Rule 4.3A

Appendix 4E

Preliminary Final Report
Period ending on or after 30 June 2007

EUMUNDI GROUP LIMITED
ACN 010 947 476

1. REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2007.

Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2006.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

			($'000)		($'000)
2.1	Revenues from ordinary activities	up	$375	to	$15,522
2.2	Profit (loss) from ordinary activities after tax attributable to members	down	$1,784	to	$2,427
2.3	Net Profit (loss) for the period attributable to members	down	$1,784	to	$2,427
2.4	Dividends	It is not proposed to pay a dividend with respect to Ordinary Shares			
2.5	Record date for determining entitlements to the final dividend	Not Applicable			
2.6	In 2006 / 07, the group recorded a profit of $2,427,000 which is $1,784,000 below the 2005 / 06 reported profit of $4,211,000 which included $2,586,000 gain on disposal of investment property.				
2.7	Net assets at 30 June 2007 were $27,279,000, an increase of 17% from $23,238,000 at 30 June 2006. The net tangible asset backing per share has increased to 32.3 cents per share from 27.6 cents per share at the end of the prior period.				

Discussion and analysis of results

Eumundi Group Limited has recorded a profit after tax of $2,427,000 for the year ended 30 June 2007. This reflects a decrease in profit of $1,784,000 from a profit of $4,211,000 for the prior year. The current year profit includes a fair value increase on revaluation of investment properties $2,048,000, and the early termination of the Murphy Hotel Management consulting agreement $248,000. The prior year's profit includes a gain on sale of the Sunnybank Village investment property of $2,586,000, a fair value increase on revaluation of investment properties $1,265,000, and the early termination of the Castlemaine Licence and Option agreement $600,000.

Revenue of $15,522,000 represents an increase of 2.5% compared to $15,147,000 for the prior year.

Prior year includes revenues of $600,000 for the early termination of the Castlemaine Licence and Option agreement while the current year includes $248,000 for the early termination of the Murphy Hotel Management consulting agreement. Adjusting for this item, revenue has increased $727,000 or 4.8%.

The Ashmore Tavern Liquor Barn operation was reviewed and relaunched in September 2006 to compete with National discounters and prevent market share erosion. As a result, sales have increased by 14.6% from $7,774,000 in 2006 to $8,908,000 in the current year while cost of sales increased 18.5% from $5,598,000 in 2006 to $6,637,000 in the current year.

Contributions from investment properties of $4,508,000 in the current period was $1,799,000 below the result $6,307,000 for the prior period (which includes profit on sale of the Sunnybank Village investment property). Current year contributions include a full year of Aspley Central and Banksia Beach centres, with partial year revenue from Home Hill (acquired January 2007), and Aspley Arcade (acquired 29th June 2007) properties. The prior year result included a full year of contributions from the Aspley Central property, as well as revenues from Sunnybank Village (disposed in November 2005) and Banksia Beach (acquired November 2005) properties.

Borrowings were reduced throughout the year until facilities were drawn against to fund the purchase of the Aspley Arcade property. As a result financing costs were $1,290,000 in 2007 compared to $1,528,000 in the previous year.

Financial Position

Net assets at 30 June 2007 were $27,279,000, an increase of 17% from $23,238,000 at 30 June 2006. This represents a net tangible asset backing of 32.3 cents per share at 30 June 2007 compared to 27.6 cents per share at 30 June 2006.

The increase is largely attributable to the strong profit achieved, combined with the increment on revaluation of $1,231,000 (2006: $429,000) (net of tax) for the Ashmore Tavern land and buildings based upon an independent valuation at 3 May 2007, the revaluation increment on listed investments of $282,000 (2006: $66,000) (net of tax), and the revaluation increment on unlisted investments of $101,000 (2006: $nil) (net of tax).

Borrowings increased from $17,500,000 at 30 June 2006 to $31,800,000 due to the acquisition of the Home Hill and Aspley investment properties $15,228,000 (including acquisition costs).

Dividends

The board consider that the capital growth of the company is essential and is committed to building the group's assets. It therefore it is not proposed to pay any dividends at this time.

3. PROFIT AND LOSS STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Note	2007 $'000	2006 $'000
Revenues	3.1	15,522	15,147
Other income	3.2	2,051	3,851
Expenses	3.3	(12,826)	(11,471)
Finance costs	3.4	(1,290)	(1,528)
Profit before income tax expense		3,457	5,999
Income tax (expense)/benefit	3.5	(1,030)	(1,788)
Profit for the year		2,427	4,211

The above Profit and Loss Statement should be read in conjunction with the attached notes.

Notes to Profit and Loss Statement

3.1 Revenues

	2007 $'000	2006 $'000
Sale of goods	8,908	7,774
Gaming revenue	3,251	3,303
Rental income and recoveries from investment properties	2,730	2,991
	14,889	14,068
Termination fee *	248	600
License fees	-	75
Interest	74	91
Imputed interest on long term receivable	37	43
Rent	3	4
Consulting Fees	65	67
Commissions	138	129
Other	68	70
	633	1,079
Total revenue	15,522	15,147

* In May 2006 the Licence agreement with Castlemaine Perkins Pty Ltd was terminated early. On termination the Group received a lump payment of $600,000 with the ownership of the Eumundi beer brands vesting with Castlemaine Perkins Pty Ltd.

* In April 2007 the consulting agreement with Murphy Hotel Management was terminated early. On termination the Group received a lump payment of $248,000 in settlement of all future payments.

3.2 Other income

	2007 $'000	2006 $'000
Net gain on fair value adjustment – investment properties (note 4.9)	2,048	1,265
Net gain on sale of plant and equipment	3	-
Net gain on sale of investment property (note 4.9)	-	2,586
	2,051	3,851

3.3 Expenses

Classification of expenses by nature

	2007 $'000	2006 $'000
Purchase of inventories	6,332	5,633
Changes in inventories	299	(35)
Employee benefits expense	1,893	1,595
Depreciation and amortisation expense	294	278
Insurance	79	80
Operating lease rentals	244	224
Rates and taxes	82	82
Outgoings – investment properties	583	601
Management fee	127	124
Gaming machine tax	1,456	1,502
Other expenses	1,437	1,387
	12,826	11,471

3.4 Finance costs

	2007 $'000	2006 $'000
Finance costs		
- Amortisation of loan establishment costs	49	57
- Interest and finance charges paid/payable	1,241	1,471
	1,290	1,528

3.5 Income tax expense

	2007 $'000	2006 $'000
(a) Income tax expense		
Current tax	208	1,166
Deferred tax	817	622
Adjustment for current tax of prior periods	5	-
	1,030	1,788
(b) Numerical reconciliation of income tax to prima facie tax payable is as follows:		
Profit before income tax expense	3,457	5,999
Income tax calculated at 30% (2006: 30%)	1,037	1,800
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry Items	(7)	(12)
Income tax expense	1,030	1,788

(c) Deferred Income Tax at 30 June relates to the following:	Balance Sheet		Income Statement	
	2007 $'000	2006 $'000	2007 $'000	2006 $'000
Investment properties	(1,509)	(682)	827	655
Property, plant and equipment	(2,557)	(2,057)	(28)	(54)
Employee benefits	53	48	(5)	(10)
Accrued expenses	19	14	(5)	(4)
Sundry Items	(64)	127	28	35
Tax losses	749	897	-	-
Net deferred tax liabilities	(3,309)	(1,653)		
Net deferred tax expense			817	622

	2007 $'000	2006 $'000
(d) 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 (credited) directly to equity	691	213

(e) Franking credits

Franking credits available for subsequent financial years based on a tax rate of 30% (2006 – 30%)	480	413

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.

4. BALANCE SHEET AS AT 30 JUNE 2007

	Notes	2007 $'000	2006 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4.1	2,474	2,437
Trade and other receivables	4.2	313	279
Inventories	4.3	1,098	799
Available-for-sale financial assets	4.4	538	135
Other assets	4.5	85	126
TOTAL CURRENT ASSETS		4,508	3,776
NON-CURRENT ASSETS			
Other receivables	4.6	549	672
Available-for-sale financial assets	4.7	207	64
Property, plant and equipment	4.8	13,616	11,833
Investment properties	4.9	44,912	27,300
Intangible assets	4.10	85	87
TOTAL NON-CURRENT ASSETS		59,369	39,956
TOTAL ASSETS		63,877	43,732
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	4.11	1,619	1,103
Borrowings	4.12	800	834
Current tax liabilities		61	365
Provisions	4.13	141	145
TOTAL CURRENT LIABILITIES		2,621	2,447
NON-CURRENT LIABILITIES			
Borrowings	4.14	30,650	16,379
Deferred tax liabilities	4.15	3,309	1,653
Provisions	4.16	18	15
TOTAL NON-CURRENT LIABILITIES		33,977	18,047
TOTAL LIABILITIES		36,598	20,494
NET ASSETS		27,279	23,238
EQUITY			
Contributed equity	4.17	13,013	13,013
Reserves	4.18(a)	6,884	5,270
Retained profits	4.18(b)	7,382	4,955
TOTAL EQUITY		27,279	23,238

The above balance sheet is to be read in conjunction with the attached notes

Notes to Balance Sheet

4.1 Current assets - Cash and cash equivalents

	2007 $'000	2006 $'000
Cash at bank and in hand	2,474	837
Deposits	-	1,600
	2,474	2,437

Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2007 $'000	2006 $'000
Balances as above	2,474	2,437
Bank overdraft (note 4.12)	-	(34)
Balances per statement of cash flows	2,474	2,403

Deposits had an average maturity of 30 days.

4.2 Current assets - Trade and other receivables

	2007 $'000	2006 $'000
Trade receivable	89	16
Other receivables*	224	263
	313	279

* Refer to note 4.6 for the non-current portions of these receivables and related explanations.

4.3 Current assets - Inventories

	2007 $'000	2006 $'000
Finished goods – at cost	1,098	799

4.4 Current assets- Available–for-sale financial assets

	2007 $'000	2006 $'000
Shares in listed companies – at fair value	538	135
At beginning of year	135	-
Reclassification on adoption of AASB 132 and AASB 139	-	41
Fair value adjustment	403	94
	538	135

Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. At the date of transition to these standards at 1 July 2005, for the Group equity securities with a carrying value of $41,000 that were classified in the balance sheet under previous AGAAP as other financial assets were designated and reclassified as available-for-sale financial assets. The carrying amount at 1 July 2005 equalled fair value.

4.5 Current assets - Other assets

	2007 $'000	2006 $'000
Short term deposits	12	10
Prepayments	73	116
	85	126

4.6 Current assets - Other assets

Non-current assets – Other receivables	2007 $'000	2006 $'000
Other receivables	549	672

Other receivables includes amounts owing by Carlton and United Beverages Ltd of $666,000 (2006: $778,000), being the proceeds from termination of a brewing contract. The receivable will be settled by way of a further 5 annual instalments of $150,000 per annum ending on 1 November 2011. The Carlton and United Beverages Ltd 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.

4.7 Non-current assets – Available-for-sale financial assets	2007 $'000	2006 $'000
Unlisted securities – at fair value	207	64
At beginning of year	64	-
Reclassification on adoption of AASB 132 and AASB 139	-	64
Fair value adjustment	143	-
At end of year	207	64

Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. At the date of transition to these standards at 1 July 2005, for the Group equity securities with a carrying value of $64,000 that were classified in the balance sheet under previous AGAAP as other financial assets were designated and reclassified as available-for-sale financial assets.

4.8 Non-current assets- Property, plant and equipment

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Leased plant and equipment $'000	Total $'000
At 1 July 2005					
Cost or fair value	7,025	3,733	1,597	105	12,460
Accumulated depreciation	-	-	(1,137)	(52)	(1,189)
Net book amount	7,025	3,733	460	53	11,271
Year ended 30 June 2006					
Opening net book amount	7,025	3,733	460	53	11,271
Revaluation increment	475	138	-	-	613
Additions	-	11	259	-	270
Transfer from lease	-	-	37	(37)	-
Disposals	-	(45)	-	-	(45)
Depreciation charge	-	(87)	(173)	(16)	(276)
Closing net book amount	7,500	3,750	583	-	11,833
At 30 June 2006					
Cost or fair value	7,500	3,750	1,904	-	13,154
Accumulated depreciation	-	-	(1,321)	-	(1,321)
Net book amount	7,500	3,750	583	-	11,833
Year ended 30 June 2007					
Opening net book amount	7,500	3,750	583	-	11,833
Revaluation increment	1,500	259	-	-	1,759
Additions	-	87	257	-	344
Disposals	-	-	(28)	-	(28)
Depreciation charge	-	(96)	(196)	-	(292)
Closing net book amount	9,000	4,000	616	-	13,616
At 30 June 2007					
Cost or fair value	9,000	4,000	1,338	-	14,338
Accumulated depreciation	-	-	(722)	-	(722)
Net book amount	9,000	4,000	616	-	13,616

(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 2007 revaluation was based on an independent assessment by a member of the Australian Property Institute as at 3 May 2007. Based on this valuation the fair value of the Ashmore Tavern was reassessed resulting in a revaluation increment of $1,500,000 being recognised for freehold land and $259,000 for buildings.

The 2006 revaluation was based on an independent assessment by a member of the Australian Property Institute as at 22 June 2006. Based on this valuation the fair value of the Ashmore Tavern was reassessed resulting in a revaluation increment of $475,000 being recognised for freehold land and $138,000 for buildings.

(b) Non-current assets pledged as security

Refer to note 4.14(a) for details of assets pledged as security by the parent entity and its controlled entities.

(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 2007 $'000	Consolidated 2006 $'000
Freehold land		
Cost	3,026	3,026
Accumulated depreciation	-	-
Net book amount	3,026	3,026
Buildings		
Cost	1,372	1,276
Accumulated depreciation	(157)	(290)
Net book amount	1,215	986

4.9 Non-current assets – Investment properties

	Consolidated 2007 $'000	Consolidated 2006 $'000
At fair value		
Opening balance at 1 July	27,300	29,770
Acquisition (c)	15,228	8,501
Capitalised subsequent expenditure	262	-
Straight line rentals	74	172
Disposal (d)	-	(12,408)
Net gain /(loss) from fair value adjustment	2,048	1,265
	44,912	27,300

(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 2007 revaluations were based on independent assessments made by a member of the Australian Property Institute for properties held for more than 12 months and director's valuations for properties purchased during the financial year.

Aspley Arcade Shopping Centre was acquired in June 2007 for $13 million plus acquisition costs. At the time of acquisition, an independent valuation was carried out by CB Richard Ellis (registered property valuers) for finance purposes on behalf of the company's lender. The property was independently valued at market value, based upon the capitalisation of net income, at $12.5 million. The directors considered the valuation which they view as conservative having regard to pending market rent reviews, and have decided to write down the value of this property by the amount of the acquisition costs to the original purchase cost ($13 million) as their assessment of the property's fair value given that the property had only recently been purchased in an arms length transaction.

An independent valuation was conducted by G D Trivett and Associates (registered property valuers) in May 2007 in respect of the Banksia Beach investment property. The property was independently valued at market value, based upon the capitalisation of net income for the shopping centre and the value of vacant adjoining land, at $9.3 million. The directors are of the opinion that the redevelopment project as at 30 June 2007 has reached a stage further increasing the value of this property and as such consider that the directors valuation of $9.6 million refects its fair value.

The 30 June 2006 revaluations were based on independent assessments made by a member of the Australian Property Institute.

Property	Acquisition Date	Purchase Price* $'000	Valuation 2007 $'000	Valuation 2006 $'000
Aspley Shopping Centre	March 2004	17,362	20,800	19,000
Banksia Beach Shopping Village	November 2005	7,925	9,587	8,300
Aspley Arcade Shopping Centre	29 June 2007	13,000	13,000	N/A
Home Hill Shopping Centre	12 January 2007	1,450	1,525	N/A

* excluding acquisition costs

(b) Non-current assets pledged as security

Refer to note 4.14(a) for details of assets pledged as security by the parent entity and its controlled entities.

(c) Acquisition – Banksia Beach Shopping Village

In January 2007 the Group acquired an investment property at Home Hill plus an adjoining vacant land lot for $1.45 million (being the purchase price) plus acquisition costs of approximately $71,000.

In June 2007 the Group acquired the Aspley Arcade shopping centre for $13 million (being the purchase price) plus acquisition costs of approximately $707,000.

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 $576,000.

Acquisition costs included stamp duty, legal fees, commissions and other ancillary costs.

(d) Disposal – Sunnybank Hills Shopping Centre

In November 2005 the Group sold the Sunnybank Hills hotel/shopping centre. Details of the sale are as follows –

	$'000
Consideration – cash	15,300
Disposal costs	(306)
	14,994
Less:	
Carrying value of investment property	(12,408)
Gain on disposal	2,586

(e) Amounts recognised in profit and loss for investment property	Consolidated 2007 $'000	2006 $'000
Rental income and recoveries from investment properties	2,730	2,991
Direct operating expenses from property that property that generated rental income	(583)	(601)
	2,147	2,390

(f) Contractual obligations

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

(g) 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:

	2007 $'000	2006 $'000
Within one year	3,391	2,175
Later than one year but not later than five years	8,741	6,660
Later than five years	3,844	3,241
Total	15,976	12,076

4.10 Non-current assets - Intangible assets

	2007 $'000	2006 $'000
Hotel Licences		
At 1 July		
Cost	104	104
Accumulated amortisation	(17)	(15)
Net book amount	87	89
Year Ended 30 June		
Opening net book amount	87	89
Amortisation charge	(2)	(2)
Closing net book amount	85	87
At 30 June		
Cost	104	104
Accumulated amortisation	(19)	(17)
Net book amount	85	87

4.11 Current liabilities – Trade and other payables

	2007 $'000	2006 $'000
Trade payables	1,619	1,103

4.12 Current liabilities – Borrowings

	2007 $'000	2006 $'000
Secured		
Bank overdraft	-	34
Commercial bills	800	800
	800	834

Refer to note 4.14(a) for details of the finance facilities and assets pledged as security.

4.13 Current liabilities – Provisions

	2007 $'000	2006 $'000
Employee benefits	141	145

4.14 Non-current liabilities - Borrowings

	2007 $'000	2006 $'000
Secured		
Commercial bills	30,650	16,379

(a) Assets pledged as security

Bank overdraft and bills payable are wholly secured by way of:

(i) Registered mortgage debenture over the assets and undertakings of the consolidated entity;
(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 consolidated entity.

As such all assets are pledged as security for borrowings.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

(b) Financing arrangements

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

	2007 $'000	2006 $'000
Credit standby arrangements		
Total facilities		
Bank overdraft	100	100
Finance lease liabilities	400	400
Commercial bill facility	32,700	18,950
	33,200	19,450
Used at balance date		
Bank overdraft	-	34
Finance lease liabilities	-	-
Commercial bill facility	31,810	17,500
	31,810	17,534
Unused at balance date		
Bank overdraft	100	66
Finance lease liabilities	400	400
Commercial bill facility	890	1,450
	1,390	1,916

Bank overdraft
Standby funds provided by the consolidated entity's bankers are in the form of a bank overdraft which has a limit of $100,000 (2006: $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.

Commercial bills

The facilities are subject to annual review. Further details are outlined below.

Amount Drawn (Face Value) 2007 $'000	2006 $'000	Interest Rate 2007 %	2006 %	Interest Type	Expiry Date	Repayment Terms
14,200	15,000	6.8	7.1	Fixed	30/03/09	Quarterly principal payments of $200,000
14,110	-	7.2	-	Variable	31/07/12	Interest only until expiry
3,500	2,500	7.2	7.0	Variable	31/07/08	Interest only until expiry
31,810	17,500					

During 2007, facility fees applicable to both fixed and variable facilities were renegotiated, resulting in a decrease in the total interest rate payable on each facility.

Finance lease liabilities

The consolidated entity has a lease finance facility of $400,000 (2006: $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.

4.15 Non-current liabilities – Deferred tax liabilities

	2007 $'000	2006 $'000
Net deferred tax liabilities	3,309	1,653

4.16 Non-current liabilities – Provisions

	2007 $'000	2006 $'000
Employee benefits	18	15

4.17 Contributed equity

Share capital	2007 Number of Shares	2006 Number of Shares	2007 $'000	2006 $'000
Fully paid ordinary shares	84,331,609	84,331,609	13,013	13,013

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up on 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

There was no movement in issued shares in the 2007 or 2006 financial years.

Options

As at 30 June 2007, there were no options to purchase ordinary shares in the parent entity (2006: nil).

4.18 Reserves and retained profits

(a) Reserves	**2007 $'000**	**2006 $'000**
Available-for-sale asset revaluation reserve	449	66
Property, plant and equipment revaluation reserve	6,435	5,204
	6,884	5,270
Movements in reserves:		
Property, plant and equipment reserve		
Balance at the beginning of the year	5,204	4,775
Gain on revaluation of freehold land and buildings (net of tax)*	1,231	429
Balance at the end of the year	6,435	5,204

* Gross before tax - $1,759,000 (2006 - $613,000)

Available-for-sale asset revaluation reserve		
Balance at the beginning of the year	66	-
Change in fair value of unlisted securities*	282	-
Change in fair value of listed securities**	101	66
Balance at the end of the year	449	66

* Gross before tax - $143,000 (2006 - $nil)
** Gross before tax - 403,000 (2006 - $94,000)

Total reserves	6,884	5,270

(b) Retained profits	**2007 $'000**	**2006 $'000**
Retained profits at the beginning of the financial year	4,955	744
Profit for the year	2,427	4,211
Retained profits at the end of the financial year	7,382	4,955

5. CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2007

	Notes	2007 $'000	2006 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		16,948	16,494
Payments to suppliers and employees		(13,910)	(12,814)
Interest received		74	87
Finance costs		(1,329)	(1,461)
Income tax paid		(369)	(48)
Receipts from other debtors		150	150
Net cash inflows/(outflows) from operating activities	5(a)	1,564	2,408
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment properties	4.9	-	14,994
Payments for investment properties	4.9	(15,490)	(8,501)
Payments for property, plant & equipment	4.8	(344)	(270)
Proceeds from disposals of property, plant & equipment		31	-
Net cash inflows/(outflows) from investing activities		(15,803)	6,223
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		16,660	-
Repayment of borrowings		(2,350)	(8,250)
Repayment of lease liabilities		-	(28)
Net cash inflows/(outflows) from financing activities		14,310	(8,278)
Net increase/(decrease) in cash and cash equivalents		71	353
Cash and cash equivalents at beginning of year		2,403	2,050
Cash and cash equivalents at end of year	4.1	2,474	2,403

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

5.1 NOTES TO THE STATEMENT OF CASH FLOWS

(i) Reconciliation of profit for the year to cash flows from operating activities:

	2007 $'000	2006 $'000
Profit for the year	2,427	4,211
Depreciation and amortisation	294	278
(Gain)/loss on sale of property, plant and equipment excluding Imperial Hotel	(3)	45
Straight line rental adjustment	(74)	(172)
(Increment)/decrement on revaluation of investment properties to fair value	(2,048)	(1,265)
Gain on sale of Sunnybank Shopping Centre	-	(2,586)
Other	(76)	67
Changes in operating assets and liabilities (net of assets sold):		
(Increase)/decrease in:		
Trade accounts receivable	(24)	18
Other debtors/receivables	150	24
Inventories	(299)	(35)
Other current assets	41	(62)
Increase/(decrease) in:		
Trade accounts payable	516	111
Income tax payable	(304)	317
Deferred tax liability*	965	1,424
Employee benefits	(1)	33
Cash flows from operating activities	1,564	2,408

* net amounts recognised directly in equity

(ii) Non-Cash Financing and Investing Activities

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

6. DIVIDENDS

The directors have indicated that it is not proposed to pay a dividend with respect to Ordinary Shares until such time as borrowings are reduced and existing tax losses are extinguished.

7. DIVIDEND REINVESTMENT PLANS

Not Applicable

8. NET TANGIBLE ASSET BACKING

	2007 Cents	2006 Cents
Net tangible asset backing per ordinary security	32.3	27.6

9. EARNINGS PER SHARE

(a) Basic earnings per share	**2007**	**2006**
Basic earnings per share	2.88¢	4.99¢

(b) Diluted earnings per share	**2007**	**2006**
Diluted earnings per share	2.88¢	4.99¢

(c) Reconciliation of earnings used in calculating earnings per share	**2007**	**2006**
	$'000	**$'000**
Basic earnings per share		
Profit attributable to the ordinary equity hold holders of the company used in calculation basic earnings per share	2,427	4,211
Diluted earnings per share		
Profit attributable to the ordinary equity hold holders of the company used in calculation basic earnings per share	2,427	4,211

(d) Weighted average number of shares used the denominator	**Number of Shares**	
	2007	**2006**
Weighted average number of ordinary shares used in calculating basic earnings per share	84,331,609	84,331,609
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	84,331,609	84,331,609

(e) Information concerning the classification of securities

(i) Partly paid ordinary shares

There are no partly paid ordinary shares

(ii) Options

There are no options to purchase ordinary shares

10. CONTINGENT ASSET – AIRLIE BEACH LAGOON

As previously discussed in previous annual reports and other ASX releases, the company acquired a minority (23.3%) interest in Airlie Beach Lagoon Holdings Ltd (ABLH). ABLH is controlled by FKP Limited and had secured a lease to develop a property at Airlie Beach, Queensland to be known as Airlie Beach Lagoon Resort.

On 5th September 2006, the Queensland Government announced that if re-elected they would not approve the planned development of this site. The Directors have been involved in negotiations for compensation in respect of this matter.

No value is held in relation to this matter in the consolidated financial statements.

11. CONTINGENT LIABILITIES

As at 30 June 2007, the consolidated entity had no material contingent liabilities.

12. CHANGES IN CONTROL OVER GROUP ENTITIES

During the year ended 30 June 2007 there were no changes (gained or lost) in the control exercised by the company over group entities.

13. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not Applicable

14. FOREIGN ENTITIES

Not Applicable

15. SEGMENT INFORMATION

Geographical Segments

The group operates predominantly in Australia.

Business Segments

This group operates predominantly in the following business segments:

Hotel Operations – operations comprise the operation of the Ashmore Tavern.

Investment – operations comprise investment in commercial properties.

2007	Hotel Operations $'000	Investment $'000	Total $'000
Revenue			
Sales to external customers	12,159	2,730	14,889
Other revenue/income	209	2,361*	2,570
Total segment revenue/income	12,368	5,091	17,459
Unallocated revenue			114
Total revenue/income			17,573
Results			
Segment results	1,138	4,508*	5,646
Unallocated revenue less unallocated expenses			(2,189)
Profit before income tax			3,457
Income tax expense			(1,030)
Profit for the year			2,427
Assets			
Segment assets	16,733	45,020	61,753
Unallocated assets			2,124
Total assets			63,877
Liabilities			
Segment liabilities	1,158	-	1,158
Unallocated liabilities			35,440
Total liabilities			36,598
Other segment information			
Acquisitions of property, plant and equipment, investment properties intangibles and other non-current assets	340	15,490	15,830
Unallocated acquisitions			4
Total acquisitions			15,834

Depreciation and amortisation	283	-	283
Unallocated			11
Total depreciation and amortisation			294
Other non-cash expenses (other than depreciation and amortisation)	-	-	-

* includes fair value adjustment to investment properties $2,048,000 and termination fee of $248,000 (refer note 5)

16. SUBSEQUENT EVENTS

(a) Acquisition of Keendove Holdings Pty Ltd

On 2 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 $1,320,000 consisting of cash of $1,000,000, 912,225 ordinary shares in Eumundi Group Limited, and direct costs relating to the acquisition of $32,000. Eumundi Group Shares issued are subject to an escrow period of three years.

Eumundi Group has acquired an option to purchase the remaining 10% of shares in Keendove Holdings Pty Ltd within the next three years with the price varying dependant upon KPI's being achieved by the General Manager of the entity.

Details of net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash paid	1,000,000
Issue of shares	287,000
Direct costs relating to the acquisition	32,000
Total purchase consideration	1,320,000
Fair value of net identifiable assets acquired (refer below)	1,320,000
Goodwill	-

(b) 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	106,000	106,000
Property, plant and equipment	27,000	27,000
Management rights	1,431,000	-
Receivables	44,000	44,000
Payables	(57,000)	(57000)
Employee benefit liabilities	(85,000)	(85,000)
Net assets	1,466,000	35,000
Minority interests	146,000	
Net identifiable assets acquired	1,320,000	

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

The financial effects of the above transaction have not been brought to account at 30 June 2007. The operating results and assets and liabilities of the company will be consolidated from 2 July 2007.

17. This report is based on accounts to which one of the following applies:

☐ The accounts have been audited

☑ The accounts are in the process of being audited

☐ The accounts have been subject to review

☐ The accounts have *not* yet been audited or reviewed.

18. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below.

Not applicable

19. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below.

Not applicable

Joe Ganim
Chairman
29th August 2007