

Appendix 4D

Half-year report Period ended 31 December 2007

Name of entity

Eumundi Group Limited

ABN or equivalent company reference

30 010 947 476

Financial year ended ('current reporting period')

31 December 2007 (previous reporting period 31 December 2006)

Results for announcement to the market

				\$A 000's
Revenues from ordinary activities	Up	29.02 %	to	9,671
Profit (loss) from ordinary activities after tax attributable to members	Up	307.37%	to	2,045
Net profit (loss) for the period attributable to members	Up	307.37%	to	2,045

Dividends

It is not proposed to pay any dividends.

Discussion and analysis of results

Eumundi Group has delivered a net profit after tax of \$2.045 million (\$2.918 million before tax) compared with \$0.502 million after tax (\$0.725 million before tax) for the corresponding period in 2006. The current half year includes Keendove Holdings Pty Ltd which was acquired in July 2007.

Revenue from ordinary activities of \$9.671 million represents an increase of \$2.175 million in comparison to last year. Hotel revenues increased \$1.160 million largely as a result of the improved turnover through the rebranded liquor barn operation, while investment property rental and recovery revenues increased from \$1.384 million in the prior period to \$1.932 million for the current period largely as a result of the acquisition of Home Hill and Aspley Arcade properties which were not included in the prior period.

Other income of \$2.233 million relates to the fair value adjustment on investment properties in particular the revaluation of the Aspley Central shopping centre \$2.200 million.

Expenses for the year were \$8.986 million as compared to \$6.771 million for the corresponding period in 2006. Costs of goods sold increased from \$3.140 million to \$3.988 million as a result of increased turnover through the liquor barn and outlets. Finance costs increased by \$0.535 million to \$1.171 million due to additional borrowings used to purchase the Aspley Arcade shopping centre. Investment property outgoings increased by \$0.155 million to \$0.416 million due to the acquisition of Aspley Arcade and Home Hill properties.

	2007	2006
<i>NTA BACKING</i>		
<i>Net tangible asset backing per ordinary security</i>	\$0.32	\$0.28

Statement

This report is based on accounts which have been subject to review.

Sign here:  Date: 26 February 2008

Print name: Leni Stanley

EUMUNDI GROUP LIMITED
ABN 30 010 947 476

FINANCIAL REPORT

FOR THE HALF-YEAR ENDED
31 DECEMBER 2007

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Eumundi Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT

Your directors present their report on Eumundi Group Limited ("the Company") and the entities it controlled at the end of and during the half-year ended 31 December 2007.

Directors

The following persons were directors of the Company during the whole of the half-year and up to the date of this report:

J M Ganim
G De Luca
V A Wills

Principal Activities

The principal activities of the consolidated entity during the half-year consisted of:

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

Dividends

No dividends were paid or declared during or since the half-year ended 31 December 2007.

Review of Operations

During the past six months Eumundi Group have continued to identify and review potential business opportunities within the Hotel and Property sectors, and complementary projects for existing and also for new assets. While there are numerous opportunities to be considered, quality income producing assets are in short supply with the resulting high demand pushing property prices to unprecedented levels. Our detailed and comprehensive assessment of opportunities will ensure that only premium assets are added to the Group's portfolio.

A summary of consolidated revenues and results for the half-year by business segment is set out below:

	Segment Revenues		Segment Results	
	2007	2006	2007	2006
	\$'000	\$'000	\$'000	\$'000
Hotel operations	7,202	6,042	661	618
Investment properties	1,932	1,394	3,748	1,091
	9,134	7,436	4,409	1,709
Unallocated revenue less unallocated expense			(1,491)	(984)
Profit before income tax expense			2,918	725
Income tax expense			(871)	(223)
Profit for the half-year			2,047	502

EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT (continued)

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

- (a) **Hotel Operations**
This segment comprises the Ashmore Tavern and its 3 detached bottle shops located on Queensland's Gold Coast. Revenues relate to retail sales at the bottle shops and Tavern, in addition to gaming revenue and bar sales at the Tavern.
The Hotels repositioning strategy has resulted in a substantial increase in turnover \$1,160,000 although at tighter profit margins delivering a 6.4% gross profit increase. Gaming continues the past strong performance with net revenues up 4.7% in comparison to the prior period. Recent initiatives such as gaming upgrades and the introduction of \$1 machines are expected to further enhance performance.

- (b) **Investment Properties**
In the current half-year, the Group's investment properties comprised Aspley Central, Banksia Beach, Aspley Arcade and Home Hill Shopping Centres. The prior half-year result included the Aspley and Banksia Beach Shopping Centres. Revenue from investment properties includes rent received from tenants under commercial leases.

Property revenues have increased by \$538,000 compared to the prior period due primarily to the acquisition of Home Hill (January 07) and Aspley Arcade (June 07) investment properties.

Segment results have increased by \$2,657,000 due the above and also the revaluation of Aspley Central Shopping Centre \$2,200,000. Additional borrowings were used to fund the acquisition of the Aspley Arcade Shopping Centre resulting in higher interest expense compared to the prior period

The Banksia Beach Shopping Centre redevelopment has formally commenced, with completion expected late-August 2008. The Banksia leasing campaign, combining direct approaches to desired tenants with advertising through print media and the internet, has generated strong interest from potential tenants and the issue of three offers to date.

In addition to the above, in July 2007, the Group acquired 90% shareholding 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 are subject to an escrow period of three years.

The performance of the property management business has been in line with initial expectations, and increase in the value of managements has already been achieved.

Significant After Balance Date Events

- (a) On 31 January 2008 a retention amount of \$200,000, previously withheld from the cash component of the Keendove Holdings Pty Ltd purchase price, being contingent upon retention of management rights over the 6 months following purchase, was remitted to the vendor in accordance with the terms of the contract.
- (b) In February 2008, an Extraordinary General Meeting was held at which shareholders approved the selective buy back of 14,268,989 Eumundi Group Limited shares from Axiom Properties Limited for a total cost of \$4,566,000. Upon acquisition, these shares were cancelled in accordance with the Corporations Act 2001.
- (c) In February 2008, the Group secured additional commercial bill facilities to the value of \$12,381,000 with the Group's banking provider as follows:
- (i) Eumundi Group Limited - \$4,566,000 facility expiring 31 January 2010 to fund the selective buy-back of shares from Axiom Properties Limited. This facility is a variable rate facility rolling

EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT (continued)

monthly, interest only payments until 29 September 2009 at which time capital payments of \$250,000 per quarter commence.

- (ii) Eumundi Property Group Pty Ltd - \$7,815,000 facility expiring 31 January 2010 predominantly to fund the redevelopment of Banksia Beach Shopping Centre. This facility is a variable rate facility, rolling monthly, with approval for capitalisation of interest.

A mortgage over the Group's investment property at Home Hill has been provided to the bank in respect of the increased facilities. These facilities can be repaid or reduced at any time without penalty and facility limits' terms and conditions will be renegotiated upon expiry.

- (d) In February 2008, Eumundi Group Limited executed a deed of settlement in relation to the abandoned Airlie Beach Lagoon Hotel Development. Under the terms of the settlement the Group will recover costs of \$328,000 previously expensed.

There are no other matters or circumstances that have arisen since the end of the half-year, that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

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

Rounding

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 directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



J M Ganim
Director

Dated this 26th day of February, 2008.

The Directors
Eumundi Group Limited
Level 15
10 Market Street
BRISBANE QLD 4000

Dear Sirs,

Auditor's Independence Declaration

As lead engagement partner for the review of the financial report of Eumundi Group Limited for the half-year ended 31 December 2007, 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 review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

JOHNSTON RORKE
Chartered Accountants



KA HAIDUK
Partner

Brisbane, Queensland
26 February 2008

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Notes	Half-Year	
		31 December 2007 \$'000	31 December 2006 \$'000
Revenue	3	9,671	7,496
Other income	4	2,233	-
Expenses			
Purchase of inventories		(4,537)	(3,472)
Change in inventories		549	332
Employee benefits expense		(1,329)	(1,037)
Depreciation and amortisation expense		(290)	(154)
Insurance		(34)	(40)
Operating lease rentals		(152)	(118)
Rates and taxes		(46)	(47)
Outgoings – investment properties		(416)	(261)
Net loss on fair value adjustment - investment properties	5	-	(41)
Management fee		(66)	(63)
Gaming machine tax		(882)	(793)
Finance costs		(1,171)	(636)
Other expenses		(612)	(441)
Total expenses		(8,986)	(6,771)
Profit before income tax expense		2,918	725
Income tax expense		(871)	(223)
Profit for the half-year		2,047	502
Profit is attributable to:			
Equity holders of Eumundi Group Limited		2,045	502
Minority interest		2	-
		2,047	502
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic earnings per share (cents per share)		2.40¢	0.60¢
Diluted earnings per share (cents per share)		2.40¢	0.60¢

The above consolidated income statement is to be read in conjunction with the accompanying notes.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007**

	Notes	31 December 2007 \$'000	30 June 2007 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,695	2,474
Trade and other receivables		517	313
Inventories		1,647	1,098
Available-for-sale financial assets		299	538
Other assets		146	85
Total current assets		<u>4,304</u>	<u>4,508</u>
Non-current assets			
Other receivables		382	549
Available-for-sale financial assets		207	207
Property, plant and equipment		13,657	13,616
Investment properties	5	47,300	44,912
Intangible assets		2,009	85
Total non-current assets		<u>63,555</u>	<u>59,369</u>
Total assets		<u>67,859</u>	<u>63,877</u>
LIABILITIES			
Current liabilities			
Trade and other payables		2,138	1,619
Borrowings		800	800
Current tax liabilities		96	61
Provisions		257	141
Total current liabilities		<u>3,291</u>	<u>2,621</u>
Non-current liabilities			
Borrowings		30,353	30,650
Deferred tax liabilities		4,608	3,309
Provisions		18	18
Total non-current liabilities		<u>34,979</u>	<u>33,977</u>
Total liabilities		<u>38,270</u>	<u>36,598</u>
Net assets		<u>29,589</u>	<u>27,279</u>
EQUITY			
Contributed equity	6	13,300	13,013
Reserves		6,717	6,884
Retained profits		9,427	7,382
Parent entity interest		29,444	27,279
Minority interest		145	-
Total equity		<u>29,589</u>	<u>27,279</u>

The above consolidated balance sheet is to be read in conjunction with the accompanying notes.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Half-Year	
	31 December 2007	31 December 2006
	\$'000	\$'000
Total equity at the beginning of the half-year	27,279	23,238
Changes in the fair value of available-for-sale financial assets, net of tax	(167)	95
Net income/(expense) recognised directly in equity	(167)	95
Profit for the half-year	2,047	502
Total recognised income and expense for the half-year	1,880	597
Contributions of equity	287	-
Minority interest on acquisition of subsidiary	143	-
Total equity at the end of the half-year	29,589	23,835
Total recognised income and expense for the half-year is attributable to:		
Members of Eumundi Group Limited	1,878	597
Minority interest	2	-
	1,880	597

The above consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007**

	Notes	Half-Year	
		31 December 2007 \$'000	31 December 2006 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		10,250	8,075
Payments to suppliers and employees		(8,666)	(6,874)
Interest received		39	41
Finance costs		(1,157)	(594)
Income tax paid		(62)	(368)
Receipts from other debtors		150	150
Net cash provided by operating activities		<u>554</u>	<u>430</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment of deposit for investment property		-	(69)
Payments for investment properties		(122)	-
Payments for property, plant and equipment		(165)	(137)
Payment for purchase of subsidiary, net of cash acquired	7	<u>(736)</u>	-
Net cash used in investing activities		<u>(1,023)</u>	<u>(206)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		990	-
Repayment of borrowings		<u>(1,300)</u>	<u>(1,350)</u>
Net cash used in financing activities		<u>(310)</u>	<u>(1,350)</u>
Net decrease in cash and cash equivalents		(779)	(1,126)
Cash and cash equivalents at beginning of the reporting period		<u>2,474</u>	<u>2,403</u>
Cash and cash equivalents at end of the reporting period		<u><u>1,695</u></u>	<u><u>1,277</u></u>

The above consolidated cash flow statement is to be read in conjunction with the accompanying notes.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

1. Basis of Preparation of Half-year Report

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Eumundi Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies and methods of computation adopted are consistent with those of the previous financial year and corresponding interim reporting period.

The Company is of a kind referred to in ASIC Class Order 98/0100 and, in accordance with the Class Order, amounts in the half-year financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

2. Segment Information

Business Segments

The Group operates predominantly in the following business segments:

Hotel Operations - Operations comprise the operation of the Ashmore Tavern.

Investment Property - Operations comprise investment in commercial properties.

Primary reporting – business segments	Hotel Operations \$'000	Investment Property \$'000	Total \$'000
2007			
Revenue	7,202	1,932	9,134
Other income	-	2,233	2,233
Total segment revenue and other income	7,202	4,165	11,367
Unallocated revenue			537
Total revenue and other income			11,904
Segment results	661	3,748	4,409
Unallocated revenue less unallocated expenses			(1,491)
Profit before income tax			2,918
Income tax expense			(871)
Net profit			2,047
2006			
Revenue	6,042	1,394	7,436
Other income	-	-	-
Total segment revenue and other income	6,042	1,394	7,436
Unallocated revenue			60
Total revenue and other income			7,496
Segment results	618	1,091	1,709
Unallocated revenue less unallocated expenses			(984)
Profit before income tax			725
Income tax expense			(223)
Net profit			502

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

3. Revenue

	Half-Year Ended	
	31 Dec 2007	31 Dec 2006
	\$'000	\$'000
Sales revenue		
• Sale of goods	5,207	4,285
• Gaming revenue	1,779	1,650
• Rental income and recoveries from investment properties	1,932	1,384
• Management services	483	-
	9,401	7,319
Other revenue		
• Interest	39	41
• Imputed interest on long term receivable	16	20
• Commissions	67	72
• Other	148	44
	270	177
	9,671	7,496

4. Other Income

	Half-Year Ended	
	31 Dec 2007	31 Dec 2006
	\$'000	\$'000
Net gain on fair value adjustment to investment properties (refer note 5)	2,233	-
	2,233	-

5. Investment Properties

Overall movement in investment properties was as follows:

	2007	2006
	\$'000	\$'000
Balance as at 30 June	44,912	27,300
Redevelopment expenditure incurred	122	-
Straight-line rentals	33	41
Fair value adjustment	2,233	(41)
Balance as at 31 December	47,300	27,300

In November 2007 an independent valuation was carried out by Trivett Property Group on the Aspley Central Shopping Centre which valued the property at \$23 million. On this basis, an increment of \$2,200,000 has been recognised.

In November 2007 an independent valuation was similarly carried out by Trivett Property Group on Aspley Arcade Shopping Centre which valued the property at \$13 million. This value approximated its carrying value.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

5. Investment Properties (continued)

In November 2007 an independent valuation was carried out on the Banksia Beach Property by CB Richard Ellis (registered property valuers) for bank lending purposes. The value adopted by CB Richard Ellis for the existing centre was \$9.2 million without allowance for the progress of the redevelopment. As at 31 December costs totalling \$440,000 have been incurred bringing the project to the stage where it is ready to construct. Based upon advice from the valuer, the directors have assessed the fair value of the property at 31 December 2007 to be \$9.74 million on the basis of that the independent valuation did not take into account the favourable town planning guidelines made available by securing the additional building approvals.

In November 2007 an independent valuation was carried out by Herron Todd White (registered property valuers) on the Home Hill Property which valued the property at \$1.55 million. This value approximated its carrying value.

No other significant change in the fair value of investment properties has been recognised in the balance sheet as at 31 December 2007. The directors believe that the carrying value approximates the fair value of the investment properties as there has not been significant change within the market since it was last assessed.

6. Contributed Equity

	31 December 2007 \$'000	30 June 2007 \$'000
Fully paid ordinary shares	13,300	13,013

Movements in ordinary share capital	Number of Shares	Issue Price	\$'000
Balance – 30 June 2007	84,331,609		13,013
Issue of shares on acquisition of subsidiary – refer note 7	912,225	31.5¢	287
Balance – 31 December 2007	<u>85,243,834</u>		<u>13,300</u>

There were no movements during the previous half-year.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

7. 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. The fair value Eumundi Group shares issued was determined with reference to the listed share price at acquisition date and are subject to an escrow period of three years.

A retention amount of \$200,000 was withheld from the cash component of the purchase price. The final amount payable to the vendor was contingent upon the retention of management rights over the six months following purchase. Upon confirmation of the subject management rights being retained this amount was paid without deduction on 31 January 2008 in accordance with the contract.

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	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

	\$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration payable (including transaction costs)	1,043
Less: Balance acquired	(107)
	936
Less: Amount payable at 31 December 2007	(200)
Outflow of cash	736

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

7. 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 current assets	9	9
Property, plant and equipment	26	26
Intangibles - management rights	2,054	-
Deferred tax assets	29	29
Payables	(105)	(105)
Deferred tax liabilities	(616)	-
Employee benefit liabilities	(104)	(104)
Net assets	<u>1,473</u>	<u>35</u>
Minority interest	<u>(143)</u>	
Net identifiable assets acquired	<u>1,330</u>	

The initial accounting for the above business combination has been determined provisionally as the fair values assigned to certain assets and liabilities, have only been determined provisionally.

8. Subsequent Events

- (a) On 31 January 2008 a retention amount of \$200,000, previously withheld from the cash component of the Keendove Holdings Pty Ltd purchase price, being contingent upon retention of management rights over the 6 months following purchase, was remitted to the vendor in accordance with the terms of the contract.
- (b) In February 2008, an Extraordinary General Meeting was held at which shareholders approved the selective buy back of 14,268,989 Eumundi Group Limited shares from Axiom Properties Limited for a total cost of \$4,566,000. Upon acquisition these shares were cancelled in accordance with the Corporations Act 2001.
- (c) In February 2008, the Group secured additional commercial bill facilities to the value of \$12,381,000 with the Group's banking provider as follows:
- (i) Eumundi Group Limited - \$4,566,000 facility expiring 31 January 2010 to fund the selective buy-back of shares from Axiom Properties Limited. This facility is a variable rate facility rolling monthly, interest only payments until 29 September 2009 at which time capital payments of \$250,000 per quarter commence.
 - (ii) Eumundi Property Group Pty Ltd - \$7,815,000 facility expiring 31 January 2010 predominantly to fund the redevelopment of Banksia Beach Shopping Centre. This facility is a variable rate facility, rolling monthly, with approval for capitalisation of interest.

A mortgage over the Group's investment property at Home Hill has been provided to the bank in respect of the increased facilities provided. These facilities can be repaid or reduced at any time without penalty and facility limits, terms and conditions will be renegotiated upon expiry.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

- (d) In February 2008, Eumundi Group Limited executed a deed of settlement in relation to the abandoned Airlie Beach Lagoon Hotel Development. Under the terms of the settlement the Group will recover costs of \$328,000 previously expensed.

The financial effects of the above were not recognised as at 31 December 2007.

9. Contingent Liabilities and Assets

There have been no material changes in respect of contingent liabilities and assets since 30 June 2007 apart from the Airlie Beach Lagoon Hotel subsequent event noted above.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION**

In the opinion of the directors the accompanying financial statements and notes:

- (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that Eumundi Group Limited will be able to pay its debts as and when they become due and payable.

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



J M Ganim
Director

Dated this 26th day of February, 2008

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Eumundi Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eumundi Group Limited, which comprises the consolidated balance sheet as at 31 December 2007, and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Eumundi Group Limited are responsible for the preparation and fair presentation of the half-year 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 half-year 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.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eumundi Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants



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Partner

Brisbane, Queensland
26 February 2008