

Appendix 4D

Half-year report Period ended 31 December 2006

Name of entity

Eumundi Group Limited

ABN or equivalent company reference

30 010 947 476

Financial year ended ('current reporting period')

31 December 2006 (previous reporting period 31 December 2005)

Results for announcement to the market

				\$A 000's
Revenues from ordinary activities	Down	0.7 %	to	7,496
Profit (loss) from ordinary activities after tax attributable to members	Down	73.3%	to	502
Net profit (loss) for the period attributable to members	Down	73.3%	to	502

Dividends

It is not proposed to pay any dividends.

Discussion and analysis of results

Eumundi Group has delivered a net profit after tax of \$0.502 million (\$0.725 million before tax) compared with \$1.884 million after tax (\$2.685 million before tax) for the corresponding period in 2005. The prior period result included the net gain achieved on the sale of the Sunnybank Hills shopping centre (\$2.562 million), as well as costs relating to the acquisition of Banksia Beach shopping centre on Bribie Island. After adjusting the prior half-year result for the sale of Sunnybank Hills shopping centre and the write down of Banksia acquisition costs the net profit before tax becomes \$0.695 million, and the current half-year result represents an increase of \$0.03 million or 4% in comparison.

Revenue from ordinary activities of \$7.496 million represents a decrease of \$0.055 million in comparison to last year. Hotel revenues increased \$0.228 million largely as a result of the improved turnover through the rebranded liquor barn operation. Investment property revenue decreased by \$0.249 due to the sale of Sunnybank Hills shopping centre in November 2005. This centre was larger than the Banksia Beach shopping centre which was acquired in November 2005.

Expenses for the year were \$6.771 million as compared to \$7.428 million for the corresponding period in 2005. After adjusting for Banksia Beach shopping centre acquisition costs of \$0.572 million included in the prior half-year, expenses have decreased by \$0.085 in comparison.

	2006	2005
<i>NTA BACKING</i>		
<i>Net tangible asset backing per ordinary security</i>	\$0.28	\$0.27

Statement

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

Sign here: 

Date: 27 February 2007

Print name: Leni Stanley

EUMUNDI GROUP LIMITED

ABN 30 010 947 476

FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2006**

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 2006 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 2006.

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.

Dividends

No dividend was paid or declared by the Company during or since the half-year ended 31 December 2006.

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. The 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	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Hotel operations	6,042	5,814	618	670
Investment properties	1,394	4,205	1,091	3,205
	7,436	10,019	1,709	3,875
Unallocated revenue less unallocated expense			(984)	(1,190)
Profit before income tax expense			725	2,685
Income tax expense			(223)	(801)
Profit for the half-year			502	1,884

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. During the current half-year the Tavern's liquor barn was re-branded as Warehouse Liquor, and a new marketing strategy introduced to enable the

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

Tavern to compete against the high profile national liquor chains. As a result of the change, segment revenue initially dropped while improved public awareness was achieved. Since November, turnover has significantly increased, and continued improvement in the results has been achieved.

(b) **Investment Properties**

In the current half-year, the Group's investment properties comprised Aspley and Banksia Beach Shopping Centres. The prior half-year result included the Aspley and Banksia Beach Shopping Centres (the latter being purchased in November 2005) and the Sunnybank Hills Shopping Centre which was sold in November 2005. Revenue from investment properties includes rent received from tenants under commercial leases. Also included in 2005 is the net gain on sale of the Sunnybank Hills Shopping Centre of \$2.562 million.

Excluding the gain there has been a decrease in rentals of \$259,000 or 16%. This decrease was attributable to the sale of Sunnybank Hills Shopping Centre in November 2005. This centre was larger than the Banksia Beach Shopping Centre which was acquired in November 2005. This is offset by a significant reduction in borrowing costs (which are included as unallocated expenses in the above summary) as proceeds from the sale were used to substantially reduce commercial bills.

Significant After Balance Date Events

- (a) In October 2006 the Group entered into a contract to purchase an investment property in Home Hill, Queensland. The purchase was settled on 12 January 2007. The purchase price was \$1.45 million plus acquisition costs of approximately \$70,000. A deposit of \$69,000 was paid prior to half-year end. The acquisition was funded by way of existing debt facilities.
- (b) On 27 February 2007, the Directors of Axiom Properties Limited announced its intention to mount a takeover of Eumundi Group Limited by way of a one-for-one share offer. This offer is dependant upon acquiring 50.1% of Eumundi's issued capital and other certain conditions.

The Directors recommend that shareholders take no action at this stage and await their recommendation after they have had a chance to consider the offer fully.

There are no other matters or circumstances that have arisen since the end of the half-year, that have significantly impacted, or may 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.

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

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 27th day of February, 2007.

Chartered Accountants

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Email jr@jr.com.au

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 2006, 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 HAIKUK
Partner

Brisbane, Queensland
27 February 2007

EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Notes	Half-Year	
		31 December 2006 \$'000	31 December 2005 \$'000
Revenue	3	7,496	7,551
Other income	4	-	2,562
Expenses			
Purchase of inventories		(3,472)	(2,993)
Change in inventories		332	72
Employee benefits expense		(1,037)	(789)
Depreciation and amortisation expense		(154)	(136)
Insurance		(40)	(38)
Operating lease rentals		(118)	(102)
Rates and taxes		(47)	(37)
Outgoings – investment properties		(261)	(319)
Net loss on fair value adjustment - investment properties	5	(41)	(674)
Management fee		(63)	(62)
Gaming machine tax		(793)	(789)
Finance costs – net		(636)	(878)
Other expenses		(441)	(683)
Total expenses		<u>(6,771)</u>	<u>(7,428)</u>
Profit before income tax expense		725	2,685
Income tax expense		<u>(223)</u>	<u>(801)</u>
Profit for the half-year		<u>502</u>	<u>1,884</u>
Basic earnings per share (cents per share)		<u>0.60¢</u>	<u>2.23¢</u>
Diluted earnings per share (cents per share)		<u>0.60¢</u>	<u>2.23¢</u>

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

EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2006

	Notes	31 December 2006 \$'000	30 June 2006 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,277	2,437
Trade and other receivables		306	279
Inventories		1,131	799
Available-for-sale financial assets		271	135
Other assets		152	126
Total current assets		<u>3,137</u>	<u>3,776</u>
Non-current assets			
Other receivables		541	672
Available-for-sale financial assets		64	64
Property, plant and equipment		11,813	11,833
Investment properties	5	27,300	27,300
Intangible assets		86	87
Other assets		69	-
Total non-current assets		<u>39,873</u>	<u>39,956</u>
Total assets		<u>43,010</u>	<u>43,732</u>
LIABILITIES			
Current liabilities			
Trade and other payables		1,223	1,103
Borrowings		2,350	834
Current tax liabilities		36	365
Provisions		149	145
Total current liabilities		<u>3,758</u>	<u>2,447</u>
Non-current liabilities			
Borrowings		13,521	16,379
Deferred tax liabilities		1,878	1,653
Provisions		18	15
Total non-current liabilities		<u>15,417</u>	<u>18,047</u>
Total liabilities		<u>19,175</u>	<u>20,494</u>
Net assets		<u><u>23,835</u></u>	<u><u>23,238</u></u>
EQUITY			
Contributed equity		13,013	13,013
Reserves		5,365	5,270
Retained profits		5,457	4,955
Total equity		<u>23,835</u>	<u>23,238</u>

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

EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	31 December 2006	31 December 2005
	\$'000	\$'000
Total equity at the beginning of the financial year	23,238	18,532
Changes in the fair value of available-for-sale financial assets, net of tax	95	-
Net income recognised directly in equity	95	-
Profit for the half-year	502	1,884
Total recognised income and expense for the half-year	597	1,884
Total equity at the end of the half-year	23,835	20,416

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

EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2006

	Notes	Half-Year	
		31 December 2006 \$'000	31 December 2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		8,075	7,827
Payments to suppliers and employees		(6,874)	(6,360)
Interest received		41	56
Finance costs		(594)	(833)
Income tax paid		(368)	-
Receipts from other debtors		150	150
Net cash provided by operating activities		430	840
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment property	5	-	14,970
Payment for investment property	5	-	(8,497)
Payment of deposit for investment property	6	(69)	-
Payments for property, plant and equipment		(137)	(175)
Net cash provided by/ (used in) investing activities		(206)	6,298
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(1,350)	(7,850)
Principal repayment of lease liabilities		-	(14)
Net cash used in financing activities		(1,350)	(7,864)
Net decrease in cash and cash equivalents		(1,126)	(726)
Cash and cash equivalents at beginning of the reporting period		2,403	2,050
Cash and cash equivalents at end of the reporting period		1,277	1,324

The above condensed 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 2006 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 2006 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 directors report and 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 at Aspley, Banksia Beach (acquired November 2005) and Sunnybank Hills (sold November 2005).

Primary reporting – business segments	Hotel Operations \$'000	Investment Property \$'000	Total \$'000
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
2005			
Revenue	5,814	1,643	7,457
Other income	-	2,562	2,562
Total segment revenue and other income	5,814	4,205	10,019
Unallocated revenue			94
Total revenue and other income			10,113
Segment results	670	3,205	3,875
Unallocated revenue less unallocated expenses			(1,190)
Profit before income tax			2,685
Income tax expense			(801)
Net profit			1,884

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

3. Revenue

	Half-Year Ended	
	31 Dec 2006	31 Dec 2005
	\$'000	\$'000
Sales revenue		
• Sale of goods	4,285	4,056
• Gaming revenue	1,650	1,648
• Rental income and recoveries from investment properties	1,384	1,643
	7,319	7,347
Other revenue		
• Licence fees	-	13
• Interest	41	56
• Imputed interest on long term receivable	20	22
• Commissions	72	66
• Other	44	47
	177	204
	7,496	7,551

4. Other Income

	Half-Year Ended	
	31 Dec 2006	31 Dec 2005
	\$'000	\$'000
Net gain on sale of investment property (refer note 5)	-	2,562
	-	2,562

5. Investment Properties

(a) Purchase (2005)

In November 2005 the Group acquired the Banksia Beach Shopping Centre plus two adjoining vacant land lots for \$7.925 million (being the purchase price) plus acquisition costs of approximately \$572,000 which included stamp duty, legal fees, commissions and other ancillary costs.

(b) Sale (2005)

In November 2005 the Group sold the Sunnybank Hills Shopping Centre. Details of the sale are as follows –

	\$'000
Consideration – cash	15,300
Disposal costs	(330)
	14,970
Less:	
Carrying value of investment	(12,408)
Gain on disposal	2,562

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

5. Investment Properties (continued)

(c) Overall movement

Overall movement in investment properties was as follows:

	2006	2005
	\$'000	\$'000
Balance as at 30 June	27,300	29,770
Purchase	-	8,497
Sale	-	(12,408)
Straight-line rentals	41	102
Fair value adjustment	(41)	(674)
Balance as at 31 December	27,300	25,287

No change in the fair value of investment properties has been recognised in the balance sheet as at 31 December 2006. 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. Subsequent Events

- (a) In October 2006 the Group entered into a contract to purchase an investment property in Home Hill, Queensland. The purchase was settled on 12 January 2007. The purchase price was \$1.45 million plus acquisition costs of approximately \$70,000. A deposit of \$69,000 was paid prior to half-year end. The acquisition was funded by way of existing debt facilities.
- (b) In February 2007 the Group renegotiated its finance facilities resulting in a \$1.55 million commercial bill previously due to be repaid on 31 July 2007 (and shown as current at 31 December 2006) having its term extended to 31 July 2008.
- (c) On 27 February 2007, the Directors of Axiom Properties Limited announced its intention to mount a takeover of Eumundi Group Limited by way of a one-for-one share offer. This offer is dependant upon acquiring 50.1% of Eumundi's issued capital and other certain conditions.

The Directors recommend that shareholders take no action at this stage and await their recommendation after they have had a chance to consider the offer fully.

The financial effects of the above were not recognised as at 31 December 2006.

7. Contingent Liabilities and Assets

There have been no material changes in respect of contingent liabilities and assets since 30 June 2006.

**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 2006 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 27th day of February 2007

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 condensed consolidated balance sheet as at 31 December 2006, and the condensed consolidated income statement, condensed consolidated statement of changes in equity and condensed 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 designing, implementing and maintaining internal control 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 2006 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 2006 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



KA HAIDUK
Partner

Brisbane, Queensland
27 February 2007