EUMUNDI GROUP LIMITED ABN 30 010 947 476
Directors Report and Audited Financial Statements
30 June 2009

The Directors of Eumundi Group Limited present their report together with the Financial Report of Eumundi for the year ended 30 June 2009 and the Independent Auditor's Report thereon. The Financial Report of Eumundi comprises the Financial Report of Eumundi Group Limited and its controlled entities which together form the consolidated entity ("Eumundi").

Directors

The Directors of the company at all times during and since the end of the financial year ('"the Directors") are:

J M Ganim
G De Luca
V A Wills

2. Principal activities

During the year the principal continuing activities of Eumundi consisted of:

(a) the operation of the Ashmore Tavern;
(b) the holding of investment properties; and
(c) the management of commercial, industrial and retail property.

3. Dividends

No dividend was paid or declared by the company during or since the end of financial year ended 30 June 2009 (2008: $nil).

4. Review of operations

Comments on the operations and the results of those operations are set out below:

(a) Eumundi has delivered a net loss after tax of $4.228 million ($6.050 million loss before tax) for 2009 compared with $1.863 million profit after tax ($2.646 million profit before tax) for the corresponding period in 2008. The current year result includes fair value decrements on investment properties of $6.228 million and an impairment charge on assessment of management rights of $0.547 million. The prior year result included fair value increments on investment properties ($1.377 million) and proceeds attributable to recovery of costs associated with the abandoned Airlie Beach Lagoon Hotel project ($0.328 million).

(b) Revenues of $19.094 million represent an increase of $0.305 million in comparison to last year predominantly due to increased rental revenue from investment properties.

(c) Other income represents a decrease of $1.705 million over the prior reporting period with fair value increments on the investment properties ($1.377 million) and recovery of costs ($0.328 million) included in the prior year.

(d) Expenses for the year were $25.144 million as compared to $17.848 million for the corresponding period in 2008 with the increase due to fair value decrements on the investment properties ($6.228 million) and the impairment of intangible assets ($0.547 million) in the current years result.

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of Eumundi during the financial year.

6. Matters subsequent to the end of the financial year

As at 30 June 2009, the Group had current liabilities totalling $26,015,000 which included commercial bills of $23,686,000 which, at balance date, were due to expire on 31 January 2010. Since balance date, the Group has received confirmation from the bank that it will extend the term of the facilities to 31 August 2010.

There are no other matters or circumstances that have arisen since 30 June 2009 that have significantly affected, or may significantly affect, the consolidated entity's operations in future financial years, the results of those operations in future financial years or the consolidated entity's state of affairs in future financial years.

7. Likely developments and expected results of operations

Eumundi Group will continue to focus on improving existing assets and reducing debt levels, while continuing to search for appropriate investment opportunities that may exist in the current market where such investments will improve our asset portfolio.

In the opinion of the directors, any additional disclosure of information to that disclosed in the address and the financial statements or elsewhere in this report, would be likely to result in unreasonable prejudice to the Group.

8. Environmental regulation

The consolidated entity's operations are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

9. Information on directors

Joseph Michael Ganim – Non-executive chairman
Mr Ganim is a founding partner of Messrs Hopgood Ganim, Solicitors and Notary, a leading Brisbane law firm. He is also a Notary Public. He graduated from the University of Queensland with a Bachelor of Laws degree in 1970, and is a solicitor of the Supreme Court of Queensland and the High Court of Australia. Mr Ganim joined the board as a non-executive director in 1989. Mr Ganim is also a Director (since October 2002) and Audit Committee Chairman of Dark Blue Sea Limited, a company listed on ASX.

Special Responsibilities:
Chairman
Member of the Audit Committee

Gilbert De Luca – Non-executive director
Mr De Luca joined the board as a non-executive director in 1989. He is the principal of the De Luca Group of Companies and has a wide range of business experience in the property and construction fields overseeing the acquisition of investment and development properties by that group.

Special Responsibilities:
Member of the Audit Committee

Vernon Alan Wills – Non-executive director
Mr Wills is chairman of Operating Entities for Enhance Group which includes Enhance Management Pty Ltd, a leading market research firm, Enhance Corporate, a corporate advisory company; Enhance Capital, a private investment company; and Enhance Media & Communications. Currently Mr. Wills is also Chairman of the ASX listed company Dark Blue Sea Limited of which he has been a director since October 2002, Chairman of the Australian International Training and Management Group since February 2009, Director of GoTalk Ltd, Director of the Greg Norman Golf Foundation, Director of Careers Australia since January 2009, and was Deputy Chair of the Queensland Government's Major Sports Facilities Authority until his resignation in December 2007.

Special Responsibilities:
Chairman of the Audit Committee.

Except as noted above no director has been a director of another listed entity in the last 3 years.

Interests of directors

Names of Directors	*Ordinary Shares*	*Options*
J M Ganim	14,893,935	-
G De Luca	7,982,311	-
V A Wills	-	-

10. Information on company secretary

The company secretary at the end of the financial year was Ms Leni Stanley CA, B.Com. Ms Stanley holds similar positions with other companies and is currently a partner with a Chartered Accounting firm.

11. Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2009, and the numbers of meetings attended by each director were:

	Directors' Meetings		Audit Committee Meetings	
	Meetings held during the period whilst holding office	Meetings attended	Meetings held during the period whilst holding office	Meetings attended
J M Ganim	9	9	2	2
G De Luca	9	9	2	2
V A Wills	9	9	2	2

There were no other formally constituted committees of the Board during the financial year.

12. Remuneration report

The remuneration report is set out under the following main headings:

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation

A. Principles used to determine the nature and amount of remuneration

The policy for determining the nature and amount of remuneration of board members and senior executives is as follows:

Executives

The board remuneration policy is to ensure that remuneration packages properly reflect the person's duties, responsibilities and performance and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The current executive remuneration structure has two components; base pay and benefits such as superannuation and motor vehicle allowances. Currently no part of remuneration is linked to performance conditions. Upon retirement the executives are paid employee benefit entitlements accrued to date of retirement.

The remuneration policy for executives and other senior employees in terms of cost, market competitiveness and the linking of remuneration to the financial and operational performance of the company is continually reviewed.

Compensation in the form of cash bonuses is designed to reward key management personnel for meeting or exceeding financial and non-financial objectives. There are no fixed performance criteria. During the year the board assess the performance of individuals and where appropriate approve discretionary cash bonuses.

Non-executive directors

Fees and payments to non-executive directors reflect the financial status of the consolidated entity, and the demands that are made on, and the responsibilities of the Directors. Non-executive Directors' fees are reviewed annually by the Board and are set within the limits approved by shareholders. No retirement benefits are payable to non-executive Directors.

The Board seeks to set aggregate remuneration at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Non-executive Director remuneration is determined within the aggregate Directors' fee pool, which is periodically recommended for approval by shareholders. The latest determination was as an Annual General Meeting held on 24 November 2005 when shareholders approved an aggregate remuneration of $250,000 per annum. The actual amount paid during the financial year ended 30 June 2009 was $160,000 (2008: $160,000).

Relationship to Performance

There are no direct links between key management personnel remuneration and Group performance. Performance of the Group over the last five years is as follows:

	2005	2006	2007	2008	2009
Profit/(loss) after tax attributable to members ($'000)	2,595	4,211	2,427	1,860	(4,183)
Dividends paid ($'000)	-	-	-	-	-
Share price at end of year	17¢	22¢	31¢	22¢	8¢

During the 2008 year the company bought back 14,268,989 shares for $4,566,000 (32 cents per share).

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of each director of Eumundi Group Limited and each of the key management personnel of the company and the consolidated entity for the year ended 30 June 2009 are set out in the following tables.

	Short Term Employee Benefits			Post-employment Benefits	Termination benefits	Share Based Payments	Total
2009	Cash salary and fees	Cash Bonuses	Non-cash benefits	Super-annuation		Options	
	$	$	$	$	$	$	$
Directors							
J M Ganim (Chairman – Non-executive)	55,046	-	-	4,954	-	-	60,000
G De Luca (Non-executive)	45,872	-	-	4,128	-	-	50,000
V A Wills (Non-executive)	50,000	-	-	-	-	-	50,000
Total	**150,918**	**-**	**-**	**9,082**	**-**	**-**	**160,000**
Other Key Management Personnel							
M Peacock (2) (Chief Executive Officer)	46,591	-	-	4,100	-	-	50,691
I Thomson (1) (Chief Executive Officer	163,091	-	4,247	11,223	24,230	-	202,791
L Stanley (Company Secretary)	15,000	-	-	-	-	-	15,000
S Jacobi-Lee (Chief Financial Officer)	156,795	-	1,681	13,205	-	-	171,681
Total	**381,477**	**-**	**5,928**	**28,528**	**24,230**	**-**	**440,163**
2008							
Directors							
J M Ganim (Chairman – Non-executive)	55,046	-	-	4,954	-	-	60,000
G De Luca (Non-executive)	45,872	-	-	4,128	-	-	50,000
V A Wills (Non-executive)	50,000	-	-	-	-	-	50,000
Total	**150,918**	-	**-**	**9,082**	-	**-**	**160,000**
Other Key Management Personnel							
I Thomson (1) (Chief Executive Officer	181,193	-	4,767	16,307	-	-	202,267
L Stanley (Company Secretary)	15,000	-	-	-	-	-	15,000
S Jacobi-Lee (Chief Financial Officer)	150,993	-	-	13,590	-	-	164,583
Total	**347,186**	**-**	**4,767**	**29,897**	**-**	**-**	**381,850**

(1) I Thomson resigned as Chief Executive Officer on 13 March 2009
(2) M Peacock was appointed Chief Executive Officer on 13 March 2009

There were no other executives in the current or prior year.

C. Service agreements

M Peacock (Chief Executive Officer)
Mr Peacock receives a salary package of $200,000 pa inclusive of superannuation, and 1 months notice is required in the event of termination. Mr Peacock is engaged under a letter of appointment.

L Stanley (Company Secretary)
Ms Stanley is paid for company secretarial and accounting services through a partnership of which she is a member based on normal commercial terms and conditions. This agreement can be terminated by either party with 14 days notice.

S Jacobi-Lee (Chief Financial Officer)
Ms Jacobi-Lee receives a salary package of $170,000 pa inclusive of superannuation, and 1 months notice is required in the event of termination. Ms Jacobi-Lee is engaged under a letter of appointment.

D. Share-based compensation

There have been no share based payment benefits, vested or exercised, or granted as compensation during the year (2008: nil).

13. Shares under option

There are no unissued ordinary shares of Eumundi Group Limited under option at the date of this report.

14. Shares issued on exercise of options

No options have been exercised during the year and up to the date of this report.

15. Insurance of officers

During the financial year, Eumundi Group Limited paid a premium to insure the directors and secretary of the company and its Australian based controlled entities, and the executives of the consolidated entity. The policy prohibits disclosure of details of the cover and the amount of premium paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity, and any other payments arising from liabilities incurred by officers in connection with such proceedings, other than where such liabilities arise out of conduct involving a wilful breach of duty by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to insurance against legal costs and those relating to other liabilities.

16. Proceedings on behalf of the company

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

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

17. Non-audit services

The company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the company and/or the consolidated entity are important.

Details of the amounts paid or payable to the auditor (Johnston Rorke) for audit and non-audit services provided during the year are provided below.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	Consolidated	
	2009	**2008**
	$	**$**
Johnston Rorke (current auditor)		
Audit services	51,000	46,500
Due diligence services	-	11,300
Taxation compliance services	22,000	18,100
Total remuneration – Johnston Rorke	73,000	75,900

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is attached to this report.

18. Rounding of amounts

This company is a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

J M Ganim
Director

Dated at Brisbane this 25th day of September 2009.

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

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The Directors
Eumundi Group Limited
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Auditor's Independence Declaration

As lead engagement partner for the audit of the financial report of Eumundi Group Limited for the financial year ended 30 June 2009, I declare that, to the best of my knowledge and belief, there have been:

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

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

JOHNSTON RORKE
Chartered Accountants

K. A. HAIDUK
Partner

Brisbane, Queensland
25 September 2009

This statement and information identified therein is available on the Company's website at **www.eumundi-ltd.com.au** under the Company Policies and Charters section.

Introduction

The Board has embraced the principles and recommendations of the ASX Corporate Governance Council ('ASX Recommendations') and has corporate governance practices in keeping with today's shareholder expectations, but tailored to suit the Company given its size and scope of operations.

These practices, which are outlined in this Statement, have been in place for a number of years. To assist with adherence to the practices the Board has a Committee responsible for Auditing and Risk Management and has documented a number of policy statements and charters including:

- Board Charter
- Audit and Risk Committee Charter
- Code of Conduct
- Directors Ethics Policy.

These documents, together with other relevant information on corporate governance including the ASX Recommendations, have been made available on the Company's website: www.eumundi-ltd.com.au.

The Board is committed to a philosophy of prudent business management designed to create long-term shareholder wealth. They believe the establishment of, and adherence to, sound corporate governance practices can assist in this process although some areas of the ASX Recommendations are considered not necessarily appropriate for the Company at this time given its size and scope of operations.

In this Statement the Board outlines the practices it has introduced and how, and the extent to which, they follow the ASX Recommendations.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT
Companies should establish and disclose the respective roles of board and management.

Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

The Board has overall responsibility for the good governance of the Company and is accountable to shareholders for the Company's performance. The Board is responsible for:

- charting the direction, strategies and financial objectives for the Group and monitoring the implementation of those policies, strategies and financial objectives;
- monitoring compliance with regulatory compliance and ethical standards;
- ensuring the Group has documented policies in place with respect to corporate governance principles and best practice that are commensurate with its operations;
- appointing and reviewing the performance of the Chief Executive Officer; and
- appointing and reviewing the performance of material advisers or external managers.

In performing these responsibilities the Board acts at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them by the Constitution and by law.

In addition to the matters expressly required by law to be approved by the Board, powers specifically reserved for the Board are as follows:
- appointment of the Chief Executive Officer and determination of his or her employment terms and conditions (including remuneration);
- appointment of direct reports to the Chief Executive Officer;
- any matters in excess of discretions that may have, from time to time, been delegated to the Chief Executive Officer and material advisers or external managers in relation to credit transactions, market risk limits and expenditure; and
- approvals of each of the following:
  - The strategic plan at least annually;
  - The budget and strategic plan, at least annually;
  - The remuneration and conditions of service including financial incentives for any executive directors, at least annually;
  - Significant changes to organisational structure and the appointment of such senior officers as the board may determine;
  - The acquisition, establishment, disposal or cessation of any significant business or assets of the Group;
  - The issue of any shares, options, equity instruments or other securities in the Group;
  - Any public statements which reflect significant issues of the Group's policy or strategy;
  - Any changes to the discretions delegated from the Board; and
  - The terms of all significant agreements.

The Board has a specific responsibility to:
- Monitor and assess management's performance in achieving any strategies and budgets approved by the Board;
- Set criteria for, and evaluate at least annually, the performance of the Chief Executive Officer;
- Set criteria for, and evaluate at least annually, the performance of material advisers or external managers;
- Clarify the respective roles and responsibilities of Board members and management;
- Clarify the respective roles of board members and management; and
- Review on a regular and continuing basis:
  - Executive and succession planning (in particular for the Chief Executive Officer); and
  - Executive development activities.

Within this context a Board Charter has been established, detailing the philosophy, values and functions of the Board. This charter is published on the Company's website.

The Board recognises that in a small dynamic organisation like the Company with a very small Board and compressed management structure, the relationships among Directors, and particularly the relationship between the Board and the Chief Executive Officer, cannot be fully regulated in the interests of the Company's on-going performance. Compliance with this recommendation therefore must also be considered in the context of this structure lending itself to often daily contact between members of the Board and the Chief Executive Officer and between Board members themselves.

Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.

The Chairman undertakes an informal assessment of executive management from time to time. The Board's principal benchmark is the company's financial performance year-on-year and compared to similar organisations. For the Chief Executive Officer performance objectives are discussed in conjunction with successes and failures rather than taking place at specified assessment times.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE
Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Recommendation 2.1: A majority of the Board should be independent Directors.

In the 2009 year the Company did not comply fully with this recommendation. The Group is committed to having a Board whose members have the capacity to act independently of Management, and have the collective skills necessary to optimise the long-term financial performance of the Group.

The Group has developed criteria for determining the independence of it's Board members. A Director is considered to be independent if he or she:

- Is not a substantial securityholder of Eumundi Group Limited or of a company holding more than 5% of Eumundi's voting securities, or an officer of or directly or indirectly associated with a securityholder holding more than 5% of the Group's voting securities;
- Is not and has not within the last three years been an employee of the Group;
- Is not a principal of a material supplier or customer of the Group, or an officer of, or directly or indirectly associated with, a significant supplier or customer;
- Has no material contractual relationship with the Group or any of its associates other than as a Director of the Group; or
- Has no other interest or relationship that could interfere with the Directors ability to act in the best interests of the Group and independently of Management.

In this context, the Board considers that any Director-related business relationship that is or is likely in the future to be more than 10% of the Director-related business's revenue to be material. All Directors are required to act in the best interest of Eumundi at all times.

At the present time the Board is comprised of all Non-Executive Directors, one of whom is an Independent Director. For each Director, his qualifications, experience, special responsibilities, term in office and attendances at Board meetings are detailed in the Directors' Report. The Board believes it brings a wealth of relevant practical experience to the Company and they all have a significant vested interest in ensuring proper governance.

Other than their interest as significant Company shareholders, the other Board members would be regarded as independent. It is believed that this substantial shareholding actually provides Directors with a strong incentive to ensure that their judgement is not clouded in Board deliberations, as the outcome (indirectly) impacts on them as much as, or even more than most other shareholders.

With this and other circumstances in mind the Board distinguishes between the concept of independence and the issues of conflict of interest or material personal interests that may arise from time-to-time. Whenever there is an actual or potential conflict of interest or material personal interest, the Board's policies and procedures ensure that:

- the interest is fully disclosed and the disclosure is recorded; and
- the relevant Director is excluded from all considerations of the matter by the Board, unless the other Directors unanimously otherwise decide.

If considered warranted, the Board may resolve to obtain independent professional advice about the execution of Board responsibilities at the Company's expense. Where appropriate such advice is shared with the other Directors.

Given the specialised nature of the hotel and property/other investments industry, it is not easy for a Company of this size to find suitably qualified person(s) to appoint to the Board who comply fully with the independence test.

Recommendation 2.2: The Chairperson should be an independent director.

The Board considers that, at the present time, the Company's interests are best served by having Mr J.M. Ganim, as its Chairman. Mr Ganim has a substantial interest in the Company's shares but is not an executive of the Company and for the reasons outlined in *Recommendation 2.1* that shareholding may be seen as beneficial to the interests of all shareholders.

Ultimately shareholders will determine if the current mix of Directors and the position of Chairperson is unacceptable.

Recommendation 2.3: The roles of Chairperson and Chief Executive Officer should not be exercised by the same individual.

The Company complies with this recommendation. The Chief Executive Officer, Mr M Peacock, is not an Executive Director.

Recommendation 2.4: The Board should establish a nomination committee.

It is reasonable for a small size Board like the Company's to be accountable for their own appointments and reappointments. The full Board performs the functions of a nomination committee and regularly reviews Board membership. This includes an assessment of the necessary and desirable competencies of Directors, Board succession plans, evaluation of the Board's performance and consideration of appointments and removals. Whilst Directors are not appointed for specific terms, their periods in office are regularly reviewed.

When a Director vacancy occurs, the Board identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its committees and individual Directors.

The Chairman undertakes an informal review of individual Board member performance from time to time together with an assessment of external managers. The Board's principal benchmark is the Company's financial performance year-on-year and compared to similar organisations.

For the Board itself, a "whole of Board" informal evaluation process has been adopted.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING
Companies should actively promote ethical and responsible decision-making.

Recommendation 3.1: Establish a code of conduct to guide the Directors, the Chief Executive Officer (or equivalent), the Chief Financial Officer (or equivalent) and any other key executives as to:
The practices necessary to maintain confidence in the Company's integrity;
3.1.1 The practices necessary to maintain confidence in the Company's integrity;
3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

The Board supports the requirement for Directors and employees to observe the high standards of behaviour and business ethics that already exist in the Company through practices and policies ingrained over time. All Directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the Company.

The Company has a formal Corporate Ethics Policy for Directors, setting out the obligations of the Board in relation to trading in the Company's shares, continuous disclosure, fiduciary duties, related party transactions, integrity of accounts and risk management. The Code of Conduct addresses trading in the Company's shares as well as other ethical issues and responsibilities and whereby this covers Directors, all employees and significant external managers.

Employees are encouraged and participate in appropriate training programs covering such areas as workplace health and safety and programs peculiar to the Company's activities. The Code of Conduct is made available to all employees and is permanently on display in each workplace.

The Corporate Ethics Policy for Directors and the Code of Conduct are available on the Company's website.

Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives, and employees, and disclose that policy or a summary of that policy.

The Board has written guidelines, set out in the Corporate Ethics Policy and Code of Conduct that restrict dealings by all Directors and employees in the Company's shares and provides an understanding of insider trading and issues relative to price-sensitive information.

The Company's policy regarding dealings by Directors and employees in the Company's shares is that they should never engage in short term trading. They should not enter into transactions when they are in possession of price sensitive information not yet released by the Company to the market, or a period of twenty-one (21) days prior to release by the Company of half yearly and annual reports, or such shorter period as may be approved of by the Board. Other periods when Directors and employees cannot trade in shares include the period two (2) business days after the release of half yearly and annual reports to the market and three (3) business days after the release of price sensitive information.

These guidelines, contained in the Corporate Ethics Policy and Code of Conduct, are published on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING
Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Recommendation 4.1: The Board should establish an Audit Committee.

The Company has an Audit and Risk Management Committee and the number of meetings of the Committee held during the 2009 year is set out in the Directors' Report.

Recommendation 4.2: Structure the Audit Committee so that it:
- *consists only of non-executive Directors;*
- *consists of a majority of independent Directors;*
- *is chaired by an independent chair, who is not chair of the Board; and*
- *has at least three members.*

In 2009 the Committee comprised Mr. V.A. Wills (Chairman), Mr. J.M. Ganim and Mr G. De Luca. Audit Committee meetings are attended, by invitation, by the engagement partner (or their nominee) from the Company's external Auditor and such other senior staff or professional people as may be appropriate from time to time.

Recommendation 4.3: The Audit Committee should have a formal Charter.

The Committee operates under formal terms of reference (Charter) approved by the Board, which is reviewed annually. The Board Charter encompasses the role and responsibilities relating to audit matters along the lines set out in the ASX Guidelines.

The external Auditor, Johnston Rorke, has declared its independence to the Board and has confirmed that the Audit partner will be rotated in accordance with the Corporations Act and relevant independence requirements. The Committee has examined material provided by the external Auditor and is satisfied that the standards for auditor independence and associated issues are complied with.

On account of the small size of the Board this Charter also extends to risk management and compliance. The Audit and Risk Management Committee Charter is available on the Company's website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE
Companies should promote timely and balanced disclosure of all material matters concerning the Company.

Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

The Company has a written disclosure policy contained within the Directors' Corporate Ethics Policy titled the Company's Obligation of Disclosure that complies with the recommendation. This policy ensures that the Company complies not only with its obligations at law and under the ASX Listing Rules, but with best practice as it has evolved in recent years.

The Company Secretary has been designated as the person responsible for communications with the ASX including to ensure compliance with the continuous disclosure requirements in the Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. All key announcements are vetted by the Company's legal advisors prior to announcement. All announcements are transmitted to the Board and the external Auditor's designated audit partner upon release. The matter of continuous disclosure is a permanent item on the agenda for all Board meetings.

Authority to speak about the Company's affairs to the media, brokers, analysts or investors is restricted to the Chairman and Chief Executive Officer.

All Directors have obligations outlined in the Directors' Corporate Ethics Policy to keep the Company promptly informed of any personal or related interests in securities trading and contracts relevant to securities. The Company, in turn, promptly reports such trading to the ASX.

All announcements made to the ASX by the Company are also published on the Company's website.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS
Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

A Board approved general communications strategy has been designed and implemented to not only comply with the ASX Guidelines, but to generate and foster a long-term close association with shareholders and investors.

The Company aims to keep shareholders informed of the Company's performance and all major developments in an ongoing manner. Information is communicated to shareholders through:

- the Annual Report which is distributed to all shareholders (unless specifically requested otherwise);
- other correspondence regarding matters impacting on shareholders as required; and
- for matters of importance attempts at direct contact being made with majority shareholders by telephone.

All documents that are released publicly are made available on the Company's website. A notice inviting shareholders to use this website has been circulated with the Annual Report since the 2002 year.

Shareholders are also encouraged to participate in the Annual General Meeting to ensure a high level of accountability and identification with the Company's strategies and goals.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK
Companies should establish a sound system of risk oversight and management and internal control.

Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

The Company places a high priority on risk management and identification throughout the Group's operations and regularly reviews its adequacy. A risk control program has been developed which includes legislative compliance. On account of the small size of the Board the functions of Audit Committee and Risk Management Committee are combined and operate under the same Audit and Risk Management Committee Charter.

Recommendation 7.2: The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and to report to it on whether those risks are being managed effectively.

The Company adopts a rigorous approach to understanding and proactively managing the risks Eumundi faces in its business. Eumundi recognises taking business decisions which entail calculated risks and managing these risks within sensible tolerances is fundamental to creating long term value for securityholders and meeting commitments to Eumundi's employees, tenants, customers, business partners, consultants and the communities in which it does business.

The Company's system of risk management is integrated with its day-to-day business processes and functional responsibilities. Management is responsible for the design and implementation of the risk management framework and for adapting it to changes in the business and the external environment in which Eumundi operates. Business units are responsible for integrating the risk management framework within their business processes and systems.

The Board is responsible for satisfying itself that Management has in place a sound system for the management and internal control of material business risks. The Board is assisted in this function by the Audit and Risk Committee. The ongoing monitoring of risks is by Executive Management is achieved through regular reports and briefings from the Business Units. Material risks to forecast and budget are incorporated into these reports and highlight issues that may either require immediate attention or have the potential to cause material negative impacts.

Recommendation 7.3: The Board should disclose whether it has received assurance from the Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management & internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.

This is a standing Board requirement and such written confirmations have been received.

The Board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective system will preclude the possibility of errors, mistakes and irregularities.

For these reasons, and in view of its size, the Company relies on its management, under the control of the Board, to perform internal audit functions. This is done in regular consultation with, but independent of, the external Auditor. The Chief Executive Officer attends all Board meetings and meetings of the Audit and Risk Management Committee and provides appropriate reports.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY
Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is clear.

Recommendation 8.1: The Board should establish a Remuneration Committee.

Given the size of the Company and the number of Directors on the Board, it is not practical to establish a separate Remuneration Committee. It is reasonable that the Board be accountable for setting their own remuneration and that of senior executives where the above formal remuneration policy is available to shareholders.

Recommendation 8.2: Companies should clearly distinguish the structure of non-executive Directors' remuneration from that of executive directors and senior executives.

The Board comprises entirely of non-executive Directors whose remuneration is set out in the relevant section of the Annual Report. Details of the nature and amount of each element of the remuneration of each Director of the Company and the key management personnel of the Company are disclosed in the relevant section of the Annual Report. As outlined in the remuneration policy there is no retirement benefit scheme for Directors other than payment of statutory superannuation.

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Revenue	5	19,094	18,789	-	776
Other income	6	-	1,705	-	-
Expenses					
Purchase of inventories		(8,011)	(7,190)	-	-
Change in inventories		285	(482)	-	-
Employee benefits expense		(3,092)	(2,517)	-	-
Depreciation and amortisation		(610)	(586)	-	-
Impairment charge	20	(547)	-	-	-
Insurance		(81)	(66)	-	-
Operating lease rentals		(297)	(272)	-	-
Rates and taxes		(84)	(82)	-	-
Outgoings – investment properties		(770)	(845)	-	-
Net loss on fair value adjustment - investment properties	18	(6,228)	-	-	-
Provision for non-recovery of intercompany receivables	14	-	-	(2,775)	-
Management fee		-	(91)	-	-
Gaming machine tax		(1,532)	(1,543)	-	-
Finance costs		(2,438)	(2,566)	(267)	(151)
Other expenses		(1,739)	(1,608)	-	-
Total expenses	7	(25,144)	(17,848)	(3,042)	(151)
Profit / (loss) before income tax		(6,050)	2,646	(3,042)	625
Income tax (expense)/benefit	8	1,822	(783)	80	45
Profit / (loss) for the year		(4,228)	1,863	(2,962)	670
Profit / (loss) is attributable to:					
Equity holders of Eumundi Group Limited		(4,183)	1,860	(2,962)	670
Minority interest		(45)	3	-	-
		(4,228)	1,863	(2,962)	670

Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:		**Cents**	**Cents**
Basic earnings per share	38	(5.89)	2.33
Diluted earnings per share	38	(5.89)	2.33

The above income statements are to be read in conjunction with the attached notes.

Balance Sheets
As at 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	1,259	1,256	-	-
Trade and other receivables	10	441	406	-	-
Inventories	11	1,295	1,580	-	-
Available-for-sale financial assets	12	239	101	-	-
Current tax asset		39	-	29	-
Other assets	13	207	110	-	-
TOTAL CURRENT ASSETS		3,480	3,453	29	-
NON-CURRENT ASSETS					
Other receivables	14	271	397	9,069	11,945
Available-for-sale financial assets	15	108	207	-	-
Other financial assets	16	-	-	5,917	5,917
Property, plant and equipment	17	10,200	12,292*	-	-
Investment properties	18	47,585	48,253	-	-
Deferred tax assets	19	-	-	714	714
Intangible assets	20	4,113	5,382*	-	-
TOTAL NON-CURRENT ASSETS		62,277	66,531	15,700	18,576
TOTAL ASSETS		65,757	69,984	15,729	18,576
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	21	2,044	1,875	-	-
Borrowings	22	23,686	600	4,310	233
Current tax liabilities		-	54	-	6
Provisions	23	285	262	-	-
TOTAL CURRENT LIABILITIES		26,015	2,791	4,310	239
NON-CURRENT LIABILITIES					
Borrowings	24	17,347	36,016	-	3,956
Deferred tax liabilities	25	2,362	5,040	-	-
Provisions	26	7	6	-	-
TOTAL NON-CURRENT LIABILITIES		19,716	41,062	-	3,956
TOTAL LIABILITIES		45,731	43,853	4,310	4,195
NET ASSETS		20,026	26,131	11,419	14,381
EQUITY					
Contributed equity	27	8,695	8,695	8,695	8,695
Reserves	28(a)	6,171	8,048	-	-
Retained profits	28(b)	5,059	9,242	2,724	5,686
Parent entity interest		19,925	25,985	11,419	14,381
Minority interest		101	146	-	-
TOTAL EQUITY		20,026	26,131	11,419	14,381

* The 2008 comparatives have been represented in 2009 to reclassify the Gaming Licences from Property, plant and equipment to Intangible assets.

The above balance sheets are to be read in conjunction with the attached notes.

Statements of Changes in Equity
For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Total equity at the beginning of the financial year		26,131	27,279	14,381	18,029
Changes in the fair value of available-for-sale financial assets, net of tax	28(a)	28	(306)	-	-
Gain/(loss) on revaluation of land and buildings, net of tax	28(a)	(1,905)	1,470	-	-
Net income / (loss) recognised directly in equity		(1,877)	1,164	-	-
Profit / (loss) for the year		(4,228)	1,863	(2,962)	670
Total recognised income and expense for the year		(6,105)	3,027	(2,962)	670
Issue of shares on acquisition of subsidiary	27	-	287	-	287
Acquisition of shares pursuant to approved selective share buy-back (including acquisition costs)	27	-	(4,605)	-	(4,605)
Net change in issued capital		-	(4,318)	-	(4,318)
Minority interest on acquisition of subsidiary		-	143	-	-
Total equity at the end of the financial year		20,026	26,131	11,419	14,381
Total recognised income and expense for the year is attributable to:					
Members of Eumundi Group Limited		(6,060)	3,024	(2,962)	670
Minority interest		(45)	3	-	-
		(6,105)	3,027	(2,962)	670

The above statements of changes in equity are to be read in conjunction with the attached notes.

Cash Flow Statements

For the year ended 30 June 2009

	Notes	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		21,177	20,521	-	-
Payments to suppliers and employees		(17,734)	(16,931)	-	-
Interest received		53	85	-	-
Finance costs		(2,170)	(2,590)	(240)	(195)
Income tax paid		(145)	(145)	(35)	(81)
Receipts from other debtors		150	150	-	-
Other receipts		-	328	-	-
Net cash inflows/(outflows) from operating activities	36	1,331	1,418	(275)	(276)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for investment properties		(5,239)	(1,889)	-	-
Payments for property, plant & equipment		(239)	(379)	-	-
Payment for acquisition of subsidiary, net of cash acquired	34	-	(936)	-	(1,043)
Repayment of loans to controlled entities		-	-	179	1,708
Net cash inflows/(outflows) from investing activities		(5,478)	(3,204)	179	665
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		5,350	7,440	-	4,566
Repayment of borrowings		(1,200)	(2,250)	-	(566)
Loan from controlled entity		-	-	139	250
Repayment of loan from controlled entity		-	-	(43)	(17)
Payment for share buy-back		-	(4,566)	-	(4,566)
Share buy-back transaction costs		-	(56)	-	(56)
Net cash inflows/(outflows) from financing activities		4,150	568	96	(389)
Net increase/(decrease) in cash and cash equivalents		3	(1,218)	-	-
Cash and cash equivalents at beginning of year		1,256	2,474	-	-
Cash and cash equivalents at end of year	9	1,259	1,256	-	-

The above cash flow statements are to be read in conjunction with the attached notes.

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Eumundi Group Limited as an individual entity and the consolidated entity consisting of Eumundi Group Limited and its subsidiaries.

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001.*

Compliance with IFRSs
Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRSs). Compliance with AIFRSs ensures that the financial statements and notes of Eumundi Group Limited comply with the International Financial Reporting Standards (IFRSs).

Historical cost convention
These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eumundi Group Limited ("company" or "parent entity") as at 30 June 2009 and the results of all subsidiaries for the year then ended. Eumundi Group Limited and its subsidiaries together are referred to in the financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Investments in subsidiaries are accounted for at cost in the individual financial statements of Eumundi Group Limited.

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

1. Summary of Significant Accounting Policies (continued)

(d) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Eumundi Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, and amounts collected on behalf of third parties.

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

Revenue from gaming machines is recognised on the basis of daily takings.

Revenue from management services is recognised as the services are performed.

Interest revenue is recognised as the interest accrues (using the effective interest rate method).

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

1. Summary of Significant Accounting Policies (continued)

(f) Income Tax (continued)

Tax consolidation legislation
Eumundi Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Eumundi Group Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, Eumundi Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 8.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contributions to (or distributions from) wholly-owned tax consolidated entities.

(g) Leases as lessee

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in liabilities. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the estimated useful life of the asset. Where there is no reasonable certainty that the lessee will obtain ownership, the asset is depreciated over the shorter of the lease term and the asset's useful life.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the lease term.

(h) Business Combinations

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

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

1. Summary of Significant Accounting Policies (continued)

(i) Impairment of Assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows from other assets or groups of assets (cash generating units). Assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(j) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade and other receivables, excluding the amounts owing by Foster's Group Limited and subsidiaries, are due for settlement no more than 30 days from the date of recognition.

Collectibility of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the income statement.

(l) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase after deducting trade discounts, rebates, and other similar items. Costs are assigned to individual items of inventory on the basis of weighted average costs. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

(m) Investments and Other Financial Assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

The Group holds no financial assets at fair value through profit or loss.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets.

(ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

1. Summary of Significant Accounting Policies (continued)

(m) Investments and Other Financial Assets (continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the income statement in the period in which they arise. Gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in equity in the available-for-sale assets revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investment securities.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognised in profit and loss is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available-for-sale are not reversed through the income statement.

(n) Fair Value Estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

1. Summary of Significant Accounting Policies (continued)

(o) Property, Plant and Equipment

Land and buildings (except for investment properties – refer to note 1(p)) are shown at fair value, based upon periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited, net of tax, to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in profit and loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to that asset; all other decreases are charged to the income statement.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

The depreciation rates used for each class of depreciable asset are:

Buildings	2.5%
Plant and equipment	11-40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 1(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in revaluation reserves in respect of those assets to retained earnings.

p) Investment Property

Investment property, principally comprising freehold retail buildings, is held for long-term rental yields and is not occupied by the Group. Investment property is carried at fair value, representing open-market value determined by external valuers or an internal valuation process. Changes in fair value are recorded in the income statement as part of other income or as a separate expense (as appropriate).

1. Summary of Significant Accounting Policies (continued)

(q) Intangible Assets

(i) *Hotel Licences*
Licences have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight line method to allocate the cost of licences over their estimated useful lives of 50 years.

(ii) *Management rights*
Management rights were acquired as part of a business combination. They are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the expected average period that the underlying contracts are expected to be retained which is currently 8 years.

(iii) *Gaming Licences*
Gaming machine licences are considered intangibles in accordance with AASB 138 Intangibles and brought to account at fair value at each reporting date. In determining fair value, consideration is given to the existence of an active market and the values at which the licences have been traded at or around the reporting date. Where an active market ceases to exist, the licences are carried at the most recent revalued amount and assessed for impairment. The revaluation of the licences at each reporting date is recognised by way of an asset revaluation reserve. Reversals of previous revaluations are recorded against that asset revaluation reserve or to the extent such reserve is exhausted, by way of the income statement. The licences are considered to have an indefinite life and accordingly are not amortised. The gain or loss brought to account on sale of revalued licences will represent the difference between the proceeds on disposal and the revalued carrying amount.

(r) Trade and Other Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost.

These amounts represent liabilities for goods and services provided to the Group prior to the end of the year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(s) Employee Benefits

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

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

(ii) Long service leave

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

(iii) Superannuation

The Group makes contributions to defined contribution superannuation funds. Contributions are recognised as an expense as they become payable.

1. Summary of Significant Accounting Policies (continued)

(iv) Share-based payments

Share-based compensation benefits are provided to employees from time to time.

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance and service criteria). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

(t) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(u) Contributed Equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity re-acquires its own equity instruments, for example as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled . No gain or loss is recognised in the profit or loss for the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised in equity.

(v) Earnings Per Share

(i) Basic earnings per share
Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders of the company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the period, adjusted for bonus elements in ordinary shares issued during the period.

(ii) Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

(w) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the year but not distributed at balance date.

(x) Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

1. Summary of Significant Accounting Policies (continued)

(y) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority, are presented as operating cash flows.

(z) Rounding of Amounts

The company is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

1. Summary of Significant Accounting Policies (continued)

(aa) New Accounting Standards and Interpretations

Australian Accounting Standards that have recently been issued or amended but are not yet effective and have not been adopted for the annual reporting period ended 30 June 2009, are as follows:

Standard / Interpretation	Application date of standard*	Application date for the group*
AASB 3 *Business Combinations – revised* and consequential amendments to other accounting standards resulting from its issue	1 July 2009	1 July 2009
AASB 8 *Operating Segments* and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 101 *Presentation of Financial Statements – revised* and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 123 *Borrowing Costs – revised* and consequential amendments to other accounting standards resulting from its issue	1 January 2009	1 July 2009
AASB 127 *Consolidated and Separate Financial Statements – revised* and consequential amendments to other accounting standards resulting from its issue	1 July 2009	1 July 2009
AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations*	1 January 2009	1 July 2009
AASB 2008-2 *Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation*	1 January 2009	1 July 2009
AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project n*	1 January 2009	1 July 2009
AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 July 2009	1 July 2009
AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*	1 January 2009	1 July 2009
AASB 2008-8 *Amendments to Australian Accounting Standards – Eligible Hedged Items*	1 July 2009	1 July 2009
AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments*	1 January 2009	1 July 2009
AASB 2009-4 *Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 July 2009	1 July 2009
AASB 2009-5 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*	1 January 2010	1 July 2010
AASB 2009-8 *Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions*	1 January 2010	1 July 2010
Interpretation 15 *Agreements for Construction of Real Estate*	1 January 2009	1 July 2009
Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*	1 October 2008	1 July 2009
Interpretation 17 *Distributions of Non-cash Assets to Owners*	1 July 2009	1 July 2009
Interpretation 18 *Transfer of Assets from Customers*	1 July 2009	1 July 2009

* Application date is for annual reporting periods beginning on or after the date shown in the above table.

1. Summary of Significant Accounting Policies (continued)

The directors anticipate that the adoption of these standards and interpretations in future periods may have the following impacts:

- *AASB 3* - The revised AASB 3 applies prospectively for all business combinations after it becomes effective. It introduces a number of changes which may have a significant impact on accounting for future business combinations. For example, it allows a choice for measuring a non-controlling interest (minority interest) in an acquiree – either at fair value or at the proportionate share of the acquiree's net identifiable assets. It also requires acquisition related costs to be accounted for separately from the business combination – which will usually mean they will be expensed. The directors have not yet assessed the impact the revised standard will have in future periods.
- *AASB 8* - AASB 8 may impact segment disclosures. It is not expected to impact the amounts included in the financial statements except that it may impact the level at which goodwill, if any, is tested for impairment.
- *AASB 101* - The revised AASB 101 is only expected to effect the presentation and disclosure of the financial report. It is not expected to effect recognition and measurement accounting policies.
- *AASB 123* - The revised AASB 123 requires that borrowing costs associated with qualifying assets be capitalised. The directors do not expect the revised standard will have a material impact as the Group.
- *AASB 127* - The revised AASB 127 introduces a number of changes, including requiring that changes in an ownership interest in a subsidiary that do not result in a loss of control be accounted for as equity transactions. Another change will result in net income being attributed to the parent and the non-controlling interests even if this results in the non-controlling interests having a deficit balance. The directors have not yet assessed the impact the revised standard will have in future periods.
- *AASB 2008-1* - AASB 2008-1 introduces a number of amendments in accounting for share-based payments, including clarifying that vesting conditions comprise service conditions and performance conditions only. The Group may enter into share-based payment arrangements that could be impacted by these amendments. However, the directors have not yet assessed the impact, if any.
- *AASB 2008-2* - AASB 2008-2 introduces amendments that allow an entity that issues certain puttable financial instruments to classify them as equity rather than financial liabilities. This amendment is not expected to have any impact on the financial report.
- *AASB 2008-5 and AASB 2008-6* - These amendments introduce various changes to IFRSs. The directors have not yet assessed the impact of the amendments, if any.
- *AASB 2008-7* – AASB 2008-7 introduces amendments that result in all dividends from a subsidiary, jointly controlled entity or associate being recognised in the separate financial statements of an investor as income.
- *AASB 2008-8* – AASB 2008-8 introduces amendments to clarify how the principles that determine whether a hedged risk or portion of cash flows is eligible for designation as a hedged item, should be applied in particular situations. As the Group does not apply hedge accounting, these amendments are not expected to have an impact on the financial report.
- *AASB 2009*-2 – AASB 2009-2 amends AASB 7 to require enhanced disclosure about fair value measurements and liquidity risk. The amendment is only expected to affect disclosure in the financial report in future periods.
- *AASB 2009-4 and AASB 2009-5* – AASB 2009-4 and AASB 2009-5 introduce various changes to IFRS's. The Directors have not yet assessed the impact of the amendments, if any.
- *AASB 2009-8* - AASB 2009-8 introduces amendments to incorporate the requirements previously included in Interpretation 8 and Interpretation 11. The amendments require an entity that receives goods and services in a share-based payment arrangement to account for those goods or services no matter which entity in the Group settles the transaction, and no matter whether the transaction is settled in shares or cash. The Directors have not yet considered the impact of the amendments, if any.
- *Interpretation 15* - This interpretation deals with accounting by real estate developers providing construction services. As the Group does not provide such services, the interpretation is not expected to have an impact on the financial report.
- *Interpretation 16* - This interpretation provides guidance on accounting for the hedge of a net investment in a foreign operation in an entity's consolidated financial statements. The Group does not have any investments in foreign operations and therefore the interpretation is not expected to have an impact on the financial report.
- *Interpretation 17* - This interpretation provides guidance on how an entity should measure distributions of assets other than cash when it pays dividends to owners, except for common control transactions. The Group does not make no distributions of assets and therefore the interpretation is not expected to have an impact on the financial report.
- *Interpretation 18* - This interpretation applies to agreements in which an entity receives from a customer an item of property, plant and equipment (or cash to construct or acquire it) that the entity must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both. The Group does enter into such agreements and therefore the interpretation is not expected to have an impact on the financial report.

1. Summary of Significant Accounting Policies (continued)

(ab) General

This financial report covers both Eumundi Group Limited as an individual entity (parent entity) and the consolidated entity consisting of Eumundi Group Limited and its controlled entities.
Eumundi Group Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal places of business are:
Principal places of business:

- Ashmore Tavern, Cnr of Cotlew St and Currumburra Rd, Ashmore Qld 4214
- Unit 3B Logan Court, 2092 Logan Rd, Upper Mt Gravatt Qld 4122
- Level 15, 10 Market Street, Brisbane Qld 4000

Registered office:

- Level 8, 1 Eagle Street, Brisbane Qld 4000

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including price risk, currency risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

Risk management is carried out by management under policies approved by the board of directors. The board provides principles for overall risk management as well as policies covering specific areas such as mitigating interest rate and credit risks and investing excess liquidity.

The Group and the parent entity hold the following financial instruments:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Financial assets				
Cash and cash equivalents*	1,259	1,256	-	-
Trade and other receivables*	712	803	9,069	11,945
Available-for-sale financial assets	347	308	-	-
	2,318	2,367	9,069	11,945
Financial liabilities				
Trade and other payables**	2,044	1,875	-	-
Borrowings**	41,033	36,616	4,310	4,189
	43,077	38,491	4,310	4,189

*Loans and receivables category
** Financial liabilities at amortised cost category

Refer to note 24(a) for information on assets pledged as security by the parent entity and its controlled entities.

(a) Market risk

Currency risk
The Group and parent entity have no exposure to currency risk.

Price risk
The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. The price risk for listed and unlisted securities is immaterial in terms of the possible impact on profit or loss or total equity. The Group is not exposed to commodity price risk.

Interest rate risk
The Group's and parent entity's interest rate risk primarily arises from long term borrowings. Borrowings issued at variable rates expose the Group and parent entity to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group maintains a mix of both fixed and variable borrowings to limit exposure. No hedging instruments are used.

The Group manages its exposure to interest rate risks through a formal set of policies and procedures approved by the board. The Group does not engage in any significant transactions which are speculative in nature.

2. Financial Risk Management (continued)

(a) Market risk (continued)

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

	30 June 2009		30 June 2008	
	Weighted average interest rate	**Balance $'000**	**Weighted average interest rate**	**Balance $'000**
Bills Payable	4.06%	41,033	8.55%	23,410

As at the reporting date, the parent entity had the following variable rate borrowings outstanding:

	30 June 2009		30 June 2008	
	Weighted average interest rate	**Balance $'000**	**Weighted average interest rate**	**Balance $'000**
Bills Payable	4.15%	3,981	8.60%	3,956

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions and alternative financing. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for the liabilities that represent the major interest bearing positions.

Group sensitivity
At 30 June 2009, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been $280,000 lower/higher (2008 – change of 80 bps: $117,000 lower/ higher), mainly as a result of a change in interest expense from borrowings.

Parent entity sensitivity
At 30 June 2009, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been $27,000 lower/higher (2008 – change of 80 bps: $22,000 lower/ higher), mainly as a result of a change in interest expense from borrowings.

(b) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks as well as credit exposures to receivables. The maximum credit risk exposure is represented by the carrying amount of assets in the balance sheet, net of any provisions for losses.

The Group extends credit only to recognised, creditworthy third parties. In addition, receivables balances are monitored on a continual basis. The Group's exposure to bad debts is not significant.

The Group had no significant concentrations of credit risk from any single debtor or group of debtors at balance date with the exception of an amount of $421,000 (2008: $547,000) included in other receivables disclosed in notes 10 and 14.

Creditworthiness of potential tenants is established through the review of applicants credit history and financial position. Security in the form of deposits, bank guarantees and third party guarantees is obtained which can be called upon if the counterparty is in default under the terms of the lease agreement.

The parent entity's exposure includes financial guarantees provided to third parties in respect of subsidiaries liabilities. Refer note 24.

At balance date cash and deposits were held with the National Australia Bank.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group aims to maintain flexibility in funding through the use of bank overdrafts, commercial bill facilities, and finance leases.

As at 30 June 2009, 57.7% of the Group's debt will be payable in the next 12 months (2008: 1.6%). The Group is involved in negotiations with its lender to extend the term of the commercial bill facilities totalling $24,815,000 (drawn at $23,750,000 face value as at 30 June 2009), which includes a $4,000,000 commercial bill facility held by the parent (fully drawn face value as at 30 June 2009). The commercial bill facilities are due to expire on 31 January 2010. The Group has received an offer from the bank to extend the facilities to 31 August 2010 subject to documentation.

Maturity of financial liabilities
The tables below analyse the Group's and the parent entity's financial liabilities into relevant maturity groupings based upon the remaining period at reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Cash flows are managed on a daily basis to ensure adequate funds are available to pay liabilities as they come due while minimising the use of credit facilities.

2. Financial Risk Management (continued)

(c) Liquidity risk (continued)

Group – At 30 June 2009	Less than 6 months $'000s	6-12 months $'000s	Between 1-2 years $'000s	Between 2-5 years $'000s	Over 5 years $'000s	Total contractual cash flows $'000s	Carrying amount $'000s
Trade and other payables	2,044	-	-	-	-	2,044	2,044
Commercial bills	836	24,182	703	18,162	-	43,883	41,033
Total	2,880	24,182	703	18,162	-	45,927	43,077

Group – At 30 June 2008	Less than 6 months $'000s	6-12 months $'000s	Between 1-2 years $'000s	Between 2-5 years $'000s	Over 5 years $'000s	Total contractual cash flows $'000s	Carrying amount $'000s
Accounts payable	1,875	-	-	-	-	1,875	1,875
Commercial bills	1,861	1,704	23,843	17,539	-	44,947	36,616
Total	3,736	1,704	23,843	17,539	-	46,822	38,491

Parent – At 30 June 2009	Less than 6 months $'000s	6-12 months $'000s	Between 1-2 years $'000s	Between 2-5 years $'000s	Over 5 years $'000s	Total contractual cash flows $'000s	Carrying amount $'000s
Loan from subsidiary	329	-	-	-	-	329	329
Commercial bills	83	4,014	-	-	-	4,097	3,981
Total	412	4,014	-	-	-	4,426	4,310

Parent – At 30 June 2008	Less than 6 months $'000s	6-12 months $'000s	Between 1-2 years $'000s	Between 2-5 years $'000s	Over 5 years $'000s	Total contractual cash flows $'000s	Carrying amount $'000s
Loan from subsidiary	233	-	-	-	-	233	233
Commercial bills	172	172	4,201	-	-	4,545	3,956
Total non-derivatives	405	172	4,201	-	-	4,778	4,189

(d) Fair Value estimation

The carrying value of financial assets and liabilities approximates fair value. The fair value of financial instruments traded in active markets (such as available-for-sale securities) is based on quoted market values at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (such as investments in unlisted companies) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The carrying value less impairment provision of trade receivables and payables are expected to approximate their fair value due to their short term nature. Long term financial liabilities are subject to variable interest rates or fixed interest rates for a short term.

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual related results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the Group within the next financial year are discussed below.

The Group has investment properties with a carrying amount of $47,585,000 (2008: $48,253,000), land and buildings (included in property, plant & equipment) with a carrying amount of $9,475,000 (2008: $11,500,000) and Gaming Licences (included in intangible assets) with a carrying amount of $3,035,000 (2008: $3,500,000) representing estimated fair value. These carrying amounts are based upon either independent valuations or on directors' valuations. Certain key assumptions in the directors' valuations are supported by external opinions as at 30 June 2009.

The fair value is the price at which the property could be exchanged between knowledgeable willing parties, in an arms length transaction. A "willing seller" is not a forced seller prepared to sell at any price. Best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

In determining the fair value of investment properties the capitalisation rate of net market income method and discounting of future cash flows to their present value has been used. These approaches require assumptions and judgement in relation to the future receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. If such prices are not available then the fair market of investment properties is determined using assumptions that are mainly based on market conditions existing at each balance date. These assumptions include:

- weighted average capitalisation rates of 8.23% (2008: 7.38%).
- lease vacancy rates based upon gross leased area of 13.52% (2008: 11.28%).
- weighted average lease term based upon gross leased area of 6.79 years (2008: 7.18 years).

The fair value of land and buildings has been determined as part of the overall assessment of the value of the Tavern operation as a going concern using a capitalisation of estimated maintainable earnings (using a yield of 11.76% (2008: 10.25%)) in conjunction with recent market sales.

The fair value of Gaming Licences have been determined using the most recent sales prices published by the relevant gaming authority at each reporting date, taking into account any commissions payable.

4. Segment Information

(a) Description of segments

Business segments

The Group operates predominantly in the following business segments:
Hotel operations - Operations comprise the operation of Ashmore Tavern.
Investment - Operations comprise investment in commercial properties.
Property Management – Operations comprise management of commercial retail and industrial properties.

Geographical segments
The Group operates predominantly in one geographic segment, being Australia.

(b) Primary reporting format – business segments 2009	Hotel Operations $'000	Investment $'000	Property Management $'000	Total $'000
Revenue				
Sales to external customers	13,455	4,285	935	18,675
Intersegment sales (refer note (d))	-	-	126	126
Total sales revenue	13,455	4,285	1,061	18,801
Other revenue/income	341	-	-	341
Total segment revenue/income	13,796	4,285	1,061	19,142
Intersegment elimination				(126)
Unallocated revenue				78
Consolidated revenue/income				19,094
Results				
Segment results	728	(2,839)*	(653)**	(2,764)
Unallocated revenue less unallocated expenses				(3,286)
Profit before income tax				(6,050)
Income tax expense				1,822
Profit for the year				(4,228)
Assets				
Segment assets	16,199	47,747	1,160	65,106
Unallocated assets				651
Total assets				65,757
Liabilities				
Segment liabilities	1,437	497	180	2,114
Unallocated liabilities				43,618
Total liabilities				45,732
Other segment information				
Acquisitions of property, plant and equipment, investment properties, intangibles and other non-current assets	513	5,380	3	5,896
Unallocated acquisitions				1
Total acquisitions				5,897
Depreciation and amortisation	337	-	266	603
Unallocated				7
Total depreciation and amortisation				610
Other non-cash expenses (other than depreciation and amortisation)	-	-	547**	547

* Includes write down on fair value adjustment to investment properties $6,228,000.
** Includes write down on impairment of management rights $547,000.

4. Segment Information (continued)

(b) Primary reporting format – business segments (continued) 2008	Hotel Operations $'000	Investment $'000	Property Management $'000	Total $'000
Revenue				
Sales to external customers	13,427	3,909	991	18,327
Intersegment sales (refer note (d))	-	-	80	80
Total sales revenue	13,427	3,909	1,071	18,407
Other revenue/income	340	1,386*	-	1,726
Total segment revenue/income	13,767	5,295*	1,071	20,133
Intersegment elimination				(80)
Unallocated revenue				441**
Consolidated revenue/income				20,494
Results				
Segment results	1,095	4,450*	20	5,565
Unallocated revenue less unallocated expenses				(2,919)**
Profit before income tax				2,646
Income tax expense				(783)
Profit for the year				1,863
Assets				
Segment assets	19,190	48,323	2,015	69,528
Unallocated assets				456
Total assets				69,984
Liabilities				
Segment liabilities	1,456	56	157	1,669
Unallocated liabilities				42,184
Total liabilities				43,853
Other segment information				
Acquisitions of property, plant and equipment, investment properties, intangibles and other non-current assets***	364	1,889	2,088***	4,341
Unallocated acquisitions				7
Total acquisitions				4,348
Depreciation and amortisation	312	-	265	577
Unallocated				9
Total depreciation and amortisation				586
Other non-cash expenses (other than depreciation and amortisation)	-	-	-	-

* Includes fair value adjustment to investment properties $1,377,000 (refer note 6).
** Includes recovery of prior period costs $328,000 (refer note 6).
*** Includes items purchased as part of Keendove Holdings Pty Ltd acquisition (refer note 34).

(c) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and Accounting Standard *AASB 114 Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets and investment properties, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

(d) Inter-segment sales/transfers

Segment revenues, expenses and results include services provided between segments. Such services are priced on an 'arms-length' basis and are eliminated on consolidation.

5. Revenue

	Consolidated		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Sale of goods	10,065	10,011	-	-
Gaming revenue	3,390	3,416	-	-
Rental income and recoveries from investment properties	4,285	3,909	-	-
Management services	945	991	-	-
	18,685	18,327	-	-
Interest	54	85		
Imputed interest on long term receivable	24	32	-	-
Consulting fees	-	8	-	-
Commissions	121	138	-	-
Reversal of provision for non-recovery no longer required	-	-	-	776
Other	210	199	-	-
Total revenue	19,094	18,789	-	776

6. Other Income

	Consolidated		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Net gain on fair value adjustment – investment properties (note 18)	-	1,377	-	-
Recovery of costs (a)	-	328	-	-
	-	1,705	-	-

(a) Recovery of costs
In March 2008 Eumundi Group Limited entered into a deed of settlement under which costs relating to the abandoned Airlie Beach Lagoon Hotel project totalling $328,000 were recovered.

7. Expenses

	Consolidated		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Profit/(loss) before income tax includes the following specific expenses:				
Cost of goods sold	7,726	7,672	-	-
Depreciation				
- Buildings	102	100	-	-
- Plant and equipment	251	229	-	-
Total depreciation	353	329	-	-
Amortisation – intangibles	257	257	-	-
Finance costs				
- Amortisation of loan establishment costs	44	38	18	8
- Interest and finance charges paid/payable	2,394	2,528	249	143
	2,438	2,566	267	151
Operating lease rentals – minimum lease payments	297	272	-	-
Defined contribution superannuation expense	250	215	-	-

8. Income Tax

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
(a) Income tax expense/(benefit)				
Current tax	41	164	(89)	(59)
Deferred tax	(1,867)	619	9	14
Adjustment for current tax of prior periods	4	-	-	-
	(1,822)	783	(80)	(45)
(b) Numerical reconciliation of income tax to prima facie tax payable is as follows:				
Profit/(loss) before income tax	(6,050)	2,646	(3,042)	625
Income tax at the Australian tax rate of 30% (2008: 30%)	(1,815)	794	(913)	187
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Provision/ (Reversal of provision) for non-recovery of amount owing by controlled entity	-	-	833	(232)
Sundry items	(7)	(11)		-
Income tax expense/(benefit)	(1,822)	783	(80)	(45)
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in the net profit or loss but directly debited or credited to equity:				
Net deferred tax debited/(credited) directly to equity	(805)	482	-	17

(d) Tax consolidation legislation

Eumundi Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003. The accounting policy on accounting for tax consolidation is set out in note 1(f).

The entities in the tax consolidated group have entered into tax funding agreements under which the wholly-owned entities fully compensate Eumundi Group Limited for any current tax payable assumed and are compensated by Eumundi Group Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Eumundi Group Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly owned entities' financial statements.

The amounts receivable / payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments. The funding amounts are recognised as current intercompany receivables or payables.

(e) Deferred income tax at 30 June relates to the following:

	Balance Sheet 2009 $'000	Balance Sheet 2008 $'000	Income Statement 2009 $'000	Income Statement 2008 $'000
Consolidated				
Investment properties	(617)	(2,239)	(1,622)	730
Property, plant and equipment	(1,405)	(2,111)	(30)	(26)
Intangibles	(1,209)	(1,589)	(240)	(77)
Employee benefits	88	80	(8)	3
Accrued expenses	19	24	5	(5)
Sundry items	56	100	39	(6)
Tax losses	706	695	(11)	-
Net deferred tax liabilities	(2,362)	(5,040)		
Net deferred tax expense			(1,867)	619
Parent entity				
Sundry items	10	19	18	14
Tax losses	704	695	(9)	-
Net deferred tax assets	714	714		
Net deferred tax expense			9	14

Tax losses of $ nil (2008: $54,000) were utilised to offset the current tax liability during the year.

8. Income Tax Expense (continued)

(f) Franking credits

	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2008: 30%)	504	552

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

(a) franking credits that will arise from the payment of the amount of the provision for income tax;

(b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
9. Current Assets – Cash and Cash Equivalents				
Cash at bank and in hand	1,259	1,256	-	-

The Group's exposure to interest rate risk is discussed in note 2.

10. Current Assets – Trade and Other Receivables	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Trade receivables	65	156	-	-
Provision for impairment of trade receivables	-	(3)	-	-
	65	153	-	-
Other receivables*	376	253	-	-
	441	406	-	-

* Refer to note 14

Impaired trade receivables
The Group has no impaired receivables as at 30 June 2009. As at 30 June 2008 trade receivables of the Group with nominal value of $3,000 were impaired. The individually impaired assets related to hotel suppliers who had entered into liquidation.

Past due but not impaired
There are no significant receivables for either the Group or the parent entity that are past due but not impaired.

Fair value and credit risk
Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the carrying amount of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

11. Current Assets – Inventories	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Finished goods – at cost	1,295	1,580	-	-

12. Current Assets – Available-for-sale Financial Assets	**Consolidated 2009 $'000**	**Consolidated 2008 $'000**	**Parent Entity 2009 $'000**	**Parent Entity 2008 $'000**
Shares in listed companies – at fair value	239	101	-	-
At beginning of year	101	538	-	-
Fair value adjustment – transfer to equity	138	(437)	-	-
At end of year	239	101	-	-

Information about the Group's and the parent entity's exposure to price risk is provided in note 2.

13. Current Assets – Other Assets	**Consolidated 2009 $'000**	**Consolidated 2008 $'000**	**Parent Entity 2009 $'000**	**Parent Entity 2008 $'000**
Short term deposits	10	10	-	-
Prepayments	197	100	-	-
	207	110	-	-

14. Non-Current Assets – Other Receivables	**Consolidated 2009 $'000**	**Consolidated 2008 $'000**	**Parent Entity 2009 $'000**	**Parent Entity 2008 $'000**
Other receivables	271	397	-	-
Amounts owing from subsidiaries	-	-	15,986	16,087
Provision for non-recovery	-	-	(6,917)	(4,142)
	271	397	9,069	11,945

Other receivables

Other receivables includes amounts owing by Foster's Group Limited of $421,000 (2008: $547,000), being the proceeds from termination of a brewing contract. The receivable will be settled by way of a further 3 (2008: 4) annual instalments of $150,000 per annum ending on 1 November 2011. The Foster's Group Limited receivable has been discounted to its present value using a discount rate of 5.9% pa. Imputed interest is brought to account as income over the term of the receivable.

Amounts owing from subsidiaries

During the year the parent entity increased a provision for non-recovery of loans to a subsidiary by $2,775,000 (2008: decreased by $776,000). For further information relating to amounts owing from subsidiaries refer note 33.

	Parent Entity 2009 $'000	**Parent Entity 2008 $'000**
At 1 July	4,142	4,918
Provision required (reversed)	2,775	(776)
At 30 June	6,917	4,142

Past due but not impaired
There are no significant receivables for either the Group or the parent entity that are past due but not impaired.

Fair value and credit risk
As stated above the fair value of other receivables is based on a discount to fair value. Amounts owing from trade receivables are at call and as such the carrying amounts approximate their fair value. The maximum exposure to credit risk is the carrying amount of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

15. Non-Current Assets – Available-for-sale Financial Assets	**Consolidated 2009 $'000**	**Consolidated 2008 $'000**	**Parent Entity 2009 $'000**	**Parent Entity 2008 $'000**
Unlisted securities - at fair value	108	207	-	-
At beginning of year	207	207	-	-
Fair value adjustment – transfer to equity	(99)	-	-	-
At end of year	108	207	-	-

Information about the Group's and the parent entity's exposure to price risk is provided in note 2.

16. Non-Current Assets – Other Financial Assets	**Consolidated 2009 $'000**	**Consolidated 2008 $'000**	**Parent Entity 2009 $'000**	**Parent Entity 2008 $'000**
Shares in subsidiaries (unlisted)	-	-	5,917	5,917

Refer note 35 for details of subsidiaries.

17. Non-Current Assets – Property, Plant and Equipment

Consolidated	Freehold land* $'000	Buildings $'000	Plant and equipment $'000	Total $'000
At 30 June 2007				
Cost or fair value	3,800	4,000	1,338	9,138
Accumulated depreciation	-	-	(722)	(722)
Net book amount	3,800	4,000	616	8,416
Year ended 30 June 2008				
Opening net book amount	3,800	4,000	616	8,416
Revaluation increment	3,700	100	-	3,800
Additions**	-	-	405	405
Depreciation charge	-	(100)	(229)	(329)
Closing net book amount	7,500	4,000	792	12,292
At 30 June 2008				
Cost or fair value	7,500	4,000	1,455	12,955
Accumulated depreciation	-	-	(663)	(663)
Net book amount	7,500	4,000	792	12,292
Year ended 30 June 2009				
Opening net book amount	7,500	4,000	792	12,292
Revaluation decrement	(1,000)	(1,256)	-	(2,256)
Additions	-	333	184	517
Depreciation charge	-	(102)	(251)	(353)
Closing net book amount	6,500	2,975	725	10,200
At 30 June 2009				
Cost or fair value	6,500	2,975	1,463	10,938
Accumulated depreciation	-	-	(738)	(738)
Net book amount	6,500	2,975	725	10,200

* In 2008 Gaming Licences were included in the freehold land and have been reclassified as intangible assets in 2009. Refer note 20 for further details.

** Includes plant and equipment of $26,000 from the acquisition of Keendove Holdings Pty Ltd. Refer note 34.

Parent Entity
The parent entity holds no property, plant and equipment.

(a) Valuation of land and buildings

The basis of valuation of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition.

The 2008 and 2009 valuations were based on an assessment by a member of the Australian Property Institute as at balance date for bank security purposes. Based on these valuations the fair value of the Ashmore Tavern was reassessed resulting in a revaluation decrement of $1,000,000 (2008: increment of $3,700,000) being recognised for freehold land and $1,256,000 for buildings (2008: increment of $100,000).

For further details of factors considered in assessing the fair value refer note 3.

(b) Non-Current assets pledged as security

Refer to note 24(a) for information on assets pledged as security by the parent entity and its controlled entities.

17. Non-Current Assets – Property, Plant and Equipment (continued)

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

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

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Freehold land				
Cost	3,026	3,026	-	-
Accumulated depreciation	-	-	-	-
Net book amount	3,026	3,026	-	-
Buildings				
Cost	1,696	1,363	-	-
Accumulated depreciation	(218)	(183)	-	-
Net book amount	1,478	1,180	-	-

18. Non-Current Assets – Investment Properties

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
At fair value				
At beginning of year	48,253	44,912	-	-
Capitalised subsequent expenditure	5,380	1,889	-	-
Straight line rentals	180	75	-	-
Net gain/(loss) from fair value adjustment	(6,228)	1,377	-	-
At end of year	47,585	48,253	-	-

(a) Valuation basis

The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 30 June 2009 revaluations for Aspley Shopping Centre, Aspley Arcade Shopping Centre, and Home Hill Shopping Centre were based on directors' valuations. The 30 June 2009 revaluation of Bribie Harbour Shopping Village was based upon an independent valuation made by a member of the Australian Property Institute for bank security purposes.

In arriving at fair value, the Directors considered the discounted cash flows of the relevant investment property based upon estimates of future cash flows; other contracts and recent prices for similar properties; and capitalised income projections based upon the property's net market income. In addition, independent valuations are performed at regular intervals appropriate to the nature of the investment property and movement in market values. These valuations are also considered by the Directors when determining fair value. For factors considered in assessing the fair value refer to note 3.

The 30 June 2008 revaluations for Aspley Shopping Centre, Bribie Harbour Shopping Village and Aspley Arcade Shopping Centre properties were based on independent assessments made by a member of the Australian Property Institute. The Home Hill Shopping Centre investment property was revalued in November 2007 by a member of the Australian Property Institute.

Property	Acquisition Date	Cost Including Additions*	Independent Valuation		Book Value	
					2009	2008
		$000's	Date	$000's	$000's	$000's
Aspley Shopping Centre	Mar 2004	17,362	Dec 2008	21,620	21,600	22,500
Bribie Harbour Shopping Village	Nov 2005	15,400	Jun 2009	11,800	11,800	10,050
Home Hill Shopping Centre	Jan 2007	1,453	Dec 2008	1,600	1,585	1,553
Aspley Arcade Shopping Centre	Jun 2007	13,000	Dec 2008	12,800	12,600	14,150
					47,585	48,253

* excluding acquisition costs

18. Non-Current Assets – Investment properties (continued)

(b) Non-Current assets pledged as security

Refer to note 24(a) for information on assets pledged as security by the parent entity and its controlled entities.

(c) Amounts recognised in profit and loss for investment properties	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Rental income and recoveries from investment properties	4,285	3,909	-	-
Direct operating expenses from properties that generated rental income	(770)	(845)	-	-
	3,515	3,064	-	-

(d) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

(e) Leasing arrangements

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

Within one year	3,870	3,288	-	-
Later than one year but not later than five years	11,808	10,342	-	-
Later than five years	7,889	3,829	-	-
Total	23,567	17,459	-	-

19. Non-Current Assets – Deferred Tax Assets	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Net deferred tax assets (note 8)	-	-	714	714

20. Non-Current Assets – Intangible Assets

Consolidated	Hotel Licences $'000	Gaming Licences* $'000	Management Rights $'000	Total $'000
At 30 June 2007				
Cost or fair value	104	5,200	-	5,304
Accumulated amortisation	(19)	-	-	(19)
Net book amount	85	5,200	-	5,285
Year ended 30 June 2008				
Opening net book amount	85	5,200	-	5,285
Acquisition of subsidiary (refer note 34)	-	-	2,054	2,054
Revaluation decrement	-	(1,700)	-	(1,700)
Amortisation charge	(2)	-	(255)	(257)
Closing net book amount	83	3,500	1,799	5,382
At 30 June 2008				
Cost or fair value	104	3,500	2,054	5,658
Accumulated amortisation	(21)	-	(255)	(276)
Net book amount	83	3,500	1,799	5,382
Year ended 30 June 2009				
Opening net book amount	83	3,500	1,799	5,382
Amortisation charge	(2)	-	(255)	(257)
Revaluation decrement		(465)	-	(465)
Impairment charge	-	-	(547)	(547)
Closing net book amount	81	3,035	997	4,113
At 30 June 2009				
Cost or fair value	104	3,035	2,054	5,193
Accumulated amortisation and impairment	(23)	-	(1,057)	(1,080)
Net book amount	81	3,035	997	4,113

* In 2009 the Gaming Licences were reclassified to intangible assets from the land component of property, plant and equipment. The 2008 comparatives have been represented accordingly.

20. Non-Current Assets – Intangible Assets (continued)

Parent Entity

The Parent Entity has no intangible assets.

Gaming Licences

At 30 June 2009 the fair value of Gaming Licences was based on an independent assessment by a member of the Australian Property Institute for bank security purposes. The fair value at 30 June 2008 and 1 July 2007 were based upon Directors' valuations. Refer notes 3 and 17 for further details.

Management Rights

Management Rights for management of commercial, retail and industrial property were acquired in 2008 as part of the Keendove Holdings Pty Ltd acquisition (refer note 34). The cash generating unit for this intangible is considered to be the Property Management segment. At 30 June 2009 the Group's management rights were assessed for impairment due to the termination of certain management agreements included in the acquisition. This assessment resulted in an impairment charge of $547,000 in the 2009 financial year ($2008:$ nil). The remaining amortisation period for management rights is 6 years.

21. Current Liabilities – Trade and Other Payables

	Consolidated		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Trade payables	1,543	1,875	-	-
Other payables	501	-	-	-
	2,044	1,875	-	-

22. Current Liabilities – Borrowings

	Consolidated		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Commercial bills – secured	23,686	600	3,981	-
Loan from subsidiaries	-	-	329	233
	23,686	600	4,310	233

The Group is involved in negotiations with its lender to extend the term of the commercial bill facilities totalling $24,815,000 (drawn at $23,750,000 face value as at 30 June 2009), which includes a $4,000,000 commercial bill facility held by the parent (fully drawn face value as at 30 June 2009). The commercial bill facilities are due to expire on 31 January 2010. The Group has received an offer from the bank to extend the facilities to 31 August 2010 subject to documentation.

Refer to note 24 for details regarding borrowings.

Refer to note 33 for details regarding loan from subsidiary.

23. Current Liabilities – Provisions

	Consolidated		Parent Entity	
	2009 $'000	**2008 $'000**	**2009 $'000**	**2008 $'000**
Employee benefits	285	262	-	-

24. Non-Current Liabilities – Borrowings

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Commercial bills – secured	17,347	36,016	-	3,956

(a) Assets pledged as security

Bank overdraft and commercial bills are wholly secured by way of:
(i) Registered mortgage debenture over the assets and undertakings of the Group;
(ii) Unlimited fully interlocking guarantee by Eumundi Group Limited, Eumundi Property Group Pty Ltd and Eumundi Group Hotels Pty Ltd; and
(iii) First registered mortgage over the property, plant and equipment and investment properties of the Group.

As such all assets are pledged as security for borrowings.

(b) Financing arrangements

Unrestricted access was available at balance date to the following lines of credit:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Credit standby arrangements				
Total facilities				
Bank overdraft	100	100	-	-
Finance lease liabilities	400	400	-	-
Commercial bill facility	43,315	43,715	4,000	4,000
	43,815	44,215	4,000	4,000
Used at balance date				
Bank overdraft	-	-	-	-
Finance lease liabilities	-	-	-	-
Commercial bill facility *	41,150	37,000	4,000	4,000
	41,150	37,000	4,000	4,000
Unused at balance date				
Bank overdraft	100	100	-	-
Finance lease liabilities	400	400	-	-
Commercial bill facility	2,165	6,715	-	-
	2,665	7,215	-	-

* Used at balance date comprises the face value of bills drawn. The amount recognised in the balance sheet is net of discounts and other transaction costs.

Bank overdraft

Standby funds provided by the Group's bankers are in the form of a bank overdraft which has a limit of $100,000 (2008: $100,000). The interest rate is variable and is based on prevailing market rates. This facility is subject to annual review, may be drawn down at any time and may be terminated by the bank without notice.

24. Non-Current Liabilities – Borrowings (continued)

Commercial bills

The facilities are subject to annual review. Unused facilities can be drawn down at any time. Further details are outlined below.

Amount Drawn (Face Value)		Interest Rate		Interest Type	Expiry Date	Repayment Terms
2009 $'000	2008 $'000	2009 %	2008 %			
13,000	13,400	4.0	6.8	Fixed until 31/03/09 and then variable	31/01/10	Interest only until expiry
14,200	14,900	4.0	8.5	Variable	31/07/12	Interest only until expiry
3,200	3,300	4.0	8.7	Variable	31/07/12	Interest only until expiry
6,750	1,400	4.1	8.6	Variable	31/01/10	Interest only until expiry
4,000	4,000	4.2	8.6	Variable	31/01/10	Interest only until expiry
41,150	37,000					

Finance lease liabilities

The Group has a lease finance facility of $400,000 (2008: $400,000) which may only be used to finance plant and equipment. Where applicable, the leases are repayable in fixed monthly instalments of principal and interest over the term of the respective leases.

(c) Financial guarantees

The parent entity has provided financial guarantees in respect of the above facilities and borrowings which are secured by registered mortgages over the freehold properties of the subsidiaries.

No liability was recognised by the parent entity in respect of these guarantees, as the fair value of the guarantees is immaterial.

25. Non-Current Liabilities – Deferred Tax Liabilities	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Net deferred tax liabilities (note 8)	2,362	5,040	-	-

26. Non-Current Liabilities – Provisions

Employee benefits	7	6	-	-

27. Contributed Equity

	Parent Entity		Parent Entity	
	2009	2008	2009	2008
	Number of Shares	Number of Shares	$'000	$'000
Share capital				
Fully paid ordinary shares	70,974,845	70,974,845	8,695	8,695

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person, or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Movements in share capital	**No. of shares**	**$'000**
Balance at 30 June 2007	84,331,609	13,013
Share issue on acquisition of subsidiary, net of costs (a)	912,225	287
Reduction of share capital from selective share buy-back (b)	(14,268,989)	(4,566)
Buy-back costs, net of tax	-	(39)
Balance at 30 June 2008 and 30 June 2009	70,974,845	8,695

There was no movement in share capital in the 2009 financial year.

(a) On 3 July 2007 the parent entity issued 912,225 shares valued at 32 cents each as part consideration for the purchase of Keendove Holdings Pty Ltd. Refer note 34 for further information.
(b) On 12 February 2008 the parent entity undertook a selective buy-back of shares for $4,566,000 cash (32 cents per share).

Options

As at 30 June 2009, there were no options to purchase ordinary shares in the parent entity (2008 – nil).

Capital Risk Management

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

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

The Group and the parent entity monitor capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'borrowings' and 'trade and other payables' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet (including minority interest) plus net debt.

The gearing ratios as at 30 June 2009 and 30 June 2008 were as follows:

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Total borrowings	43,077	38,491	4,310	4,189
Less: cash and cash equivalents	(1,259)	(1,256)	-	-
Net debt	41,818	37,235	4,310	4,189
Total equity	20,026	26,131	11,419	14,381
Total capital	61,844	63,366	15,729	18,570
Gearing ratio	67.62%	58.76%	27.40%	22.56%

The increase in gearing ratio during 2009 was the result of increased borrowings to fund the redevelopment of the Bribie Harbour Shopping Village and reduced equity due to fair value adjustments of property assets.

28. Reserves and Retained Profits

(a) Reserves	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Available-for-sale asset revaluation reserve	171	143	-	-
Property, plant, equipment and licences revaluation reserve	6,000	7,905	-	-
	6,171	8,048	-	-

Movements in reserves:

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Property, plant, equipment and licences revaluation reserve				
Balance at the beginning of the year	7,905	6,435	-	-
Gain/(loss) on revaluation of freehold land and buildings (net of tax) *	(1,579)	2,660	-	-
Gain/(loss) on revaluation of licences (net of tax) **	(326)	(1,190)	-	-
Balance at the end of the year	6,000	7,905	-	-

* Gross gain/(loss) before tax - $(2,256,000) (2008 - $3,800,000)
** Gross loss before tax - $(465,000) (2008 - $1,700,000)

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Available-for-sale asset revaluation reserve				
Balance at the beginning of the year	143	449	-	-
Change in fair value of unlisted securities (net of tax) *	(69)	-	-	-
Change in fair value of listed securities (net of tax) **	97	(306)	-	-
Balance at the end of the year	171	143	-	-

* Gross gain/(loss) before tax - $(99,000) (2008 - $nil)
** Gross gain/(loss) before tax - $138,000 (2008 - $(437,000))

(b) Retained Profits

	Consolidated 2009 $'000	Consolidated 2008 $'000	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Retained profits at the beginning of the year	9,242	7,382	5,686	5,016
Profit/(loss) for the year attributable to members of Eumundi Group Limited	(4,183)	1,860	(2,962)	670
Retained profits at the end of the year	5,059	9,242	2,724	5,686

(c) Nature and purpose of reserves

(i) Property, plant, equipment and licences revaluation reserve

The property, plant, equipment and licences revaluation reserve is used to record increments and decrements on the revaluation of non-current assets, as described in note 1(o) and 1(q). The balance standing to the credit of the reserve may be used to satisfy the distribution of bonus shares to shareholders and is only available for the payment of cash dividends in limited circumstances as permitted by law.

(ii) Available-for-sale asset revaluation reserve

Changes in the fair value of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale assets revaluation reserve, as described in note 1(m). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

29. Key Management Personnel Disclosures

(a) Key management personnel compensation

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$	$	$	$
Short-term employee benefits	538,323	502,871	538,323	502,871
Post-employment benefits	37,610	38,979	37,610	38,979
Termination benefits	24,230	-	24,230	-
	600,163	541,850	600,163	541,850

(b) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

There have been no share based payment compensation benefits granted, vested or exercised during the year (2008: nil).

(ii) Option holdings

There were no options over ordinary shares in the parent entity held by key management personnel during, or at the end of, the year (2008: nil).

(iii) Share holdings

The numbers of shares in the company held during the financial year by each director of Eumundi Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2009	Balance at Start of Year or Date of Appointment	Granted as Compensation	On Exercise of Options	Net Change Other	Balance at End of Year
Directors					
J M Ganim	15,535,335	-	-	-	15,535,335
G De Luca	8,496,711	-	-	-	8,496,711
V A Wills	-	-	-	-	-
Other key management personnel					
M Peacock	592,419	-	-	-	592,419
I Thomson	-	-	-	-	-
L Stanley	-	-	-	-	-
S Jacobi-Lee	-	-	-	-	-
2008					
Directors					
J M Ganim	15,469,173	-	-	66,162	15,535,335
G De Luca	8,496,711	-	-	-	8,496,711
V A Wills	-	-	-	-	-
Other key management personnel					
I Thomson	-	-	-	-	-
L Stanley	-	-	-	-	-
S Jacobi-Lee	-	-	-	-	-

29. Key Management Personnel Disclosures (continued)

(c) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year (2008: $nil).

(d) Other transactions with key management personnel

Directors
Hopgood Ganim, a firm of solicitors, of which JM Ganim is a partner, provides legal services to the Group under normal commercial terms and conditions.

Other key management personnel
No other transactions were undertaken between the Group and key management personnel during 2009 and 2008.

	2009 $	2008 $
Amounts recognised as expense		
Legal fees (JM Ganim)	67,335	98,443
Amounts recognised as non-current assets		
Legal fees included in investment properties acquisition costs (JM Ganim)	52,639	14,257
Aggregate amounts receivable/payable arising from the above types of transactions		
Current trade payables	22,947	9,056

29. Auditor's Remuneration

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, Johnston Rorke, its related practices and non-related audit firms:

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
(a) Audit services				
Audit and review of financial reports	51,000	46,500	51,000	46,500
	51,000	46,500	51,000	46,500
(b) Non-audit services				
Due diligence services	-	11,300	-	11,300
Tax compliance services	22,000	18,100	22,000	18,100
	22,000	29,400	22,000	29,400

In 2008 due diligence services comprised work performed in relation to the purchase of Keendove Holdings Pty Ltd.

It is the Group's policy to employ Johnston Rorke on assignments in addition to their statutory audit duties where Johnston Rorke's expertise and experience with the Group are important. It is the Group's policy to seek competitive tenders for all major consulting projects.

30. Contingencies

As at 30 June 2009, the consolidated entity had a contingent asset in respect of the construction contract for the Bribie Harbour Shopping Village. Based upon the payment certificate issued by the Superintendant an amount of $260,000 was payable by the builder to the company. Of this sum the company has received payment of $115,000 and has initiated court proceeding against the builder for the balance. This amount has not been recognised as a receivable as it is contingent upon the outcome of the dispute.

The builder has disputed the payment certificate issued by the Superintendant in favour of the company and has filed a defence and counter claim. The builder has subsequently revised its claim and is seeking payment in the sum of $1,600,000. This sum is disputed by the company and will be subject to dispute resolution. This amount has not been recognised as a payable as it is contingent upon the outcome of the dispute.

The parent entity and Group had no other material contingencies.

31. Commitments

Operating leases

The Group leases an office and certain retail premises under non-cancellable operating leases expiring within six months to five years.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Commitments for minimum lease payments under non-cancellable operating leases are payable as follows:				
Within one year	201	210	-	-
Later than one year but not later than five years	197	323	-	-
	398	533	-	-

Capital expenditure

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

32. Related Party Transactions

(i) Parent entity

The ultimate parent entity is Eumundi Group Limited.

(ii) Subsidiaries

Interests in subsidiaries are set out in note 35.

(iii) Key management personnel

Disclosures relating to key management personnel are set out in note 29.

(iv) Transactions with subsidiaries

The following transactions occurred with subsidiaries:

	Parent Entity	
	2009 $	2008 $
Tax consolidation legislation		
Current tax payable assumed from wholly-owned tax consolidated entities	79,794	137,562

(v) Loans to subsidiaries

	Parent Entity	
	2009 $	2008 $
Loans to subsidiaries		
Beginning of the year	16,087,451	17,657,464
Loan repayments received	(180,301)	(1,707,575)
Current tax payable assumed	79,794	137,562
End of the year	15,986,944	16,087,451

The parent has provided for non-recovery of certain amounts owing by subsidiaries – refer note 14.

33. Related Party Transactions (continued)

(vi) Loans from subsidiaries

	Parent Entity	
	2009	2008
	$	$
Loans from subsidiaries		
Beginning of the year	233,344	-
Loans received from subsidiaries	138,958	250,000
Loan repayments made	(42,942)	(16,656)
End of the year	329,360	233,344

(vii) Guarantees

No material guarantees have been given by the parent entity or subsidiaries other than those disclosed in note 24.

(viii) Terms and conditions

The terms and conditions of the tax funding agreement are set out in note 8(d).

The parent entity has received, free of charge, administrative and accounting assistance from entities in the wholly-owned group during the current and/or previous financial years.

The loans to subsidiaries are interest free, unsecured and repayable in cash at call. Loan from subsidiaries attract a variable rate of interest based on commercial rates. Interest of $10,911 (2008: $3,344) was recognised during the year on this loan. These loans are also unsecured and repayable in cash at call.

34. Business Combination

(a) Summary of acquisition

On 3 July 2007 Eumundi Group Limited acquired 90% of the issued shares in Keendove Holdings Pty Ltd, a property management and advisory company, for consideration of $1,330,000 consisting of cash of $1,000,000, 912,225 ordinary shares in Eumundi Group Limited, and direct costs relating to the acquisition of $43,000. Eumundi Group shares issued were subject to an escrow period of three years.

Eumundi Group has an option (expiring 30 September 2010) to purchase the remaining 10% of shares in Keendove Holdings Pty Ltd at any time before expiry of the option with the purchase consideration being ordinary shares in Eumundi Group Limited. The consideration amount varies subject to KPI's being achieved by the General Manager of the entity. If Eumundi Group does not exercise their option, the vendor has an option to sell the remaining shares to Eumundi Group between 1 and 31 October 2010, the consideration being 453,651 ordinary shares in Eumundi Group Limited.

Details of net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	1,000
Issue of shares	287
Direct costs relating to the acquisition	43
Total purchase consideration	1,330
Fair value of net identifiable assets acquired (refer below)	1,330
Goodwill	-

(b) Purchase consideration

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000
Outflow of cash to acquire subsidiary, net of cash acquired				
Cash consideration	-	1,043	-	1,043
Less: Balances acquired				
Cash and cash equivalents	-	107	-	-
	-	936	-	1,043

34. Business Combination (continued)

(c) Assets and liabilities acquired

The assets and liabilities arising from the acquisition are as follows:

	Fair Value $'000	Acquiree's carrying amount $'000
Cash and cash equivalents	107	107
Receivables	73	73
Other assets	9	9
Property, plant and equipment	26	26
Intangibles - management rights	2,054	-
Deferred tax assets	29	29
Payables	(88)	(88)
Current tax liabilities	(17)	(17)
Deferred tax liabilities	(616)	-
Employee benefit liabilities	(104)	(104)
Net assets	1,473	35
Minority interests	143	
Net identifiable assets acquired	1,330	

The operating results and assets and liabilities of the acquired company are consolidated from 3 July 2007.

35. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1(b):

Name of entity	Country of incorporation	Class of shares	Equity holding*		Carrying value of parent entity's investment	
			2009	2008	2009 $'000	2008 $'000
Eumundi Property Group Pty Ltd (formerly Eumundi Brewing Company Pty Ltd)	Australia	Ordinary	100%	100%	-	-
Eumundi Group Hotels Pty Ltd (formerly Imperial Hotel Eumundi Pty Ltd)	Australia	Ordinary	100%	100%	4,587	4,587
Airlie Beach Lagoon Hotel Pty Ltd	Australia	Ordinary	100%	100%	-	-
Keendove Holdings Pty Ltd**	Australia	Ordinary	90%	90%	1,330	1,330
					5,917	5,917

* The proportion of ownership interest is equal to the proportion of voting power held.
**Acquired 3 July 2007. Refer note 34 for further information.

36. Reconciliation of Profit for the Year to Net Cash Flow from Operating Activities

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit for the year	(4,228)	1,863	(2,962)	670
Depreciation and amortisation	610	586	-	-
Impairment charge	547	-	-	-
Straight line rental adjustment	(180)	(75)	-	-
Net (gain)/loss on fair value adjustment of investment properties	6,228	(1,377)	-	-
Other	279	(56)	25	(44)
Provision for non-recovery	-	-	2,776	(776)
Changes in operating assets and liabilities (net of assets acquired):				
(Increase)/decrease in:				
Trade receivables	(35)	14	-	-
Other receivables	150	150	(79)	(138)
Deferred tax asset*	-	-	-	67
Inventories	285	(482)	-	-
Other current assets	-	(16)	-	-
Increase/(decrease) in:				
Trade and other payables	(382)	168	-	-
Income tax payable/ refundable	(93)	(24)	(35)	(55)
Deferred tax liability*	(1,874)	662	-	-
Employee benefits	24	5	-	-
Cash flows from operating activities	1,331	1,418	(275)	(276)

* net of amounts recognised directly in equity

37. Non-cash investing and financing activities

There were no non-cash financing and investing activities during the current year.

During the prior year shares to the value of $287,000 were issued as part consideration for the acquisition of the majority interest in Keendove Holdings Pty Ltd. Refer note 34 for further details.

38. Earnings Per Share

	Consolidated	
(a) Basic earnings per share	**2009**	**2008**
Basic earnings (loss) per share	(5.89)¢	2.33¢
(b) Diluted earnings per share		
Diluted earnings (loss) per share	(5.89)¢	2.33¢

	Consolidated	
(c) Reconciliation of earnings used in calculating earnings per share	**2009**	**2008**
	$'000	**$'000**
Basic earnings per share		
Profit (loss) attributable to the ordinary equity holders of the company used in calculation of basic earnings per share	(4,183)	1,860
Diluted earnings per share		
Profit (loss) attributable to the ordinary equity holders of the company used in calculation of diluted earnings per share	(4,183)	1,860

	Number of Shares	
(d) Weighted average number of shares used as the denominator	**2009**	**2008**
Weighted average number of ordinary shares used in calculating basic earnings per share	70,974,845	79,819,758
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	70,974,845	79,819,758

There are no dilutive potential ordinary shares.

39. Subsequent events

As at 30 June 2009, the Group had current liabilities totalling $26,015,000 which included commercial bills of $23,686,000 which, at balance date, were due to expire on 31 January 2010. Since balance date, the Group has received confirmation from the bank that it will extend the term of the facilities to 31 August 2010.

In the directors' opinion:

(a) the attached financial statements and notes are in accordance with the *Corporations Act 2001*, including:

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

  (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

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

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2009 required by section 295A of the *Corporations Act 2001.*

This declaration is made in accordance with a resolution of the directors.

J M Ganim
Director

Dated at Brisbane this 25th day of September, 2009.

JOHNSTON RORKE
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDIT REPORT

TO MEMBERS OF EUMUNDI GROUP LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Eumundi Group Limited, which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, and other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

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

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

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion

In our opinion:

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

(i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in Section 12 of the directors' report for the year ended 30 June 2009. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's Opinion

In our opinion the Remuneration Report of Eumundi Group Limited for the year ended 30 June 2009, complies with Section 300A of the *Corporations Act 2001*.

JOHNSTON RORKE
Chartered Accountants

KA HAIDUK
Partner

Brisbane, Queensland
25 September 2009

The shareholder information below was applicable as at 15 September 2009.

A. Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

	Ordinary Shares
1 – 1,000	138
1,001 – 5,000	520
5,001 – 10,000	247
10,001 – 100,000	240
100,001 and over	90
	1,235

There are 748 shareholders who hold less than a marketable parcel of ordinary shares in the company.

B. Equity security holders

Twenty largest quoted equity security holders

		Number held	Percentage
1.	De Luca Group Superannuation Fund – De Luca Group Super Fund	7,982,311	11.25
2.	Ganbros Pty Ltd	4,968,855	7.00
3.	Ganboys Pty Ltd	4,730,190	6.66
4.	Gansons Pty Ltd	3,868,490	5.45
5.	Jalsea Pty Ltd	3,308,914	4.66
6.	Phillips Consolidated Pty Ltd	2,000,000	2.46
7.	Archer Management Pty Ltd – Archer Super Fund	1,749,304	2.46
8.	Mrs. Tracy Fraser	1,463,045	2.06
9.	RBC Dexia Investor Services Australia Nominees Pty Ltd	1,430,000	2.01
10.	Mr. J M Ganim	1,326,400	1.87
11.	Bawden Custodians Pty Ltd Terton Corp P/L S/F	1,160,000	1.63
12.	Chriswell Pty Ltd – Christine Weller Family Account	1,107,681	1.56
13.	Dreamtouch Pty Ltd – Brian Weller Family Account	1,107,681	1.56
14.	Nipruma Pty Ltd – Kim Weller Family Account	1,107,681	1.56
15.	Atkins Steelcraft Pty Ltd	1,010,804	1.42
16.	Natpac Financial Services Pty Ltd - Robert Blann Superfund	936,415	1.32
17.	Hatfree Pty Ltd - Freeman Super Fund	917,500	1.29
18.	Mr M.J. Punch	912,225	1.29
19.	Atkone Pty Ltd	750,000	1.06
20.	Ruminator Pty Ltd	750,000	1.06
	Total	42,587,495	59.63

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
De Luca Group Superannuation Fund	7,982,311	11.25
Ganbros Pty Ltd	4,968,855	7.00
Ganboys Pty Ltd	4,730,190	6.66
Gansons Pty Ltd	3,868,490	5.45

D. Voting rights

The voting rights attached to each class of equity securities are set out below:

a) Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

b) Options

No voting rights.