purposes of impairment assessment, goodwill acquired through business combinations is allocated to individual cash generating units for which it relates.

The key assumptions utilised in managements discounted cash flow forecasts are detailed below.

Pre-tax discount rate applied for each cash-generating unit
- Ginger Australia 12.0% (2015: 10.5%)
- Ginger Fijian 13.6% (2015: 13.0%)
- Tourism 12.0% (2015: 10.5%)
- Macadamias Australia 12.0% (2015: 10.5%)
- Macadamias Hawaii 12.7% (2015: 12.6%)

Other key assumptions
- Revenue – Current sales forecasts based on expected macadamia and ginger intakes and expected tourism sales. This includes an evaluation of volume of supply and demand in each segment, combined with anticipated price increases.
- Gross margins – Current percentage achievements assumed going forward. Adjustment has been made based on anticipated movements in labour rate and supply contracts.
- Overheads – Inflation increase applied along with known contract revisions, assessed by each segment and department.
- Currency and interest rate forecasts applied throughout the group based on market expectations of the AUD and interest rates.
- Growth averaging 3% (2015: 3%), has been applied to cash forecasts including the period beyond five years which does not exceed the long-term average growth rate in any of the locations, markets or industry in which operations are conducted.

A shortfall was noted in comparing carrying amounts of intangible assets to their value in use in Ginger Australia and Macadamias Australia cash-generating units, resulting in impairments of intangible assets noted below.

Shortfalls were noted within the Ginger Australia and Macadamias Australia cash-generating units in the value in use calculations relating to plant and equipment. The carrying amounts of plant and equipment were then impaired to the higher of fair value less costs to sell, value in use and zero. Fair value less costs to sell values were determined from independent valuations obtained from Hymans Valuers and Auctioneers as the amount of money at which a given property or chattel would change hands between a willing buyer and a willing seller, in an appropriate marketplace, when neither is acting under compulsion and when both have reasonable knowledge of relevant facts, including installation and other turnkey costs and assumes that the earnings support the value reported. The resulting impairments recognised were:

CONSOLIDATED	Ginger Australia		Macadamia Australia		Total	
	2016 $'000	2015 $'000	**2016 $'000**	2015 $'000	**2016 $'000**	2015 $'000
Goodwill	**-**	-	**1,517**	-	**1,517**	-
Trademarks	**147**	-	**-**	-	**147**	-
Plant and equipment	**2,750**	-	**94**	-	**2,844**	-
	2,897	-	**1,611**	-	**4,508**	-

Sensitivity

As disclosed in note 4, the directors have made judgements and estimates in respect of impairment testing of goodwill and trademarks. Should these judgements and estimates not occur the resulting goodwill and trademark carrying amounts may decrease. The table below shows the percentages by which the discount rates and growth rates for each cash-generating unit would need to change before goodwill and/or trademarks would need to be impaired, with all other assumptions remaining constant. The sensitivities are as follows:

Cash Generating Unit	Discount Rate Increase %	Growth Rate Reduction (%)
Ginger Fiji	7.0	15.1
Tourism	4.8	2.2

27. EVENTS AFTER THE REPORTING DATE

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

An Expressions of Interest campaign was announced to the market on 14 July 2016 to offer the Group's Yandina property for a sale and leaseback. The campaign closed on 18 August 2016, with a number of parties submitting offers for consideration. Discussions with those parties are continuing.

28. DIRECTORS AND EXECUTIVE DISCLOSURES

Details of Compensation of Directors and Executives

Details of the nature and amount of each element of the remuneration of Key Management Personnel 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 30 for other KMP transactions.

	CONSOLIDATED	
	30/06/16 $	30/06/15 $
Short-term employee benefits		
Cash salary and fees	**1,059,347**	1,088,509
Non-Monetary	**9,595**	21,703
Post-employment benefits		
Superannuation	**91,184**	96,572
Other long term employee benefits		
Long service leave	**3,022**	1,985
Termination benefits	**-**	-
	1,163,148	1,208,769

29. AUDITORS' REMUNERATION

	CONSOLIDATED	
	30/06/16 $	30/06/15 $
Amounts received or due and receivable by BDO Audit Pty Ltd and associated entities for:		
– an audit or review of the financial report of the parent entity and any other entity in the consolidated group	**157,873**	124,462
– tax advice in relation to the entity and any other entity in the consolidated entity	**30,215**	39,051
– other assurance services in relation to the entity and any other entity in the consolidated entity	**-**	-
	188,088	163,513
Amounts received or due and receivable by internationally related practices of BDO for:		
– an audit or review of the financial report of subsidiaries	**49,325**	42,939
– tax advice in relation to subsidiaries	**140,488**	37,878
	189,813	80,817
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	**5,438**	5,115
	5,438	5,115
	383,339	249,445

30. RELATED PARTY DISCLOSURES

Entities subject to class order relief

Pursuant to Class Order 98/1418, 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 Class Order, Buderim Group Limited and the controlled entities, subject to the Class Order 98/1418, entered into a Deed of Indemnity on 4 February 1990. Members of the closed group include Buderim Ginger (Overseas) Holdings Pty Ltd, Buderim Baking Company Pty Ltd and Agrimac Macadamias Pty Ltd. 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 and Consolidated Statement of Financial Position of the entities which are members of the "Closed Group" are as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	CLOSED GROUP	
	30/06/16 $'000	30/06/15 $'000
INCOME		
Sale of goods	**56,964**	52,975
Cost of sales	**(48,791)**	(45,850)
Gross profit	**8,173**	7,125
Rental revenue	**164**	238
Dividend income	**1,448**	-
Other income	**2,597**	2,902
Finance revenue	**6**	67
	12,388	10,332
Share of profit accounted for using the equity method	**56**	20
Selling and distribution expenses	**(3,617)**	(3,423)
Marketing expenses	**(1,266)**	(931)
Tourism expenses	**(2,486)**	(2,321)
Administration expenses	**(4,950)**	(3,656)
Impairment expense	**(4,508)**	-
Other expenses	**(2)**	(20)
PROFIT/(LOSS) BEFORE TAX AND FINANCE COSTS	**(4,385)**	1
Finance costs	**(603)**	(634)
PROFIT/(LOSS) BEFORE INCOME TAX	**(4,988)**	(633)
Income tax (expense) / benefit	**1,707**	(467)
NET PROFIT/(LOSS) FOR THE YEAR	**(3,281)**	(1,100)
OTHER COMPREHENSIVE INCOME/(LOSS)		
Currency translation	**-**	-
Cash flow hedges	**-**	-
Total other comprehensive income/(loss) net of tax	**-**	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	**(3,281)**	(1,100)
Total net profit/(loss) is attributable to:		
Equity holders of Buderim Group Limited	**(3,281)**	(1,100)
	(3,281)	(1,100)
Total comprehensive income/(loss) is attributed to:		
Equity holders of Buderim Group Limited	**(3,281)**	(1,100)
	(3,281)	(1,100)

Consolidated Statement of Financial Position

	CLOSED GROUP	
	30/06/16 $'000	30/06/15 $'000
CURRENT ASSETS		
Cash and cash equivalents	**1,992**	3,160
Trade and other receivables	**12,030**	9,020
Inventories	**18,199**	16,947
Current tax assets	**-**	-
Other current assets	**449**	461
Assets classified as held for sale	**10,825**	-
TOTAL CURRENT ASSETS	**43,495**	29,588
NON-CURRENT ASSETS		
Receivables	**16,118**	13,363
Investments	**1,298**	1,298
Investments accounted for using equity method	**1,162**	1,205
Property, plant and equipment	**4,271**	18,917
Deferred tax assets	**7,674**	5,283
Intangible assets	**218**	1,882
TOTAL NON-CURRENT ASSETS	**30,741**	41,948
TOTAL ASSETS	**74,236**	71,536
CURRENT LIABILITIES		
Trade and other payables	**16,863**	14,278
Interest-bearing liabilities	**23,257**	3,993
Short-term provisions	**587**	638
Current tax liabilities	**-**	-
TOTAL CURRENT LIABILITIES	**40,707**	18,909
NON-CURRENT LIABILITIES		
Interest-bearing liabilities	**89**	16,697
Deferred tax liabilities	**3,116**	2,431
Long-term provisions	**149**	43
TOTAL NON-CURRENT LIABILITIES	**3,354**	19,171
TOTAL LIABILITIES	**44,061**	38,080
NET ASSETS	**30,175**	33,456
EQUITY		
Contributed equity	**39,272**	39,272
Reserves	**3,968**	3,968
Retained earnings/(accumulated losses)	**(13,065)**	(9,784)
TOTAL EQUITY	**30,175**	33,456

Movement in retained earnings		
Opening balance	**(9,784)**	(8,684)
Net profit/(loss) for the year	**(3,281)**	(1,100)
Equity dividend	**-**	-
Closing balance	**(13,065)**	(9,784)

30. RELATED PARTY DISCLOSURES (continued)

Transactions and balances

Sales and purchases are made under normal commercial terms and conditions. Outstanding balances at year-end are unsecured and settlement occurs in cash. There have been no guarantees provided for any related party except for the $300,000 guarantee provided by the parent to Westpac Banking Corporation, Fiji in relation to the overdraft and loan facilities in place for Frespac Ginger (Fiji) Ltd, and except for the conditions provided under Class Order 98/1418, whereby the parent entity has guaranteed to pay any deficiency in the event of winding up of the 100% controlled entities.

The following table provides the total amount of transactions which have been entered into with the joint venture entity.

Related Party	% equity interest	Year	Sales to related parties $	Purchases from related parties $	Amounts owed by related parties $	Amounts owed to related parties $
Joint venture entities						
Ginger Head Quarters Pty Ltd	**50**	**2016**	**662,062**	**984,631**	**53,060**	**90,710**
	50	2015	660,994	804,276	93,076	64,617

Directors

Shane Templeton is a Director of Templeton Ginger Pty Ltd. The following table provides the total value of transactions which have been entered into with this related party for the relevant financial year and amount owing at year end.

Templeton Ginger Pty Ltd	**-**	**2016**	**1,238**	**1,807,297**	**-**	**389,301**
	-	2015	-	1,099,471	-	19,600

Key Management Personnel

C Mikkelsen is a related party of M Mikkelsen, a sole trader operating under the trading name of Windows That Sparkle. The following table provides the total value of transactions which have been entered into with this related party for the relevant financial year and amount owing at year end.

Windows That Sparkle	**-**	**2016**	**-**	**1,680**	**-**	**-**
	-	2015	-	1,400	-	-

Shareholders

Bundaberg Sugar Group Ltd is a major shareholder. The following table provides the total value of transactions which have been entered into with this related party for the relevant financial year and amount owing at year end.

Bundaberg Sugar Group Ltd	**-**	**2016**	**-**	**5,080,920**	**-**	**2,722,841**
	-	2015	-	3,218,299	-	1,550,592

31. 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 23 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.

Asset and capital structure

	TOTAL OPERATIONS	
	30/06/16 $'000	30/06/15 $'000
Net Gearing		
Debts:		
Interest bearing loans and borrowings	**24,040**	21,024
Cash and cash equivalents	**(3,901)**	(4,532)
Net debt	**20,139**	16,492
Total equity	**40,127**	43,090
Total capital employed	**60,266**	59,582
	33.4%	27.7%
Assets funded by external stakeholders		
Total assets	**92,787**	85,614
Total liabilities	**52,660**	42,524
	56.8%	49.7%

32. 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 in note 2.

	PARENT ENTITY	
	30/06/16 $'000	30/06/15 $'000
Current assets	**18,480**	25,518
Non-current assets	**31,651**	30,439
Total assets	**50,131**	55,957
Current liabilities	**30,087**	11,628
Non-current liabilities	**3,360**	19,167
Total liabilities	**33,447**	30,795
Net assets	**16,684**	25,162
Issued Capital	**39,272**	39,272
Asset Revaluation Reserve	**3,968**	3,968
Retained earnings/(accumulated losses)	**(26,556)**	(18,078)
Total shareholder's equity	**16,684**	25,162
Net Profit/(loss) for the year	**(8,478)**	(2,545)
Total comprehensive income/(loss) for the year	**(8,478)**	(2,545)

32. PARENT ENTITY INFORMATION (continued)

Guarantees

The parent company has guaranteed under the terms of an ASIC Class Order 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 company 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) Ltd.

Contractual commitments

At 30 June 2016 the parent entity has commitments of $796,000 (2015: $1,625,000) principally relating to supply of manufacturing inputs. These amounts represent commitments contracted at reporting date, but not recognised as liabilities.

Contingent liabilities

The parent entity has no contingent liabilities, other than the guarantees detailed above (2015: nil).

33. ACCOUNTING STANDARDS ISSUED NOT ADOPTED

AASB 2014-6 Amendments to Australian Accounting Standards – Agriculture: Bearer Plants, mandatory for the Group's 30 June 2017 financial statements

The application of these amendments result in bearer plants being accounted for in the same way as self-constructed items of property, plant and equipment before they are in the location and condition necessary to be capable of operating in the manner intended by management. The Group operates a macadamia orchard and currently measures macadamia trees at fair value less costs to sell. This standard requires comparatives to be retrospectively restated.

For the Group's 30 June 2017 financial statements, macadamia trees will be reclassified from biological assets to property, plant and equipment and measured using the cost model by applying fair value on date of transition, $5,892,000, as deemed cost at the beginning of the earliest period presented, 1 July 2015. Thereafter, macadamia trees will be depreciated over their expected useful lives.

AASB 9 Financial Instruments, mandatory for the Group's 30 June 2019 financial statements

AASB 9 introduces changes in the classification and measurement of financial assets and financial liabilities, impairment of financial assets and new rules for hedge accounting. The Group has not yet made an assessment of the impact the adoption of this new standard may have.

AASB 15 Revenue from Contracts with Customers, mandatory for the Group's 30 June 2019 financial statements

The new standard consolidates existing standards and interpretations into one standard and changes the fundamental concept of revenue recognition. Under AASB 15, the Group must recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in excahgen for those goods or services. Revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 *Revenue*. The Group has not yet made an assessment of the impact the adoption of this new standard may have.

AASB 16 Leases, mandatory for the Group's 30 June 2020 financial statements

The new standard eliminates the operating and finance lease classifications for lessees currently accounted for under AASB 117 *Leases*. It instead requires the Group to bring most leases onto its balance sheet in a similar way to how existing finance leases are treated under AASB 117. The Group will be required to recognise a lease liability and a right of use asset in its balance sheet for any significant operating leases outstanding at the date of initial application, 1 July 2019. Operating lease expenses, currently included in EBITDA will subsequently be recognised as interest and amortisation over the life of the lease.

There will be no change to the accounting treatment for short-term leases less than 12 months and leases of low value items, which will continue to be expensed on a straight-line basis.

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 2016 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 year ended 30 June 2016;

(c) in the opinion of the driectors, 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) note 2 confirms 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 30 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 30.

Signed in accordance with a resolution of the directors.

S. Morrow
Director
Brisbane, 27 September 2016

INDEPENDENT AUDITOR'S REPORT

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INDEPENDENT AUDITOR'S REPORT

To the members of Buderim Group Limited

Report on the Financial Report

We have audited the accompanying financial report of Buderim Group Limited, which comprises the consolidated statement of financial position as at 30 June 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation 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 Note 2(c), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

Opinion

In our opinion:

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

- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2(c).

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 2(b) in the financial report, which indicates that the ability of the consolidated entity to continue as a going concern is dependent upon the continued support of its financiers and the ability to generate future profits. These conditions, along with other matters as set out in Note 2(b), indicate the existence of a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 12 to 16 of the directors' report for the year ended 30 June 2016. 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.

Opinion

In our opinion, the Remuneration Report of Buderim Group Limited for the year ended 30 June 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit Pty Ltd

BDO

P A Gallagher
Director

Brisbane, 27 September 2016

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 31 August 2016.

(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	630	240,273
1,001 – 5,000	416	973,810
5,001 – 10,000	121	890,077
10,001 – 100,000	195	5,853,668
100,001 and over	30	35,405,262
	1,392	43,363,090
The number of shareholders holding less than a marketable parcel of shares are:	618	228,273

(b) Twenty largest shareholders

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

		LISTED ORDINARY SHARES	
		Number of Shares	Percentage of Ordinary Shares
1	Mr John Cheadle	13,639,918	31.46
2	Randell Management Services Pty Ltd <Timms Super Fund Account>	5,449,996	12.57
3	Bundaberg Sugar Group Ltd	4,388,650	10.12
4	Rubicon Family Office Pty Limited	4,195,088	9.67
5	Shane Templeton	1,573,451	3.63
6	Rathvale Pty Limited	930,196	2.15
7	Bickfords (Australia) Pty Ltd	772,798	1.78
8	James Moffat	729,292	1.68
9	Roger Masters	548,000	1.26
10	Mr Andrew Paul Bond + Mrs Karen Michelle Bond <The Karand Family A/C>	504,753	1.16
11	Mr Gerald Francis Pauley + Mr Michael James Pauley <Pauley Super Fund A/C>	361,982	0.83
12	Mr Mariano Ariel Jenik	262,650	0.61
13	Ace Property Holdings Pty Ltd	260,000	0.60
14	The Genuine Snake Oil Company Pty Ltd <Morson Group Super Fund A/C>	200,000	0.46
15	Winpar Holdings Limited	200,000	0.46
16	Mrs Felicity Ruth Beniot + Mr Ashley Laurence Beniot	181,578	0.42
17	Bond Street Custodians Limited <PRAMB – D06488 A/C>	143,293	0.33
18	Mr John Barr <Barr Family A/C>	140,787	0.32
19	Mr Morris Stanley Newport	133,269	0.31
20	Grizzley Holdings Pty Ltd	125,000	0.29
	Report Total	**34,740,701**	**80.11**
	Remainder	**8,622,389**	**19.89**
	Grand Total	**43,363,090**	**100.00**

(c) Substantial shareholders

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

	Number of Shares
Mr John Cheadle	13,639,918
Randell Management Services Pty Ltd <Timms Super Fund Account>	5,449,996
Bundaberg Sugar Group Ltd	4,388,650
Rubicon Family Office Pty Limited	4,195,088

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

CORPORATE INFORMATION

ABN 68 010 978 800
ASX Code: BUG

Directors
Stephen J Morrow (Chairman)
Shane T Templeton
Peter F O'Keeffe

Chief Executive
Roger D Masters

Company Secretary
Andrew P Bond

Senior Management
Andrew Bond (Chief Financial Officer)
Corinne Mikkelsen (General Manager – Tourism)
Jacqui Price (Group Marketing Manager)

Auditors
BDO Audit Pty Ltd

Solicitors
Thomson Geer Lawyers

Bankers
Rabobank Australia Limited
Westpac Banking Corporation

Share Register
Computershare Investor Services Pty Limited
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