

Buderim Group Limited

Level 5, 303 Coronation Drive

Milton, Queensland, 4064

Telephone: (07) 3726 3400

Facsimile: (07) 3876 3010

ABN 68 010 978 800

ASX Code: BUG

Appendix 4D

For the six months ended 31 December 2015

Contents

Appendix 4D - Half year report	3
Results for announcement to the market	3
Net tangible asset backing	5
Change in composition of entity	5
Details of associates and joint venture entities	5
Accounting standards and policies	6
Independent Review	6
Corporate Information	7
Directors' Report	9
Directors	9
Chief executive officer	9
Company secretary	9
Earnings per share	9
Dividends	9
Review and results of operations	9
Summary of operating results	11
Asset & Capital Structure	11
Shareholder returns and performance measurements on half-year accounts	11
Going Concern	12
Subsequent Events	12
Rounding of Amounts	12
Auditors Independence Declaration	12
Auditors Independence Declaration	13
Consolidated Statement of Profit or Loss and Other Comprehensive Income	14
Consolidated Statement of Financial Position	15
Consolidated Statement of Cash Flows	16
Consolidated Statement of Changes in Equity	17
Notes to the Consolidated Financial Statements	18
Note 1 - Basis of Preparation of Half-Year Financial Statements	18
Note 2 - Income and Expenses	19
Note 3 - Finance Facilities	20
Note 4 - Dividends Paid and Proposed	20
Note 5 - Issued Capital	20
Note 6 - Segment Information	21
Note 7 - Related Party Transactions	24
Note 8 - Contingent Assets and Liabilities	24
Note 9 - Events Subsequent to Balance Date	24
Directors' Declaration	25
Independent Review Report	26

Appendix 4D

Half-Year Report

Name of entity

Buderim Group Limited

ABN or equivalent company reference

68 010 978 800

Half-year ended ('current period')

31 December 2015

Results for announcement to the market

\$A'000's

Revenue	Up 13.3% (from \$35,886k)	to	40,651
Profit / (Loss) after tax	Down 123.5% (from a profit of \$2,235k)	to	(524)
Net Profit / (Loss) for the period attributable to members	Down 123.5% (from a profit of \$2,235k)	to	(524)
Dividends (distributions)	Amount per security		Franked amount per security
Current period			
Final dividend declared and paid	Nil ¢		Nil ¢
Interim dividend declared and paid (<i>It is not proposed to pay an interim dividend</i>)	Nil ¢		Nil ¢
Previous corresponding period			
Final dividend declared and paid	Nil ¢		Nil ¢
Interim dividend declared and paid (<i>An interim dividend was not proposed</i>)	Nil ¢		Nil ¢
Record date for determining entitlements to the dividend	N/A		

Further details on dividends are included in Note 4 of the Financial Statements.

Equity movements during this half-year are detailed in Note 5 of the Financial Statements following this appendix.

A brief explanation of figures reported is below. Further detail is included in the Review of Operations.

The prior period comparatives are from the six month period ending 31 December 2014.

The Group has recorded an after tax loss of \$524k for the half-year ended 31 December 2015 compared to a profit of \$2,235k in the comparative period and a loss before tax of \$1,256k compared to the profit of \$3,651k reported in the comparative period.

\$A'000's	2015	2014	Variance
Net Profit (Loss) Before Tax*	(1,256)	3,651*	(4,907)
Net Profit (Loss) Before Tax (excluding fair value adjustment)	(1,256)	39	(1,295)
Net Profit (Loss) After Tax	(524)	2,235	(2,759)

* The comparative prior period includes the one off Fair Value Adjustment (FVA) of \$3,612k in relation to the purchase of the Kapua macadamia orchard in December 2014.

The variance before tax (excluding the FVA) of \$(1,295)k was contributed to by four key events.

1. Loss of manufacturing recoveries due to a maintenance shutdown of Hawaiian macadamia factory - \$409k
2. Loss of manufacturing recoveries due to a maintenance shutdown of Yandina Ginger factory - \$355k
3. A product recall on original ginger marmalade - \$100k
4. A provision in respect of stock variances at a co-packer in the macadamia operations in Hawaii - \$285k
 - The MacFarms shutdown was for installation and commissioning of a colour sorter to improve the on-site grading of macadamia kernel capabilities. The sorter will enable greater kernel recovery on-site and will provide improved production recoveries going forward.
 - The Yandina shutdown was for two weeks maintenance in December resulting in manufacturing recoveries being reduced. The shutdown occurred earlier than planned to ensure readiness ahead of the new season. This is considered a timing variance.
 - The jam recall was due to production deficiencies in a co-packer and will form part of an insurance claim.
 - Stock variances at a macadamia contract packer are being investigated but a provision was taken up on the basis of conservatism.

Earnings per share moved from 5.15 cents in the comparative period to (1.21) cents. EBITDA decreased by \$4.71m from \$5.14m in the comparative period to \$430k.

Other main factors affecting trading performance in this half-year included:

- Ginger segment revenues increased from \$15.3m in the comparative period to \$15.6m, an increase of \$304k driven by the launch of new beverage and spread products and the continuation of the sales and marketing initiatives commenced last year. Despite the increase in sales, profit decreased from \$92k in the comparative period to a loss of \$834k for the six months to 31 December 2015. The decline in profit was contributed to by the jam product recall and factory shutdown outlined above together with increased operating expenses associated with a greater reliance on co-packers for production of new products.
- Tourism segment revenue was up on the comparative period by \$183k due to an increase in visitor numbers leading to improved sales. Profits were up \$90k (after inclusion of joint venture results) primarily due to the increase in revenues. The Ginger Factory tourist offering has gained increased acceptance with the changes implemented over the past few years, and the number of local residents utilising the park are increasing along with the more traditional tourists.
- Macadamia segment revenues increased from \$25.3m in the comparative period to \$25.8m, an increase of \$570k driven by an increase in sales to customers of \$4,336k, offset by a reduction in other income attributable mainly to the prior period fair value adjustment of \$3,612k for biological assets acquired as part of the Kapua Orchard, Hawaii in December 2014. The sales growth has been contributed to by a combination of higher macadamia prices, favourable foreign exchange rate movements, expanded sales of retail products including Easy Open Macadamias and increased bulk sales in the United States market. Despite the increase in sales, profit decreased from \$336k (excluding the FVA of \$3,612k) to a loss of \$139k for the six months to 31 December 2015. The decline in profit is attributed to, the factory shutdown and stock provision outlined above together with increased macadamia farm gate prices in Australia. In addition, a late crop in MacFarms, Hawaii has moved first half sales into the second half year.

(Note: the above profit disclosures refer to profits per segments excluding any corporate overhead expense allocation, refer to Note 6 in the financial statements):

The half-year accounts should be read in conjunction with the annual financial report for the financial period ended 30 June 2015.

Net tangible asset backing	Current year	Previous year
Net tangible asset backing per ordinary security	93 cents	97 cents
<p>Note:</p> <p>(i) The number of ordinary shares on issue as at 31 December 2015 was 43,363,090 (June 2015: 43,363,090). Refer Note 5 - Issued Capital;</p> <p>(ii) The net tangible asset backing excludes net deferred tax assets and intangibles.</p>		

Change in composition of entity

During the reporting period, there was no change in the composition of the entity.

Details of associates and joint venture entities

On 21 December 2004, Ginger Head Quarters Pty Ltd, ABN 54 112 289 988 was incorporated as a joint venture company through which the tourism attraction, Overboard, commenced operations on 28 May 2005. The joint venture also owns and operates the train ride at the Ginger Factory tourist park. The reporting entity holds 50% equity in Ginger Head Quarters Pty Ltd. The investment in Ginger Head Quarters Pty Ltd is accounted for using the equity method. The share of the entity's before tax profit included in the consolidated entity's financial statements for the period ended 31 December 2015 is \$41k (Comparative period: \$9k).

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

Compliance statement

1. Accounting standards and policies

This report has been prepared in accordance with Australian Accounting Standard AASB 134 “Interim Financial Reporting”, Australian Accounting Interpretations and other authoritative pronouncements of the Accounting Standards Board.

The half-year financial report should be read in conjunction with the annual Financial Report of Buderim Group Limited as at 30 June 2015, which was prepared based on Australian equivalents to International Financial Reporting Standards (‘AIFRS’). It is also recommended that the half-year financial report be considered together with any public announcements made by Buderim Group Limited and its controlled entities during the half-year ended 31 December 2015 and up until the date of this report, in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

2. Independent Review

This report is based on accounts which have been subject to a review. An independent review is provided as part of this report. The Auditor’s Independence Declaration is also included in the Directors’ Report. The half-year accounts are not subject to any audit dispute or qualification. The entity has a formally constituted audit committee.

Sign here: 

(Company Secretary)

Date: 26 February 2016

Print name: Andrew Bond

Corporate Information

ABN 68 010 978 800

ASX Code: BUG

Directors

Stephen J Morrow (Chairman)

Peter F O’Keeffe

Shane T Templeton

W Lewis Timms

Chief Executive

Roger D Masters

Company Secretary

Andrew P Bond

Senior Management

Andrew Bond (Chief Financial Officer)

Henrik Christiansen (Group Operations Manager)

Jacqui Price (Group Marketing Manager)

Corinne Mikkelsen (General Manager – Tourism)

Auditors

BDO Audit Pty Ltd

Solicitors

Thomson Geer Lawyers

Bankers

Rabo Australia Limited

Westpac Banking Corporation

Share Register

Computershare Investor Services Pty Limited

117 Victoria Street,

West End, Queensland, 4101

Telephone: 1300 787 272 (within AUS)

+61 (3) 9415 4000 (outside AUS)

Facsimile: (03) 9473 2500

www.investorcentre.com/contact

Australian Head Office & Registered Office

Level 5, 303 Coronation Drive

Milton, Queensland, 4064

Telephone: (07) 3726 3400

Facsimile: (07) 3876 3010

Email: buderimg@buderimginger.com

www.bugcorporate.com

Fiji Ginger Office

Frespac Ginger (Fiji) Limited

Lot 14 Wailada Estate, Lami

PO Box 15128

Suva, Fiji

Telephone: 679 3362 863

Facsimile: 679 3361 225

Email: frespac@is.com.fj

Australian Macadamia Office

Agrimac Macadamias Pty Ltd t/a Agrimac Macadamias

1 Northcott Crescent

Alstonville, New South Wales, 2477

Telephone: (02) 6628 6185

Facsimile: (02) 6628 6183

Email: info@agrimac.com.au

Hawaiian Macadamia Office

MacFarms, LLC dba MacFarms of Hawaii

89-406 Mamalahoa Highway

Captain Cook, Hawaii, 96704

Telephone: (808) 328 2435

Facsimile: (808) 328 2080

Email: info@macfarms.com

Buderim Group Limited

ABN 68 010 978 800

ASX Code: BUG

Half-Year Report

For the six months ended 31 December 2015

Directors' Report

Your directors present their report on the consolidated entity consisting of Buderim Group Limited (formerly known as Buderim Ginger Limited) and the entities it controlled at the end of, or during, the half-year ended 31 December 2015.

Directors

The names of the company's directors in office during the half-year and until the date of this report are as below. Directors were in office for this entire period unless otherwise stated:

Stephen John Morrow, B.Ag Econ. (UNE), MAICD

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

Shane Tyson Templeton, B.Bus., FAICD

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

Margaret Patricia Walker, B.Com., CPA, GAICD (resigned on 28 October 2015)

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

Peter Francis O'Keeffe

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

William Lewis Timms, B.Bus.

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

Chief Executive Officer

Roger David Masters B.Com., CA, MBA, FAICD

Company Secretary

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

Earnings per share

Cents

Basic & diluted earnings per share from operations

(1.21)

There were no options issued or exercised during the period.

Dividends

There were no dividends paid during the six months ended 31 December 2015.

Review and results of operations

The Group has recorded an after tax loss of \$524k for the half-year ended 31 December 2015 compared to a profit of \$2,235k in the comparative period and a loss before tax of \$1,256k compared to the profit of \$3,651k reported in the comparative period.

\$A'000's	2015	2014	Variance
Net Profit (Loss) Before Tax*	(1,256)	3,651*	(4,907)
Net Profit (Loss) Before Tax (excluding fair value adjustment)	(1,256)	39	(1,295)
Net Profit (Loss) After Tax	(524)	2,235	(2,759)

* The comparative prior period includes the one off Fair Value Adjustment (FVA) of \$3,612k in relation to the purchase of the Kapua macadamia orchard in December 2014.

The variance before tax (excluding the FVA) of \$1,295k was contributed to by four key events.

1. Loss of manufacturing recoveries due to a maintenance shutdown of Hawaiian macadamia factory - \$409k.
2. Loss of manufacturing recoveries due to a maintenance shutdown of Yandina Ginger factory - \$355k.
3. A product recall on original ginger marmalade - \$100k.
4. A provision in respect of stock variances at a co-packer in the macadamia operations in Hawaii - \$285k.

Directors' Report (continued)

- The MacFarms shutdown was for installation and commissioning of a colour sorter to improve the on-site grading of macadamia kernel capabilities. The sorter will enable greater kernel recovery on-site and will provide improved production recoveries going forward.
- The Yandina shutdown was for two weeks maintenance in December resulting in manufacturing recoveries being reduced. The shutdown occurred earlier than planned to ensure readiness ahead of the new season. This is considered a timing variance.
- The jam recall was due to production deficiencies in a co-packer and will form part of an insurance claim.
- Stock variances at a macadamia contract packer are being investigated but a provision was taken up on the basis of conservatism.

Earnings per share moved from 5.15 cents in the comparative period to (1.21) cents. EBITDA decreased by \$4.71m from \$5.14 m in the comparative period to \$430k.

Other main factors affecting trading performance in this half-year included:

- Ginger segment revenues increased from \$15.3m in the comparative period to \$15.6m, an increase of \$304k driven by the launch of new beverage and spread products and the continuation of the sales and marketing initiatives commenced last year. Despite the increase in sales, profit decreased from \$92k in the comparative period to a loss of \$834k for the six months to 31 December 2015. The decline in profit was contributed to by the jam product recall and factory shutdown outlined above together with increased operating expenses associated with a greater reliance on co-packers for production of new products.
- Tourism segment revenue was up on the comparative period by \$183k due to an increase in visitor numbers leading to improved sales. Profits were up \$90k (after inclusion of joint venture results) primarily due to the increase in revenues. The Ginger Factory tourist offering has gained increased acceptance with the changes implemented over the past few years, and the number of local residents utilising the park are increasing along with the more traditional tourists.
- Macadamia segment revenues increased from \$25.2m in the comparative period to \$25.8m, an increase of \$570k driven by an increase in sales to customers of \$4,336k, offset by a reduction in other income attributable mainly to the prior period fair value adjustment of \$3,612k for biological assets acquired as part of the Kapua Orchard, Hawaii in December 2014. The sales growth has been contributed to by a combination of higher macadamia prices, favourable foreign exchange rate movements, expanded sales of retail products including Easy Open Macadamias and increased bulk sales in the United States market. Despite the increase in sales, profit decreased from \$332k (excluding the FVA of \$3,612k) to a loss of \$139k for the six months to 31 December 2015. The decline in profit is attributed to, the factory shutdown and stock provision outlined above together with increased macadamia farm gate prices in Australia. In addition, a late crop in MacFarms, Hawaii has moved first half sales into the second half year.

The Asset & Capital Structure table on the following page shows the reduction in cash and increased debt being primarily offset by favourable movements in working capital. Total Equity remains unchanged at \$43.1m. Overall interest bearing borrowings increased by \$948k over the last 6 month period, with the debt to equity ratio moving unfavourably from 51.2% to 53.5%.

Cash declined from \$4.5m to \$1.4m during the six months ended 31 December 2015 primarily as a result of the following outflows :

- Net Operational cash outflows \$3.1m
- Debt repayments \$2.4m,
- Business Improvement Program asset purchases \$0.7m.

The above outflows were partially offset by the following inflows:

- Debt drawdowns \$2.9m.
- Partial share capital return from Joint Venture \$0.1m

Directors' Report (continued)

Summarised operating results are as follows:

	Segment Revenues		Segment Results	
	Dec 15 6 mths \$'000	Dec 14 6 mths \$'000	Dec 15 6 mths \$'000	Dec 14 6 mths \$'000
<i>Business segments</i>				
Ginger operations	15,606	15,302	(834)	92
Tourism operations	2,378	2,194	293	204
Macadamia operations	25,824	25,254	(138)	3,949
	43,808	42,750	(679)	4,245
Consolidated entity adjustments	(2,362)	(2,116)	-	-
Share of profit/(losses) of jointly controlled entities	-	-	41	9
Unallocated expenses	-	-	(618)	(603)
Consolidated entity income and profit before income tax expense	41,446	40,634	(1,256)	3,651

Asset & Capital Structure:

	Dec-15 \$'000	Jun-15 \$'000
Net Gearing		
Debts:		
Interest bearing loans and borrowings	21,972	21,024
Cash and cash equivalents	(1,391)	(4,532)
Net debt	20,581	16,492
Total equity	43,118	43,090
Total capital employed	63,699	59,582
	32.3%	27.7%
Assets funded by external stakeholders		
Total assets	82,209	85,614
Total liabilities	39,091	42,524
	47.6%	49.7%
Debt/equity		
Total equity	43,118	43,090
Intangibles	(2,054)	(2,049)
	41,064	41,041
Interest bearing loans and borrowings	21,972	21,024
	53.5%	51.2%

Shareholder returns and performance measurements on half-year accounts

	Dec-15	Dec-14	Jun 13 (ii)	Jun-12	Jun-11 (i)
Profit before tax / revenue (%)	(3.09)	10.17	(19.10)	4.00	0.20
Profit after tax / revenue (%)	(1.29)	6.23	(13.70)	2.50	0.40
EBIT (\$'000)	(751)	4,066	(5,940)	1,954	864
EBITDA (\$'000)	430	5,140	(213)	3,250	2,138
Basic earnings per share (cents) (i)	(1.21)	5.15	(22.30)	4.27	0.17
Current Ratio (%)	110	299	103	103	97
Net tangible asset backing (cents)	93	97	122	152	35

(i) Basic earnings per share are shown on a post-consolidated basis for the years 2012 to 2015 and on a pre-consolidated basis for the 2011 year.

(ii) Transitional financial year for the six month period ended 30 June 2013.

Directors' Report (continued)

Going Concern

The Group incurred a net loss of \$524,000 for the half-year ended 31 December 2015. As at 31 December 2015 the Group has cash reserves of \$1,391,000, a net current asset surplus of \$3,344,000 and net assets of \$43,118,000. Included in current liabilities are borrowings of \$21,553,671 that are to expire on 30 November 2017. These loans were classified as current liabilities as the Group did not meet two of its Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) banking covenant ratios with Rabobank Australia Limited (“Rabobank”) for the period ended 31 December 2015. No waiver of these covenants was obtained prior to half-year end, however a letter of support was received prior to 31 December and subsequently a waiver was received post balance date. As a result these facilities are required to be classified as current.

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 company will continue as a going concern.

The directors believe that the going concern basis of preparation of the financial statements is appropriate as the directors have been given a waiver from Rabobank for the covenants that have been breached, and that the Group’s financiers will continue to support the company following variation of the facilities on 26 February 2016.

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 financial statements.

Subsequent Events

On 21 February 2016 Buderim Group Limited’s operations in Fiji were impacted by the tropical storm Winston. Whilst no material damage was sustained to the buildings and equipment, the impact on inventory and the Fijian ginger crop is being assessed. The potential shortfall in Fijian crop can be replaced by Australian origin ginger at a similar cost. In addition the company carries business interruption insurance for the consequences of this event.

On 26 February 2016 Buderim Group Limited entered into a variation of the existing facilities with its principal financier, Rabobank. The variation converted the existing working capital facility of AUD\$4,000,000 into a revolving facility.

Rounding of Amounts to the Nearest Thousand Dollars

The company satisfies the requirements of Class Order 98/100 issued by the Australian Securities and Investments Commission relating to “rounding off” of amounts in the directors’ report and the financial statements to the nearest thousand dollars. Amounts have been rounded off in the directors’ report and financial statements in accordance with that Class Order.

Auditor’s Independence Declaration

A copy of the Independence Declaration by the lead auditor under Section 307c is included on page 13 to this half-year financial report.

Signed in accordance with a resolution of the directors.



S Morrow, Director
Brisbane, 26 February 2016

Auditor's Independence Declaration



Tel: +61 7 3237 5999
Fax: +61 7 3221 9227
www.bdo.com.au

Level 10, 12 Creek St
Brisbane QLD 4000
GPO Box 457 Brisbane QLD 4001
Australia

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

As lead auditor for the review of Buderim Group Limited for the half-year ended 31 December 2015, 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 review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

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

A handwritten signature in black ink, appearing to read 'P A Gallagher', written in a cursive style.

P A Gallagher
Director

BDO Audit Pty Ltd

Brisbane, 26 February 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Half-Year Ended 31 December 2015

	Notes	CONSOLIDATED	
		Dec 15 6 mths \$'000	Dec 14 6 mths \$'000
Continuing operations			
Sale of goods		40,651	35,886
Cost of sales		(33,508)	(29,088)
Gross profit		7,143	6,798
Rental revenue		128	116
Other income	2(a) (i)	1,374	4,586
Finance revenue		3	45
Total Income		8,648	11,545
Share of profit of jointly controlled entities		41	9
Selling and distribution expenses		(2,641)	(2,438)
Marketing expenses		(767)	(571)
Tourism expenses		(1,061)	(1,133)
Administration expenses		(4,261)	(3,163)
Other expenses	2(a) (ii)	(707)	(138)
Profit/(loss) before tax, and finance costs		(748)	4,111
Finance costs	2 (a) (iii)	(508)	(460)
Profit/(loss) before income tax		(1,256)	3,651
Income tax (expense)/benefit		732	(1,416)
Net profit/(loss) from the period		(524)	2,235
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		552	611
Changes in fair value of assets		-	2,447
Total other comprehensive income/(loss) net of tax		-	3,058
Total comprehensive income		28	5,293
Total net profit/(loss) is attributable to:			
Equity holders of Buderim Group Limited		(524)	2,235
Total comprehensive income/(loss) is attributable to:			
Equity holders of Buderim Group Limited		28	5,293
Basic & diluted earnings/(loss) per share from continued operations (cent/share)		(1.21)	5.15

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

Consolidated Statement of Financial Position

As at 31 December 2015	Notes	CONSOLIDATED	
		31 Dec 2015 \$'000	30 Jun 2015 \$'000
Current assets			
Cash and cash equivalents		1,391	4,532
Trade and other receivables		12,335	9,597
Inventories		21,398	25,334
Current tax asset		-	179
Other current assets		982	1,054
Total current assets		36,106	40,696
Non-current assets			
Investment accounted for using the equity method		1,146	1,205
Property, plant and equipment		29,622	29,674
Biological assets		6,248	5,892
Deferred tax asset		7,033	6,098
Intangible assets		2,054	2,049
Total non-current assets		46,103	44,918
Total assets		82,209	85,614
Current liabilities			
Trade and other payables		8,432	14,715
Interest-bearing liabilities	3	21,972	4,327
Short-term provisions		2,358	637
Total current liabilities		32,762	19,679
Non-current liabilities			
Interest-bearing liabilities	3	-	16,697
Deferred tax liabilities		6,286	6,105
Long-term provisions		43	43
Total non-current liabilities		6,329	22,845
Total liabilities		39,091	42,524
Net assets		43,118	43,090
Equity			
Contributed capital	5	39,272	39,272
Reserves		7,928	7,376
Retained earnings/accumulated losses		(4,082)	(3,558)
Total equity		43,118	43,090

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

Consolidated Statement of Cash Flows

For the Half-Year Ended 31 December 2015

	CONSOLIDATED	
	Dec 15 6 mths \$'000	Dec 14 6 mths \$'000
Cash flows from operating activities		
Receipts from customers	39,461	34,750
Payments to suppliers and employees	(42,116)	(35,658)
Other receipts	-	534
Interest received	1	45
Interest and other costs of finance paid	(495)	(435)
Income tax refunded/(paid)	9	177
Net cash inflows/(outflows) from operating activities	(3,140)	(587)
Cash flows from investing activities		
Purchase of property, plant and equipment	(672)	(4,052)
Proceeds from sale of property, plant and equipment	5	16
Purchase of biological assets	-	(2,067)
Purchase of trademarks	-	(9)
Net cash flows from/(used in) investing activities	(667)	(6,112)
Cash flows from financing activities		
Proceeds from borrowings	2,940	2,825
Repayments of borrowings	(2,374)	(5,295)
Proceeds from Joint Venture share buyback	100	-
Net cash flows/(used in) financing activities	666	(2,470)
Net increase/(decrease) in cash held	(3,141)	(9,169)
Add opening cash brought forward	4,532	12,634
Closing cash carried forward	1,391	3,465

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

Consolidated Statement of Changes in Equity

For the Half-Year Ended 31 December 2015

CONSOLIDATED	Contributed Capital	Reserves			Retained Profits	Total
		Asset Revaluation	Foreign Currency Translation	Cash Flow Hedges		
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
As at 30 June 2014	39,272	4,553	(500)	-	(3,805)	39,520
Total comprehensive income for the half-year ended 31 December 2014						
Net profit/(loss) for half-year	-	-	-	-	2,235	2,235
Other comprehensive income						
Exchange difference on translation of foreign operations	-	-	611	-	-	611
Change in fair value of asset	-	2,447	-	-	-	2,447
Total comprehensive income for the period	-	2,447	611	-	2,235	5,293
As at 31 December 2014	39,272	7,000	111	-	(1,570)	44,813
As at 30 June 2015	39,272	6,990	386	-	(3,558)	43,090
Total comprehensive income for the half-year ended 31 December 2015						
Net profit/(loss) for half-year	-	-	-	-	(524)	(524)
Other comprehensive income						
Exchange difference on translation of foreign operations	-	-	552	-	-	552
Change in fair value of Assets	-	-	-	-	-	-
Total comprehensive income for the half-year	-	-	552	-	(524)	28
As at 31 December 2015	39,272	6,990	938	-	(4,082)	43,118

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

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

1. Basis of Preparation of Half-Year Financial Statements

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Buderim Group Limited (formerly known as Buderim Ginger Limited) as at 30 June 2015, which was prepared based on Australian equivalents to International Financial Reporting Standards ('AIFRS'). It is also recommended that the half-year financial report be considered together with any public announcements made by Buderim Group Limited and its controlled entities (the Group) during the half-year ended 31 December 2015 and up until the date of this report, in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 "Interim Financial Reporting". The half-year financial report has been prepared on an accruals basis and is based on historical costs, except for investments, land and biological assets that have been measured at fair value. The fair values of the Group's financial assets and liabilities approximate their carrying value. No financial assets or liabilities are readily traded on organised markets in standardised form.

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

(b) New, revised or amending Accounting Standards and Interpretations adopted

A number of amended standards became applicable for the current reporting period, however, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2016 annual report as a consequence of these amendments.

(c) Accounting policies

The same accounting policies and methods of computation have generally been followed in this interim financial report as compared with the most recent annual financial report.

(d) Going concern

The Group incurred a net loss of \$524,000 for the half-year ended 31 December 2015. As at 31 December 2015 the Group has cash reserves of \$1,391,000, a net current asset surplus of \$3,344,000 and net assets of \$43,118,000. Included in current liabilities are borrowings of \$21,553,671 that are to expire on 30 November 2017. These loans were classified as current liabilities as the Group did not meet two of its Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA") banking covenant ratios with Rabobank Australia Limited ("Rabobank") for the period ended 31 December 2015. No waiver of these covenants was obtained prior to half-year end, however a letter of support was received prior to 31 December and subsequently a waiver was received post balance date. As a result these facilities are required to be classified as current.

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 company will continue as a going concern. The directors believe that the going concern basis of preparation of the financial statements is appropriate as the directors have been given a waiver from Rabobank for the covenants that have been breached, and that the Group's financiers will continue to support the company following variation of the facilities on 26 February 2016. 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 financial statements.

(e) Date of issue

This consolidated half-year financial report was authorised for issue by the board of directors on 26 February 2016.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

	CONSOLIDATED	
	Dec 15	Dec 14
	\$'000	\$'000
2. Income and Expenses		
(a) Specific Items		
Profit/(loss) before income tax expense includes the following income and expenses whose disclosure is relevant in explaining the performance of the Group:		
(i) Other income		
Profit on sale of assets	5	5
Fair Value Adjustment – Biological Assets	-	3,612
Foreign exchange gains	1,205	699
Sundry income	133	239
Government grants	31	31
Total other income	1,374	4,586
(ii) Other expenses		
Foreign exchange losses	675	106
Sundry expense	32	32
Total other expenses	707	138
(iii) Finance costs		
Bill facility	506	454
Bank loans and overdraft	2	6
Total finance costs	508	460
(iv) Depreciation and amortisation of non-current assets		
Plant and equipment	956	883
Buildings	224	190
Total depreciation and amortisation	1,180	1,073

(b) Seasonality of Operations

Normally the majority of the Group's revenue and profits are reflected in the results of the second half of the calendar year. This is consistent with the Group's traditional cycle in the ginger segment, and reflects strong demand for new season macadamia harvests.

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2015

3. Finance Facilities

On 17 December 2015 Buderim Group Limited entered into a restated letter of offer with its principal financier, Rabobank. The restated facilities included two year term loan facilities of AUD\$11,848,790 and USD\$4,487,500, a working capital facility of AUD\$4,000,000, restated banking covenants and reduced interest rate margins. For further details please refer to Notes 1 (d) and 9.

4. Dividends Paid and Proposed

(a) **Declared and paid during the period**

Dividends paid on ordinary shares of Nil (Dec 14: Nil)

(b) **Dividends proposed subsequent to period end**

Dividends on ordinary shares Nil (Dec 15: Nil)

CONSOLIDATED

	Dec 15 \$'000	Dec 14 \$'000
	-	-
	-	-
	Dec 15 \$'000	Jun 15 \$'000
	39,272	39,272

5. Issued Capital

(a) **Issued and paid up capital**

Ordinary shares fully paid

(b) **Movements in shares on issue**

	Dec 15		Jun 15	
	Number of shares	\$'000	Number of shares	\$'000
Beginning of the financial period	43,363,090	39,272	43,363,090	39,272
Transactions during the period (i)	-	-	-	-
End of the financial period	43,363,090	39,272	43,363,090	39,272

(i) There has not been any movement in ordinary shares on issue during the period ended 31 December 2015.

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

6. 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 31 December 2015 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 Board and management executive 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 management executive 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 at cost plus a margin. 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 1. During the financial period, there were no changes in segment accounting policies that had a material effect on the segment information.

The reportable segments for the half -year ending 31 December 2015 were as follows:

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

6. Segment Information (continued)

Reportable segments

Segment information provided to the Board and executive management committee for the 6 month periods ended 31 December 2015 and 31 December 2014 is as follows:

	Ginger		Tourism		Macadamias		Total	
Reportable segments during 2015	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income								
Sales of goods to external customers	14,307	13,575	2,250	2,078	24,094	20,233	40,651	35,886
Sales of goods to internal customers	864	1,093	-	-	1,498	1,023	2,362	2,116
Other revenue / income	435	634	128	117	232	4,008	795	4,748
Total segment revenue	15,606	15,302	2,378	2,195	25,824	25,254	43,808	42,750
Consolidated entity adjustments							(2,362)	(2,116)
Total Income							41,446	40,634
Results								
Segment result	(834)	92	294	204	(139)	3,949	(679)	4,245
Share of profit/(loss) of jointly controlled entities ¹	-	-	41	9	-	-	41	9
Corporate overhead expenses	(220)	(228)	(34)	(35)	(364)	(340)	(618)	(603)
Contribution to group profit/(loss)	(1,054)	(136)	301	178	(503)	3,609	(1,256)	3,651
Finance costs	302	393	-	-	206	68	508	461
Finance revenue	(2)	(45)	-	-	-	-	(2)	(45)
Depreciation & amortisation	719	699	108	105	353	269	1,180	1,073
EBITDA	(35)	911	409	283	56	3,946	430	5,140
Profit/(loss) before income tax							(1,256)	3,651
Income tax (expense)/benefit	241	123	(90)	(64)	581	(1,475)	732	(1,416)
Net profit/(loss) for the period							(524)	2,235

Notes to the Consolidated Financial Statements

For the Half-Year Ended 31 December 2015

6. Segment Information (continued)

Geographic location	Australia		Fiji		USA		Total	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Sales of goods to external customers	29,202	26,648	1,604	2,119	9,846	7,119	40,651	35,886
Sales of goods to internal customers	239	226	625	867	1,498	1,023	2,362	2,116
Other revenue / income	364	955	(77)	21	508	3,772	795	4,748
Total segment revenue	29,805	27,829	2,152	3,007	11,851	11,914	43,808	42,750
- Consolidated entity adjustments							(2,362)	(2,116)
- Total Income							41,446	40,634
Total segment assets	56,489	60,097	4,808	6,028	20,037	12,931	81,333	79,056
Total segment liabilities	(28,082)	(27,775)	(268)	(448)	(9,865)	(6,020)	(38,215)	(34,243)

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

Notes to the Consolidated Financial Statements

For the Half-Year ended 31 December 2015

7. Related Party Transactions

Directors

S.T. Templeton is a director of Templeton Ginger Pty Ltd. Ginger supplies were purchased during the half-year from Templeton Ginger Pty Ltd to the value of \$478,794 (December 2014: \$216,212) in a normal customer relationship on terms and conditions no more favourable than those available on similar transactions to other suppliers.

Joint venture entity

Buderim Group Limited holds a 50% interest in the joint venture entity, Ginger Head Quarters Pty Ltd (GHQ). During the six months ended 31 December 2015, sales to GHQ amounted to \$304,875 (December 2014: 394,984) and purchases from GHQ amounted to \$529,493 (December 2014: \$449,418). These transactions are conducted on an arms-length basis.

Shareholders

Bundaberg Sugar Group Ltd is a major shareholder. During the six months ended 31 December 2015 purchases from Bundaberg Sugar Group Ltd amounted to \$945,286 (December 2014: \$1,047,391). These transactions are conducted on an arms-length basis.

8. Contingent Assets and Liabilities

Since the last annual reporting date, there has been no material change of any contingent liabilities or contingent assets.

9. Events Subsequent To Balance Date

On 21 February 2016 Buderim Group Limited's operations in Fiji were impacted by the tropical storm Winston. Whilst no material damage was sustained to the buildings and equipment, the impact on inventory and the Fijian ginger crop is being assessed. The potential shortfall in Fijian crop can be replaced by Australian origin ginger at a similar cost. In addition the Group carries business interruption insurance for the consequences of this event.

On 26 February 2016 Buderim Group Limited entered into a variation of the existing facilities with its principal financier, Rabobank. The variation converted the existing working capital facility of AUD\$4,000,000 into a revolving facility.

There have been no other material subsequent events since balance date.

Director's Declaration

The directors of the company declare that:

- (a) the attached financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (i) comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
 - (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of the performance for the half-year ended on that date; and
- (b) in the opinion of the directors, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



S. Morrow

Director

Brisbane, 26 February 2016

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Buderim Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Buderim Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, 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 half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Buderim Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, 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 review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Buderim Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1(d) in the half-year 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 1(d), 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.

BDO Audit Pty Ltd



P A Gallagher
Director

Brisbane, 26 February 2016