Buderim Ginger Limited

50 Pioneer Road
Yandina, Queensland, 4561
Telephone: (07) 5446 7100
Facsimile: (07) 5446 7520

ABN 68 010 978 800

ASX Code: BUG

Appendix 4D

For the six months ended 30 June 2005.

Contents

Rules 4.2A.3

Appendix 4D

Half year report

Introduced 1/1/2003.

Name of entity

Buderim Ginger Limited

ABN or equivalent company reference	Half year ended ('current period')
68 010 978 800	30 June 2005

Results for announcement to the market

				$A'000
Revenue from operations	Up	50%	to	20,881
Profit (loss) after tax attributable to members	Up	*—	to	218
Net profit (loss) for the period attributable to members	Up	*—	to	218

*Nil % change as a loss reported in the previous period compared to a profit reported in this period

Dividends (distributions)	Amount per security	Franked amount per security
Current period		
Final dividend *(The final dividend for 2004 was paid during this period)*	Nil ¢	Nil ¢
Interim dividend *(It is not proposed to pay an interim dividend)*	Nil ¢	Nil ¢
Previous corresponding period		
Final dividend *(A final dividend for 2003 was paid during this period)*	1.5 ¢	1.5 ¢
Interim dividend *(An interim dividend was not proposed)*	Nil ¢	Nil ¢

Record date for determining entitlements to the dividend N/A

There was no dividend declared subsequent to 31 December 2004.
Further details on dividends are included in Note 3 of the Financial Statements.
Equity movements during this half-year are detailed in Note 4 of the Financial Statements following this appendix.
Additionally, the impact of the transition to AIFRS on equity is detailed in Note 1 (e) of the Financial Statements.

Brief explanation of any of the figures reported above:

The consolidated entity recorded an after tax profit of $218k after allowance for the outside equity interest for the half-year ended 30 June 2005 compared to the prior year equivalent of ($308k), converted under AIFRS. The main highlights for the first half's result include:

- Improved performance of both the core Australian ginger business and the Fijian ginger business, particularly in export markets where sales and margins were much stronger than plan and the previous year.
- The completion of the acquisition of the business assets of Aldente Foods on 1 March 2005, and the subsequent consolidation of manufacturing operations into the I Spy site at Maroochydore.
- Transitional problems in the Aldente business and plant inefficiencies in the I Spy business result in below expected performance for the Baking business in the first half.
- Capital investment program underway at the Maroochydore factory to improve line throughput and efficiencies. Gains will be delivered in the second half of 2005 with further improvements in 2006.
- The launch of *The Ginger Factory's* new attraction, *Overboard - Adventures of a Stowaway*, on 28 May 2005. Despite increased visitor numbers, (the quarter to 31 July 2005 was up by 12% on the previous year), profitability was down due principally to launch advertising.

The half-year accounts should be read in conjunction with the annual financial report for the financial year ended 31 December 2004.

Net tangible asset backing	Current year	Previous year
Net tangible asset backing per ordinary security * The comparative figure has been restated under AIFRS	74 cents	*80 cents

Change in composition of entity

There has been no change in the composition of the entity during the reporting period associated with restructuring or the acquisition or disposal of any subsidiary, other than the acquisition of the business assets of a pasta business by the subsidiary, Buderim Baking Company Pty Ltd.

Details of associates and joint venture entities

The reporting entity holds 50% equity in the joint venture entity, Ginger Head Quarters Pty Ltd through which the boat ride *Overboard* is managed. The investment of $1m in this joint venture occurred during the six months ended 30 June 2005.

Compliance statement

1 Accounting standards and policies

This report has been prepared in accordance with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes, thereto, complies with International Financial Standards ("IFRS'). This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 30 June 2004 and full-year ended 31 December 2004 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1 (c) below. This report, and the accounts upon which the report is based, use the same accounting policies.

2. Independent Review

This report is based on accounts which have been subject to a review. An independent review certificate 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: ...1 September 2005..................

Print name: Karon L. Rogers..

Corporate Information

ABN 68 010 978 800
ASX Code: BUG

Directors
John M. Ruscoe (Chairman)
Gerard D. O'Brien (Managing Director)
Stephen J. Maitland
John H.P. Roy
Shane T. Templeton

Company Secretary
Karon L. Rogers

Senior Management
Stephen T. Dennis (Process & Engineering Manager)
Glenda C. Johns (Quality Manager)
Peter W. Knight (Production & Supply Chain Manager)
Paul G. Ritchie (General Manager - Marketing & Sales)
Karon L. Rogers (Financial Controller)
Nichole L. Seymore (Tourism Manager)

Subsidiary Management
Paul Bialkowski (UK Manager)
Astor Chinlyn (US Manager)
Satish Kumar (Fiji Manager)

Solicitors
Phillips Fox

Bankers
Westpac Banking Corporation
Rabobank Australia Limited

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

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

Registered Office
50 Pioneer Road
Yandina, Queensland, 4561
Telephone: (07) 5446 7100
Facsimile: (07) 5446 7520
Email: buderimg@buderimginger.com

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306 Stafford Road
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Telephone: 44 208 681 8459
Facsimile: 44 208 680 8049
Email: sales@buderimginger.co.uk

United States Office
Buderim Ginger America, Inc
12B Industrial Avenue
Upper Saddle River NJ07458
United States of America
Telephone: 201 818 6969
Facsimile: 201 818 6949
Email: sales@buderimgingerusa.com

Fiji Office
Frespac Ginger (Fiji) Limited
Lot 14 Wailada Estate, Lami
PO Box 15128
Suva, Fiji
Telephone: 679 3362 863
Facsimile: 679 3361 225
Email: frespac@is.com.fj

Buderim Ginger Limited

ABN 68 010 978 800

ASX Code: BUG

Half Year Report

For the six months ended 30 June 2005.

Directors' Report

Your directors submit their report for the half-year ended 30 June 2005.

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:

John Michael Ruscoe, (Non-executive Chairman and Chairman of the Remuneration Committee)

Gerard Daniel O'Brien, B Admin., MBA (Georgetown), CPA, MAICD (Managing Director)

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

John Howard Philip Roy, (Non-executive Director and Member of the Remuneration Committee – appointed 28 February 2005)

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

Doris Crerar, (Non-executive Director and Member of the Remuneration Committee – resigned 28 February 2005)

Earnings per share

	Cents
Basic earnings per share	0.81
Diluted earnings per share	0.81

There were no options issued or exercised during the period.

Dividends

	Cents	$'000
Dividends paid during the half-year		
Final for 2004	Nil	Nil

Review and results of operations

The consolidated entity recorded an after tax profit of $218k after allowance for the outside equity interest for the half-year ended 30 June 2005 compared to the prior year equivalent of ($308k), converted under AIFRS. The main highlights for the first half's result include:

- Improved performance of the Australian ginger business particularly in export markets, where sales and margins were much stronger than plan and the previous year.
- Improved performance of the Fijian ginger business, Frespac, where stronger demand from Europe and Australasia has generated a lift in both revenue and margins.
- The sale of processing equipment, made redundant by advances in the Company's Australian ginger operations, contributed to profit.
- Profits in the I Spy pastry business adversely affected by stronger than expected demand and plant inefficiencies during the commissioning of new equipment. To keep faith with customers and meet orders, it became necessary to schedule unplanned weekend work, employ additional casual staff, schedule sub-optimal production runs and defer normal equipment maintenance. This led to increased operating costs and equipment downtime. However, customers expectations were satisfied and product quality was maintained. Plant and equipment upgrades have now increased our capacity and the factory has been operating to plan, at higher production levels, since mid July. The second half is expected to show considerable margin improvement in line with original projections.
- The completion of the acquisition of the business assets of Aldente Foods on 1 March 2005, and the subsequent consolidation of manufacturing operations into the I Spy site at Maroochydore.
- Transitional problems with the Aldente business during the initial phase of the Company's ownership and transfer of manufacturing have resulted in sales and operational performance below expectation. These problems have been largely overcome by late August and second half performance is expected to be in line with expectations and earnings positive, however full year impact in 2005 will be well below forecast for this business. Long term prospects for growth and profitability of this business remain positive.
- Capital investment program underway at the Maroochydore factory to improve line throughput and efficiencies. Gains will be delivered in the second half of 2005 with further improvements in 2006.

Directors' Report

- Tourism profitability was eroded by the increased advertising spend in the first half to support *The Ginger Factory's* new attraction, *Overboard - Adventures of a Stowaway*, which was launched on 28 May 2005 and by the delayed opening of this attraction against plan. Both the new ride and the existing features such as *The Taste of Ginger Tour* are proving successful, with visitor numbers for the last quarter to 31 July 2005 up by 12% on the previous year. Second half performance is expected to be much improved and will be impacted by the Company's resumption of the on-site restaurant lease which occurred in early August (see below).

As detailed above, directors expect that second half performance in both Baking and Tourism segments will be much improved. Combined with the traditionally stronger second half in the Ginger business, this should provide the basis for full year, before tax profitability to be around 3 times that achieved in 2004 and in the range of $1.0M to $1.5M. This would be slightly below expectations announced at the Company's AGM in April 2005 due principally to the unforeseen problems experienced in the Aldente business.

Subsequent to the end of the half-year, the company has entered an agreement to resume the restaurant lease within the Company's tourist complex, *The Ginger Factory*. The transaction was completed on Monday 8 August 2005 and the restaurant, known as *Ginger's of Yandina*, will operate in a similar format in the short term but will be featured in a major overhaul of the complex's piazza/dining facilities during the second half of the year. The overhaul, which will encompass the restaurant, ice-creamery and associated piazza area, will commence in late 2005 and be staged to minimise disruption to visitors and impact on cash flow.

In an announcement to the market in August, directors foreshadowed that the Company will be initiating its Share Purchase Plan to provide funding for these tourism initiatives as well as expansion and upgrade activities at the Company's bakery operation. Directors have determined that the Share Purchase Plan will be offered to shareholders from 9 September 2005 with a close date of 30 September 2005.

Also subsequent to the half-year, directors formally approved the formation of a joint venture with the USA company, Pan Pacific Foods ('PPF') to assume the sales, marketing and distribution responsibilities for Buderim Ginger in the North and South American markets. PPF is a San Francisco-based specialty food management business having ownership interests in the brands it represents including *MacFarms of Hawaii, Jeremiahs Fine Foods and Botanica Foods.* The principals of PPF have worked with Buderim Ginger in the US market in the past. The 50/50 joint venture will allow the company's product range to be represented through the larger sales network of PPF while at the same time will provide the necessary in-market infrastructure to support the projected growth of our existing and potential customer base.

Summarised operating results are as follows:

	2005	
	Revenues $'000	**Results $'000**
Business segments		
Ginger processing and distribution	13,094	701
Baking operations	6,323	(34)
Tourism operations	1,749	163
	21,166	830
Consolidated entity adjustments	(285)	—
Unallocated expenses	—	(676)
Consolidated entity sales and profit from ordinary activities before income tax expense	20,881	154

Shareholder returns and performance measurements on half-year accounts

	2005	*2004	2003	2002	2001
Profit before tax / revenue (%)	**0.7**	**(3.6)**	**(0.8)**	(2.1)	4.4
Profit after tax / equity interests (%)	**1.0**	**(1.7)**	**(0.8)**	(0.8)	2.7
EBIT ($'000)	**506**	**(254)**	**58**	(4)	948
EBITDA ($'000)	**1,425**	**431**	**754**	627	1609
Basic earning per share (cents)	**0.81**	**(1.4)**	**(0.6)**	(0.6)	2.2
Current Ratio (%)	**190.7**	**244.2**	**225.4**	213.7	165.5
Net tangible asset backing (cents)	**74**	**80**	**78**	78	78

**Measurements for 2004 has been re-stated under AIFRS.*

Directors' Report

Rounding

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

Auditor’s Independence Declaration

We have obtained the following independence declaration from our auditors, Ernst & Young.

ERNST & YOUNG

1 Eagle Street
Brisbane QLD 4000
Australia

PO Box 7878
Waterfront Place
Brisbane QLD 4001

Tel 61 7 3011 3333
Fax 61 7 3011 3100
DX 165 Brisbane

Auditor’s Independence Declaration to the Directors of Buderim Ginger Limited

In relation to our review of the financial report of Buderim Ginger Limited for the half-year ended 30 June 2005, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the Corporations Act 2001 or any applicable code of professional conduct.

Ernst & Young

R J Roach
Partner
Date: 29 August 2005

Signed in accordance with a resolution of the directors.

J Ruscoe, Director
Yandina, 1 September 2005

Condensed Interim Income Statement

FOR THE HALF-YEAR ENDED 30 JUNE 2005

	Notes	CONSOLIDATED 2005 $'000	2004 $'000
Income Statement			
Revenue	2	**20,480**	13,706
Cost of sales		**(13,676)**	(8,898)
Gross profit		**6,804**	4,808
Other operating income		**401**	211
Share of profit of associate		**9**	—
Selling and distribution expenses		**(3,529)**	(2,666)
Marketing expenses		**(192)**	(187)
Tourism expenses		**(728)**	(556)
Other operating costs		**(1,340)**	(1,179)
Operating profit from continuing operations before tax, financing costs, depreciation and amortisation		**1,425**	431
Borrowing costs expense	2	**(352)**	(252)
Depreciation and amortisation expense	2	**(919)**	(685)
Profit/(loss) before income tax expense	2	**154**	(506)
Income tax (expense)/credit		**54**	198
Net profit/(loss) for the period		**208**	(308)
Net (profit)/loss attributable to minority interest		**10**	—
Net profit/(loss) attributable to members of parent	1 (e)	**218**	(308)
Basic earnings per share (cents per share)		**0.81**	(1.4)
Diluted earnings per share (cents per share)		**0.81**	(1.4)
Franked dividends per share (cents per share)	4	—	—

Condensed Interim Balance Sheet

AT 30 June 2005	Notes	CONSOLIDATED 30 June 2005 $'000	31 December 2004 $'000	30 June 2004 $'000
Current assets				
Cash and cash equivalents		**282**	1,716	199
Trade and other receivables		**7,658**	7,994	5,786
Inventories		**13,456**	9,111	11,603
Prepayments		**511**	489	371
Derivatives		**78**	—	—
Total current assets		**21,985**	19,310	17,959
Non-current assets				
Investment in associate accounted for using the equity method		**1,009**	—	—
Property, plant and equipment		**16,562**	15,550	12,498
Deferred income tax asset		**484**	373	487
Intangible assets		**2,562**	1,998	278
Total non-current assets		**20,617**	17,921	13,263
Total assets		**42,602**	37,231	31,222
Current liabilities				
Trade and other payables		**4,833**	4,472	2,870
Interest-bearing loans and borrowings		**5,748**	3,673	3,723
Income tax payable		—	42	—
Provisions		**934**	1,068	761
Derivatives		**11**	—	—
Total current liabilities		**11,526**	9,255	7,354
Non-current liabilities				
Interest-bearing loans and borrowings		**7,248**	4,663	4,694
Deferred income tax liabilities		**555**	556	551
Provisions		**532**	303	323
Total non-current liabilities		**8,335**	5,522	5,568
Total liabilities		**19,861**	14,777	12,922
Net assets		**22,741**	22,454	18,300
Equity				
Issued capital	4	**16,553**	16,351	13,868
Reserves		**384**	448	696
Retained profits	1 (e)	**4,643**	4,425	3,736
Total parent interests		**21,580**	21,224	18,300
Total outside equity interests	1 (e)	**1,161**	1,230	—
Total equity	1 (e)	**22,741**	22,454	18,300

Condensed Interim Cash Flow Statement

FOR THE HALF-YEAR ENDED 30 JUNE 2005

	Notes	CONSOLIDATED 2005 $'000	2004 $'000
Cash flows from operating activities			
Receipts from customers		**21,593**	13,965
Payments to suppliers and employees		**(24,307)**	(16,619)
Other income		**397**	198
Interest received		**14**	13
Interest paid		**(352)**	(252)
Income tax paid		**(101)**	(91)
Income tax refund		—	75
Goods and services tax (paid)/refunded		**(116)**	29
Net cash flows used in operating activities		**(2,872)**	(2,682)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,172)**	(872)
Proceeds from sale of plant and equipment		**122**	—
Trademark registrations		**(3)**	(13)
Acquisition of equity in joint venture		**(1,000)**	—
Acquisition of other business investments		**(1,092)**	—
Net cash flows used in investing activities		**(3,145)**	(885)
Cash flows from financing activities			
Proceeds from borrowings – other		**4,807**	4,145
Repayments of borrowings – other		**(500)**	(1,920)
Payment of dividends on ordinary shares (net of dividend reinvestment)		—	(227)
Payment of outside equity interest		**(59)**	—
Repayment of finance lease principal		**(61)**	(20)
Net cash flows from financing activities		**4,187**	1,978
Net decrease in cash held		**(1,830)**	(1,589)
Add opening cash brought forward		**1,716**	1,580
Closing cash carried forward		**(114)**	(9)
Reconciliation of cash			
Cash balance comprises:			
- cash on hand		**282**	199
- overdraft		**(396)**	(208)
Closing cash balances		**(114)**	(9)

Condensed Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 30 JUNE 2005

	Issued Capital	Reserves	Retained Profits	Total Members Equity	Outside Equity Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 January 2004 on transition	13,758	—	4,380	18,138	—	18,138
Profit for the period	—	—	(308)	(308)	—	(308)
Total income / expense for the period	13,758	—	4,072	17,830	—	17,830
Shares issued under DRP	110	—	—	110	—	110
Equity dividend	—	—	(336)	(336)	—	(336)
Currency translation under AGAAP	—	52	—	52	—	52
Currency translation under AIFRS	—	70	—	70	—	70
Net increase in asset revaluation reserve	—	820	—	820	—	820
Net tax effect of asset revaluation reserve	—	(246)	—	(246)	—	(246)
As at 30 June 2004	13,868	696	3,736	18,300	—	18,300

	Issued Capital	Reserves	Retained Profits	Total Members Equity	Outside Equity Interest	Total Equity
	$'000	$'000	$'000	$'000	$'000	$'000
As at 1 January 2005	16,351	448	4,425	21,224	1,230	22,454
Profit for the period	—	—	218	218	(10)	208
Total income / expense for the period	16,351	448	4,643	21,442	1,220	22,662
Shares issued on business combination	202	—	—	202	—	202
Outside equity distribution	—	—	—	—	(59)	(59)
Currency translation under AIFRS	—	(64)	—	(64)	—	(64)
As at 30 June 2005	16,553	384	4,643	21,580	1,161	22,741

Notes to the Half-Year Financial Statements

For the half-year ended 30 June 2005

1. Basis of preparation of the half-year financial report

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 Ginger Limited as at 31 December 2004, which was prepared based on Australian Accounting Standards applicable before 1 January 2005 ('AGAAP').

It is also recommended that the half-year financial report be considered together with any public announcements made by Buderim Ginger Limited and its controlled entities during the half-year ended 30 June 2005 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, applicable Accounting Standards including AASB 134 "Interim Financial Reporting" and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for investments, land and derivative financial instruments that have been measured at fair value. The carrying values of recognised assets and liabilities that are hedged with fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Statement of compliance

The half-year financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards ('AIFRS'). Compliance with AIFRS ensures that the half-year financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards ('IFRS').

This is the first half-year financial report prepared based on AIFRS and comparatives for the half-year ended 30 June 2004 and the full-year ended 31 December 2004 have been restated accordingly. A summary of the significant accounting policies of the Group under AIFRS are disclosed in Note 1(c) below.

Reconciliations of:

- AIFRS equity as at 1 January 2004, 30 June 2004 and 31 December 2004; and
- AIFRS profit for the half-year 30 June 2004 and full year 31 December 2004, to the balances reported in the 30 June 2004 half-year report and 31 December 2004 full-year financial report prepared under AGAAP are detailed in Note 1 (e) below.

(c) Summary of significant accounting policies

(i) Basis of consolidation

The consolidated financial statements comprise the financial statements of Buderim Ginger Limited and its subsidiaries ('the Group').

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

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

For the half-year ended 30 June 2005

Notes to the Half-Year Financial Statements

1. Basis of preparation of the half-year financial report (continued)

(c) Summary of significant accounting policies (continued)

(i) Basis of consolidation (continued)

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

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

Where there is loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which Buderim Ginger Limited has control.

Although the subsidiary Buderim Baking Company Pty Ltd acquired the business assets of the pasta business, Aldente Foods during this reporting period, there was no acquisition of a company and no additional subsidiaries have been added to the group during this period. In relation to the Aldente acquisition, the purchase method of accounting was used, which measures the acquiree's assets and liabilities at their fair value at acquisition date. Accordingly, the consolidated financial statements include the results of Aldente Foods with Buderim Baking Company Pty Ltd for the four-month period from its acquisition on 28 February 2005. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition. Minority interests represent the interests of Buderim Baking Company Pty Ltd not held by the Group.

(ii) Investment in joint venture company

The Group's interest in its joint venture company is accounted for by recognising the Group's investment in the joint venture, as well as the Group and the Group's share of income earned from the joint venture company, in the consolidated financial statements.

(iii) Foreign currency translation

Both the functional and presentation currency of Buderim Ginger Limited and its Australian subsidiaries is Australian dollars (AUD).

The functional currency of the overseas subsidiary, Buderim Ginger (UK) Limited, is Pound Sterling (GBP). The functional currency of the overseas subsidiary, Buderim Ginger America, Inc. is (USD). The functional currency of the overseas subsidiary, Frespac Ginger (Fiji) Limited, is (FJD).

As at the reporting date the assets and liabilities of these overseas subsidiaries are translated into the presentation currency of Buderim Ginger Limited at the rate of exchange ruling at the balance sheet date and the income statements are translated at the weighted average exchange rates for the period. The exchange differences arising on the retranslation are taken directly to a separate component of equity.

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

(iv) Property, plant and equipment

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

Major depreciation periods are:

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

Notes to the Half-Year Financial Statements

1. Basis of preparation of the half-year financial report (continued)

(c) Summary of significant accounting policies (continued)

(iv) Property, plant and equipment (continued)

Impairment

The carrying values of buildings and plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets of cash-generating units are written down to their recoverable amount.

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

Revaluations

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

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

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

Any revaluation deficit is recognised in the income statement unless it directly offsets a previous surplus of the same asset in the asset revaluation reserve.

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

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

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

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

(v) Borrowing costs

Borrowing costs are recognised as an expense when incurred.

(vi) Goodwill

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

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

Notes to the Half-Year Financial Statements

1. Basis of preparation of the half-year financial report (continued)

(c) Summary of significant accounting policies (continued)
(vi) Goodwill (continued)
Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

As at the acquisition date, any goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies.

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

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

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

Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(vii) Intangible assets
Acquired both separately and from a business combination
Intangible assets acquired separately are capitalised at cost and from a business combination are capitalised at fair value as at the date of acquisition. Following initial recognition, the cost model is applied to the class of intangible assets.

The useful lives of these intangible assets are assessed to be either finite or indefinite.

Where amortisation is charged on assets with finite lives, this expense is taken to the income statement through the 'administrative expenses' line item.

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the period in which the expenditure is incurred.

Intangible assets are tested for impairment where an indicator of impairment exists, and in the case of indefinite lived intangibles annually, either individually or at the cash generating unit level. Useful lives are also examined on an annual basis and adjustments, where applicable, are made on a prospective basis.

Research and developments costs
Research costs are expensed as incurred.

Development expenditure incurred on an individual project is carried forward when its future recoverability can reasonably be regarded as assured.

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

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

Notes to the Half-Year Financial Statements

1. Basis of preparation of the half-year financial report (continued)

(c) Summary of significant accounting policies (continued)

(vii) Intangible assets (continued)

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

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

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

(viii) Recoverable amount of assets

At each reporting date, the Group assesses whether there is any indication that an asset may be impaired. Where an indicator of impairment exists, the Group makes a formal estimate of recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to its recoverable amount.

Recoverable amount is the greater of fair value less costs to sell and value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated to be close to its fair value less costs to sell and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ix) Inventories

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

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

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

(x) 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 estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Notes to the Half-Year Financial Statements

1. Basis of preparation of the half-year financial report (continued)

(c) Summary of significant accounting policies (continued)

(xi) Cash and cash equivalents

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

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

(xii) 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 which is calculated by taking into account any issue costs, and any discount or premium on settlement.

Gains and losses are recognised in the income statement when the liabilities are derecognised and as well as through the amortisation process.

(xiii) Provisions

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

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

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

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

(xiv) Share-based payment transactions

The Group provides benefits to the Managing Director of the Group in the form of share-based payment transactions, whereby the Managing Director renders services in exchange for shares or rights over shares (‘equity-settled transactions’).
The cost of these equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Buderim Ginger Limited (‘market conditions’).

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

(xv) Leases

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

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

Notes to the Half-Year Financial Statements

1. Basis of preparation of the half-year financial report (continued)

(c) Summary of significant accounting policies (continued)

(xv) Leases (continued)

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the leased term on the same bases as the lease income.

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

(xvi) Revenue

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 delivery of the goods to the customer.

Interest

Revenue is recognised as the interest accrues or at the time interest is credited to bank statements.

Rental Income

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

(xvii) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

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

(xviii) Income tax

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

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

- except where the deferred income tax liability 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; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, except where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Notes to the Half-Year Financial Statements

1. Basis of preparation of the half-year financial report (continued)

(c) Summary of significant accounting policies (continued)

(xviii) Income tax (continued)

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

- except where 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; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interest in joint ventures, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement.

(xix) Other 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 balance sheet.

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

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

(xx) Derecognition of financial instruments

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

Notes to the Half-Year Financial Statements

1. Basis of preparation of the half-year financial report (continued)

(c) Summary of significant accounting policies (continued)

(xx) Derivative financial instruments

The Group uses derivative financial instruments such as foreign currency contracts and interest rate swaps to hedge its risks associated with interest rate and foreign currency fluctuations. Such derivative financial instruments are stated at fair value.

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

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

In relation to cash flow hedges (forward foreign currency contracts) and interest rates swaps to hedge firm commitments which meet the conditions for special hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognised directly in equity and the ineffective portion is recognised in the income statement.

When the hedged firm commitment results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses that had previously been recognised in equity are included in the initial measurement of the acquisition cost or other carrying amount of the asset or liability.

For all other cash flow hedges, the gains or losses that are recognised in equity are transferred to the income statement in the same year in which the hedged firm commitment affects the net profit and loss, for example when the future sale actually occurs.

For derivatives that do not quality for hedge accounting, any gains or losses arising from changes in fair value are taken directly to the income statement.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting.

At that point in time, any cumulative gain or loss on the hedging instrument recognised in equity is kept in equity until the forecasted transaction occurs.

If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to the income statement.

(d) AASB 1 Transitional exemptions

The Group has made its election in relation to the transitional exemptions allowed by AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards as follows:

Business combinations

AASB 3 'Business Combinations' was not applied retrospectively to past business combinations (i.e. business combinations that occurred before the date of transition to AIFRS).

Designation of previously recognised financial instruments

Previously recognised derivatives have been designated as fair value through profit or loss at the date of transition to AIFRS. Any gains or losses on hedging instruments were recognised in reserves (equity) on transition, and will be recognised in the income statement when the underlying transaction is recognised in the income statement.

Notes to the Half-Year Financial Statements

For the half-year ended 30 June 2005

1. Basis of preparation of the half-year financial report (continued)

(d) AASB 1 Transitional exemptions (continued)
Share-based payment transactions
AASB 2 'Share-Based Payments' is applied only to equity instruments granted after 7 November 2002 that had not vested on or before 1 January 2005.

Exemption from the requirement to restate comparative information for AASB 132 and AASB 139
The Group has elected to adopt this exemption and has applied AASB 132 'Financial Instruments: Presentation and Disclosure' and AASB 139 "Financial Instruments: Recognition and Measurement' to its comparative information.

(e) Impact of adoption of AIFRS
The impact of adoption of AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ('AGAAP') are illustrated below.

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS

		CONSOLIDATED		
		31-Dec-04 $'000	30-Jun-04 $'000	1-Jan-04 $'000
Total equity under AGAAP		22,662	18,453	18,129
Adjustments to equity				
Adjustment to employee entitlements	A	1	3	2
Write-back of general doubtful debt provision	B	14	10	11
Write-back of trademark amortisation	C	21	10	-
Write-back of goodwill amortisation	D	42	4	-
Adjustment to foreign currency translation reserve	E	(34)	70	-
Tax effect of the above adjustments	F	(5)	(4)	(4)
Tax effect on asset revaluation reserve	G	(246)	(246)	-
Total equity under AIFRS		22,454	18,300	18,138

(A) The expected outflow of long term annual and sick leave entitlements has been discounted and provisions adjusted accordingly under AASB 119 'Employee Benefits'. Discounting of long service leave entitlements only was performed under AGAAP.

(B) Only specific debts identified as doubtful are to be shown in a provision under AIFRS whereas general doubtful debt provisions were provided under AGAAP.

(C) Trademarks are not amortised under AASB 138 'Intangible Assets', but were amortised under AGAAP.

(D) Goodwill is not amortised under AASB 3 'Business Combinations', but was amortised under AGAAP.

(E) Under AGAAP a number of the Group's overseas subsidiaries were classified as integrated, and were translated using the temporal method, with translation gains or losses reported in the profit or loss. Under AIFRS the financial statements of overseas subsidiaries that sell in their local currency, are translated at the spot rate at the end of the reporting period, and income statement items translated at the weighted average

Notes to the Half-Year Financial Statements

exchange rates for the period, with gains or losses reported equity.

For the half-year ended 30 June 2005

1. Basis of preparation of the half-year financial report (continued)

(i) Reconciliation of total equity as presented under AGAAP to that under AIFRS (continued)

(F) The tax effect of the adjustments above (note (A) to (E)) in accordance with AASB 112 'Income Taxes' led to a decrease in the deferred tax asset.

(G) A portion of the asset revaluation reserve of $820,000 recognised under AGAAP has been tax-effected on transition to AIFRS under AASB116 ‘Property, Plant and Equipment’ at the tax rate of 30%.

(ii) Reconciliation of profit after tax under AGAAP to that under AIFRS

	CONSOLIDATED	
	For the Year ended 31-Dec-04 $'000	**For the Half-Year ended 30-Jun-04 $'000**
Profit after tax as previously report	293	(389)
Adjustment to employee entitlements	(2)	-
Write-back of general doubtful debt provision	3	1
Write-back of trademark amortisation	21	10
Write-back of goodwill amortisation	42	4
Adjustment to foreign currency translation reserve	166	66
Net adjustment to tax expense	(1)	-
Profit after tax under AIFRS	522	(308)

(iii) Explanation of material adjustments to the cash flow statements

There are no material differences between the cash flow statements presented under AIFRS and those presented under AGAAP.

Notes to the Half-Year Financial Statements

30 June 2005	Notes	CONSOLIDATED 2005 $'000	2004 $'000
2. Revenue and Expenses			
(a) Specific Items			
Profit before income tax expense includes the following revenue and expenses whose disclosure is relevant in explaining the performance of the entity:			
(i) Revenue			
Revenue from sale of goods		**20,480**	13,706
Other revenue			
Rental income		**140**	135
Gain on disposal of plant and equipment		**122**	—
Interest income - other persons/corporations		**14**	13
Other income		**125**	63
		401	211
Total revenues from operating activities		**20,881**	13,917
(ii) Expenses			
Borrowing costs expensed			
Interest expense - other parties		**326**	245
Finance charges - lease liability		**26**	7
Total borrowing costs expensed		**352**	252
Depreciation and amortisation of non-current assets			
Plant and equipment		**736**	509
Buildings		**183**	176
Total depreciation and amortisation		**919**	685

(b) Seasonality of Operations

The majority of the group's revenue and profits for the financial year will be reflected in the results of the second half of the financial year.

3. Dividends Paid and Proposed

	2005 $'000	2004 $'000
(a) **Dividends proposed and recognised as a liability**		
Franked dividends	—	—
(b) **Dividends paid during the half-year**		
Previous year final		
Franked dividends	—	336
(2004: 1.5 cents per share)		
(c) **Dividends proposed and not recognised as a liability**		
Franked dividends	—	—

Consistent with the prior half-year an interim dividend for the year ending 31 December 2005 will not be paid.

Notes to the Half-Year Financial Statements

30 June 2005	Notes	CONSOLIDATED Jun-05 $'000	Dec-04 $'000
4. Contributed Equity			
(a) **Issued and paid up capital**			
Ordinary shares fully paid		**16,553**	16,351

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

	2005 Number of shares	2005 $'000	2004 Number of shares	2004 $'000
Beginning of the financial period	**26,681,187**	**16,351**	22,376,850	13,758
Issued during the period				
- dividend reinvestment scheme	—	—	172,823	110
- share purchase plan	—	—	3,121,653	1,832
- acquisition of I Spy business	—	—	1,009,861	651
- acquisition of Aldente business assets (i)	**320,136**	**202**	—	—
End of the financial period	**27,001,323**	**16,553**	26,681,187	16,351

(i) On 3 March 2005, 320,136 ordinary shares were issued at a value of $0.63 per share fully paid being part consideration for the acquisition of the Aldente Foods business assets. These shares rank equally with all other ordinary shares except for being subject to a voluntary restriction for a 12 month period, and merge with existing securities with the same ASX Code.

5. Segment Information

Business segments	Ginger Processing		Baking		Tourism		Eliminations		Consolidated	
	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000	2005 $'000	2004 $'000
Revenue										
Sales Revenue	**12,548**	12,175	**6,323**	—	**1,609**	1,531	**—**	—	**20,480**	13,706
Other Income	**261**	76	—	—	**140**	135	**—**	—	**401**	211
Intersegment	**285**	253	—	—	—	—	**(285)**	(253)	—	—
Total segment revenue	**13,094**	12,504	**6,323**	—	**1,749**	1,666	**(285)**	(253)	**20,881**	13,917
Results										
Segment result	**701**	(410)	**(34)**	—	**163**	286	**—**	—	**830**	(124)
Unallocated expenses									**(676)**	(382)
Consolidated result									**154**	(506)
Income tax credit									**54**	198
Outside Equity Interest									**10**	—
Profit after tax attributable to members									**218**	(308)

Notes to the Half-Year Financial Statements

5. Segment Information (continued)

Segment products and locations

The consolidated entity operates predominantly in the ginger processing industry, which comprises the production and sale of a variety of sugar processed, brined and dried products to both wholesale and retail operations throughout the world. The tourism operations comprise factory tours, the sale of ginger and other retail gift and food products within the Australian tourism market. The basis of intersegment pricing is market price less discounts which range between 5% to 10%. All corporate overheads are covered by the ginger processing segment.

6. Contingent Assets and Liabilities

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

7. Events After The Balance Sheet Date

Subsequent to the end of the half-year, the company has entered an agreement to resume the restaurant lease within the Company's tourist complex, The Ginger Factory. The transaction was completed on Monday 8 August 2005 and the restaurant, presently known as Ginger's of Yandina, will continue to operate in the short term but will be featured in a major overhaul of the complex's piazza/dining facilities during the second half of the year. The overhaul which will take in the restaurant, ice-creamery and associated piazza area will commence in late 2005 and will be staged to minimise disruption to visitors and impact on cashflow.

In an announcement to the market in August, directors foreshadowed that the Company will be initiating its Share Purchase Plan to provide funding for the tourism overhaul initiative as well as expansion activities at the Company's bakery operation when the Company announces its half year results in early September.

Also subsequent to the half-year, directors formally approved the formation of a joint venture with a US company, Pan Pacific Foods ('PPF') to assume the sales, marketing and distribution responsibilities for Buderim Ginger in the north and south America markets. The joint venture commenced operations on 1 July 2005. PPF is a San Francisco-based specialty food management business having ownership interests in the brands it represents including *MacFarms of Hawaii, Jeremiahs Fine Foods and Botanica Foods.* The 50/50 joint venture will allow the company's product range to be represented through the larger sales network of PPF while at the same time will provide the necessary in-market infrastructure to support the projected growth of our existing and potential customer base.

In the opinion of the directors, there were no other significant changes in the state of affairs of the economic entity that occurred during the financial period under review or in the period since, not otherwise disclosed in this report or the financial reports.

Directors' Declaration

In accordance with a resolution of the directors of Buderim Ginger Limited, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity:

(i) give a true and fair view of the financial position as at 30 June 2005 and of the performance for the half-year ended on that date of the consolidated entity; and

(ii) comply with Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and

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

On behalf of the Board

J.M. Ruscoe

Director

Yandina, 1 September 2005

Independent Review Report

Independent review report to the members of Buderim Ginger Limited is lodged separately.