

# Appendix 4E

## Preliminary Final Report Period ending on or after 30 June 2008

### EUMUNDI GROUP LIMITED ACN 010 947 476

#### 1. REPORTING PERIOD

The financial information contained in this report is for the year ended 30 June 2008.

Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2007.

#### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

		(\$'000)		(\$'000)
2.1	Revenues from ordinary activities	up	\$3,267	to \$18,789
2.2	Profit (loss) from ordinary activities after tax attributable to members	down	\$567	to \$1,860
2.3	Net Profit (loss) for the period attributable to members	down	\$567	to \$1,860
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 2007-08, the group recorded a profit after tax and minority interest of \$1,860,000 which is \$567,000 below the 2006/07 reported profit of \$2,427,000. The current year result includes recovery of costs of \$328,000 upon termination of the Airlie Beach Lagoon project, a fair value increase on revaluation of investment properties of \$1,377,000 and the acquisition of Keendove Holdings Pty Ltd. The prior years results included the early termination of the Murphy Hotel Management consulting agreement \$248,000 and a fair value increase on revaluation of investment properties of \$2,048,000.			
2.7	Net assets attributable to members of Eumundi Group Limited at 30 June 2008 were \$25,985,000, a decrease of 5% from \$27,279,000 at 30 June 2007 attributable to increased borrowings to fund the selective share buyback \$4,566,000. The net tangible asset backing per share has increased to 36.6 cents per share from 32.3 cents per share at the end of the prior period.			

**Discussion and analysis of results**

Eumundi Group Limited has recorded a profit after tax attributable to members of \$1,860,000 for the year ended 30 June 2008. This reflects a decrease in profit of \$567,000 from a profit of \$2,427,000 for the prior year.

The current year profit includes a fair value increase on revaluation of investment properties \$1,377,000, \$328,000 recovery of costs on the termination of the Airlie Beach Lagoon Hotel development, and contribution of Keendove Holdings Pty Ltd of \$20,000 after intangible amortisation. The prior 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 of \$248,000.

Revenue of \$18,789,000 represents an increase of 21% compared to \$15,522,000 for the prior year.

Ashmore Tavern sales have increased by 12.4% from \$8,908,000 in 2007 to \$10,011,000 in the current year while cost of sales increased 15.7% from \$6,637,000 in 2007 to \$7,672,000 in the current year. Gaming revenue has increased from \$3,251,000 to \$3,909,000 as a result of upgrades to gaming machines through the 2008 year.

Contributions from investment properties of \$4,450,000 in the current period was \$58,000 below the result \$4,508,000 for the prior period. This contribution includes fair value increases on revaluation of investment properties, which reduced by \$671,000 or 33% from \$2,048,000 as at 30 June 2007 to \$1,377,000 as at 30 June 2008. Softening of property yields was partially offset by higher net rentals achieved. Current year contributions include a full year of Aspley Arcade and Home Hill centres purchased during the prior year.

Eumundi Group acquired property management company Keendove Holdings Pty Ltd on 3 July 2007. Contributions of \$20,000 for the year to 30 June 2008 included revenues of \$919,000 offset by operating costs of \$715,000 and amortisation of intangible assets \$257,000 (refer note 16)

Financing costs were \$2,566,000 in 2008 compared to \$1,290,000 in the previous year due to the increased borrowings in June 2007 to acquire the Aspley Arcade shopping Centre \$13,000,000 (plus costs) and the selective share buy-back \$4,566,000 (plus costs) in addition to the sustained increase in interest rates.

**Financial Position**

Net assets at 30 June 2008 were \$26,131,000, a decrease of 4% from \$27,279,000 at 30 June 2007.

This represents a net tangible asset backing of 34.2 cents per share at 30 June 2008 compared to 32.3 cents per share at 30 June 2007.

The decrease is attributable to impact of the selective share buy-back and the revaluation decrement on listed investments of \$(306,000) (net of tax) (2007: increment of \$282,000 net of tax) offset by the strong profit achieved, combined with the increment on revaluation of \$1,470,000 (2007: \$1,231,000) (net of tax) for the Ashmore Tavern land and buildings based upon an independent valuation at June 2008.

Borrowings increased from \$31,800,000 at 30 June 2007 to \$37,000,000 due to funding of the selective share buy-back of \$4,566,000 and Banskia Beach Shopping Centre redevelopment expenditure incurred during the year of \$1,807,000.

**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 2008**

	Note	2008 \$'000	2007 \$'000
Revenues	3.1	18,789	15,522
Other income	3.2	1,705	2,051
Expenses	3.3	(15,282)	(12,826)
Finance costs	3.4	(2,566)	(1,290)
Profit before income tax expense		2,646	3,457
Income tax (expense)/benefit	3.5	(783)	(1,030)
<b>Profit for the year</b>		1,863	2,427
<b>Minority interest</b>		(3)	-
<b>Profit for the year attributable to members of Eumundi Group</b>		1,860	2,427

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

**Notes to Profit and Loss Statement****3.1 Revenues**

	2008 \$'000	2007 \$'000
Sale of goods	10,011	8,908
Gaming revenue	3,416	3,251
Rental income and recoveries from investment properties	3,909	2,730
Management services**	991	-
	18,327	14,889
Termination fee *	-	248
Interest	85	74
Imputed interest on long term receivable	32	37
Rent	-	3
Consulting Fees	8	65
Commissions	138	138
Other	199	68
	462	633
Total revenue	18,789	15,522

\* 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.

\*\* Management services are acquisition of Keendove Holdings Pty Ltd (refer note 16)

**3.2 Other income**

	<b>2007</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Net gain on fair value adjustment – investment properties (note 4.9)	1,377	2,048
Net gain on sale of plant and equipment	-	3
Recovery of costs	328	-
	<u>1,705</u>	<u>2,051</u>

## (a) Recovery of costs

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

**3.3 Expenses****Classification of expenses by nature**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Purchase of inventories	7,190	6,332
Changes in inventories	482	299
Employee benefits expense	2,517	1,893
Depreciation and amortisation expense	586	294
Insurance	66	79
Operating lease rentals	272	244
Rates and taxes	82	82
Outgoings – investment properties	845	583
Management fee	91	127
Gaming machine tax	1,543	1,456
Other expenses	1,608	1,437
	<u>15,282</u>	<u>12,826</u>

**3.4 Finance costs**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Finance costs		
- Amortisation of loan establishment costs	38	49
- Interest and finance charges paid/payable	2,528	1,241
	<u>2,566</u>	<u>1,290</u>

**3.5 Income tax expense**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Income tax expense</b>		
Current tax	164	208
Deferred tax	619	817
Adjustment for current tax of prior periods	-	5
	<u>783</u>	<u>1,030</u>
<b>(b) Numerical reconciliation of income tax to prima facie tax payable is as follows:</b>		
Profit before income tax expense	2,646	3,457
	<u>794</u>	<u>1,037</u>
Income tax calculated at 30% (2007: 30%)		
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Sundry Items	(11)	(7)
Income tax expense	<u>783</u>	<u>1,030</u>

**(c) Deferred Income Tax at 30 June relates to the following:**

	<b>Balance Sheet</b>		<b>Income Statement</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Investment properties	(2,239)	(1,509)	730	827
Property, plant and equipment	(3,161)	(2,557)	(26)	(28)
Intangibles	(539)	-	(77)	-
Employee benefits	80	53	3	(5)
Accrued expenses	24	19	(5)	(5)
Sundry Items	(100)	(64)	(6)	28
Tax losses	695	749	-	-
Net deferred tax liabilities	<u>(5,040)</u>	<u>(3,309)</u>		
Net deferred tax expense			<u>619</u>	<u>817</u>

Tax losses of \$54,000 (2007: \$148,000) were utilised to offset the current tax liability during the year.

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(d) Amounts recognised directly in equity</b>		
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	<u>482</u>	<u>691</u>

**3.5 Income tax expense (continued)****(e) Franking credits**

Franking credits available for subsequent financial years based on a tax rate of 30% (2007 – 30%)	552	480
---	-----	-----

---

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 2008**

	Notes	2008 \$'000	2007 \$'000
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4.1	1,256	2,474
Trade and other receivables	4.2	406	313
Inventories	4.3	1,580	1,098
Available-for-sale financial assets	4.4	101	538
Other assets	4.5	110	85
<b>TOTAL CURRENT ASSETS</b>		<b>3,453</b>	<b>4,508</b>
<b>NON-CURRENT ASSETS</b>			
Other receivables	4.6	397	549
Available-for-sale financial assets	4.7	207	207
Property, plant and equipment	4.8	15,792	13,616
Investment properties	4.9	48,253	44,912
Intangible assets	4.10	1,882	85
<b>TOTAL NON-CURRENT ASSETS</b>		<b>66,531</b>	<b>59,369</b>
<b>TOTAL ASSETS</b>		<b>69,984</b>	<b>63,877</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Trade and other payables	4.11	1,875	1,619
Borrowings	4.12	600	800
Current tax liabilities		54	61
Provisions	4.13	262	141
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,791</b>	<b>2,621</b>
<b>NON-CURRENT LIABILITIES</b>			
Borrowings	4.14	36,016	30,650
Deferred tax liabilities	4.15	5,040	3,309
Provisions	4.16	6	18
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>41,062</b>	<b>33,977</b>
<b>TOTAL LIABILITIES</b>		<b>43,853</b>	<b>36,598</b>
<b>NET ASSETS</b>		<b>26,131</b>	<b>27,279</b>
<b>EQUITY</b>			
Contributed equity	4.17	8,695	13,013
Reserves	4.18(a)	8,048	6,884
Retained profits	4.18(b)	9,242	7,382
Parent entity interest		25,985	27,279
Minority interest		146	-
<b>TOTAL EQUITY</b>		<b>26,131</b>	<b>27,279</b>

*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**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and in hand	1,256	2,474

**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 cash flow statements as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Balances per cash flow statement	1,256	2,474

**4.2 Current assets - Trade and other receivables**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade receivable	156	89
Provision for impairment of trade receivables	(3)	-
	<u>153</u>	<u>89</u>
Other receivables*	223	224
	<u>406</u>	<u>313</u>

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

**Impaired trade receivables**

As at 30 June 2008 trade receivables of the Group with nominal value of \$3,000 (2007 – \$nil) were impaired. The amount of the provision was \$3,000 (2007 – \$nil). The individually impaired assets relate to hotel suppliers who have entered into liquidation.

**Past due but not impaired**

There are no significant receivables for the group that are past due but not impaired

**4.3 Current assets - Inventories**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Finished goods – at cost	<u>1,580</u>	<u>1,098</u>



**4.4 Current assets- Available-for-sale financial assets**

	<b>2008</b> <b>\$'000</b>	<b>2007</b> <b>\$'000</b>
Shares in listed companies – at fair value	101	538
At beginning of year	538	135
Fair value adjustment – transfer to equity	(437)	403
At end of year	101	538

**4.5 Current assets - Other assets**

	<b>2008</b> <b>\$'000</b>	<b>2007</b> <b>\$'000</b>
Short term deposits	10	12
Prepayments	100	73
	110	85

**4.6 Current assets - Other receivables**

	<b>2008</b> <b>\$'000</b>	<b>2007</b> <b>\$'000</b>
Other receivables	397	549

Other receivables includes amounts owing by Carlton and United Beverages Ltd of \$547,000 (2007: \$665,000), being the proceeds from termination of a brewing contract. The receivable will be settled by way of a further 4 annual instalments of \$150,000 per annum (2007: 5) 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.

**4.6 Non-current assets – Available-for-sale financial assets**

	<b>2008</b> <b>\$'000</b>	<b>2007</b> <b>\$'000</b>
Unlisted securities – at fair value	207	207
At beginning of year	207	64
Fair value adjustment – transfer to equity	-	143
At end of year	207	207

**4.8 Non-current assets- Property, plant and equipment**

	<b>Freehold land \$'000</b>	<b>Buildings \$'000</b>	<b>Plant and equipment \$'000</b>	<b>Total \$'000</b>
<b>At 30 June 2006</b>				
Cost or fair value	7,500	3,750	1,904	13,154
Accumulated depreciation	-	-	(1,321)	(1,321)
Net book amount	<u>7,500</u>	<u>3,750</u>	<u>583</u>	<u>11,833</u>
<b>Year ended 30 June 2007</b>				
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	<u>9,000</u>	<u>4,000</u>	<u>616</u>	<u>13,616</u>
<b>At 30 June 2007</b>				
Cost or fair value	9,000	4,000	1,338	14,338
Accumulated depreciation	-	-	(722)	(722)
Net book amount	<u>9,000</u>	<u>4,000</u>	<u>616</u>	<u>13,616</u>
<b>Year ended 30 June 2008</b>				
Opening net book amount	9,000	4,000	616	13,616
Revaluation increment	2,000	100	-	2,100
Additions*	-	-	405	405
Depreciation charge	-	(100)	(229)	(329)
Closing net book amount	<u>11,000</u>	<u>4,000</u>	<u>792</u>	<u>15,792</u>
<b>At 30 June 2008</b>				
Cost or fair value	11,000	4,000	1,455	16,455
Accumulated depreciation	-	-	(663)	(663)
Net book amount	<u>11,000</u>	<u>4,000</u>	<u>792</u>	<u>15,792</u>

\* Includes plant and equipment of \$26,000 from the acquisition of Keendove Holdings Pty Ltd. Refer note 16.

**(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 revaluation was based on an independent assessment by a member of the Australian Property Institute as at 24 June 2008. Based on this valuation the fair value of the Ashmore Tavern was reassessed resulting in a revaluation increment of \$2,000,000 being recognised for freehold land and \$100,000 for buildings.

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.

**(b) Non-current assets pledged as security**

Refer to note 4.14(a) for details of assets pledged as security.

**(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:

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Freehold land</b>		
Cost	3,026	3,026
Accumulated depreciation	-	-
Net book amount	3,026	3,026
<b>Buildings</b>		
Cost	1,363	1,363
Accumulated depreciation	(183)	(157)
Net book amount	1,180	1,206

**4.9 Non-current assets – Investment properties**

	<b>Consolidated</b>	
	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>At fair value</b>		
Opening balance at 1 July	44,912	27,300
Acquisition (c)	-	15,228
Capitalised subsequent expenditure	1,889	262
Straight line rentals	75	74
Net gain /(loss) from fair value adjustment	1,377	2,048
Closing Balance as at 30 June	48,253	44,912

**(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 2008 revaluations for Aspley Shopping Centre, Banksia Beach 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.

The 30 June 2007 revaluations were based on independent assessments made by a member of the Australian Property Institute.

Property	Acquisition Date	Purchase Price* \$'000	Valuation	
			2008 \$'000	2007 \$'000
Aspley Shopping Centre	March 2004	17,362	22,500	20,800
Banksia Beach Shopping Village	November 2005	7,925	10,050	9,587
Aspley Arcade Shopping Centre	29 June 2007	13,000	14,150	13,000
Home Hill Shopping Centre	12 January 2007	1,450	1,553	1,525
			<u>48,233</u>	<u>44,912</u>

\* excluding acquisition costs

**(b) Non-current assets pledged as security**

Refer to note 4.14(a) for details of assets pledged as security.

**(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.

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

(d) Amounts recognised in profit and loss for investment property	Consolidated	
	2008 \$'000	2007 \$'000
Rental income and recoveries from investment properties	3,909	2,730
Direct operating expenses from properties that generated rental income	(845)	(583)
	<u>3,064</u>	<u>2,147</u>

**(e) Contractual obligations**

Contractual arrangements exist for the redevelopment of the Banksia Beach shopping centre under which a further \$4,866,000 is committed to building contractors. There are no other contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

**(f) 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:

	2008 \$'000	2007 \$'000
Within one year	3,288	3,391
Later than one year but not later than five years	10,342	8,741
Later than five years	3,829	3,844
Total	<u>17,459</u>	<u>15,976</u>

**4.10 Non-current assets - Intangible assets**

<b>Consolidated</b>	<b>Hotel</b>	<b>Management</b>	<b>Total</b>
	<b>Licences</b>	<b>Rights</b>	
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>At 30 June 2006</b>			
Cost	104	-	104
Accumulated amortisation	(17)	-	(17)
Net book amount	87	-	87
<b>Year ended 30 June 2007</b>			
Opening net book amount	87	-	87
Amortisation charge	(2)	-	(2)
Closing net book amount	85	-	85
<b>At 30 June 2007</b>			
Cost	104	-	104
Accumulated amortisation	(19)	-	(19)
Net book amount	85	-	85
<b>Year ended 30 June 2008</b>			
Opening net book amount	85	-	85
Acquisition of subsidiary (refer note 4.16)	-	2,054	2,054
Amortisation charge	(2)	(255)	(259)
Closing net book amount	83	1,799	1,882
<b>At 30 June 2008</b>			
Cost	104	2,054	2,158
Accumulated amortisation	(21)	(255)	(278)
Net book amount	83	1,799	1,882

**4.11 Current liabilities – Trade and other payables**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Trade payables	1,875	1,619

**4.12 Current liabilities – Borrowings**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Secured</b>		
Commercial bills	600	800

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

**4.13 Current liabilities – Provisions**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Employee benefits	262	141

**4.14 Non-current liabilities - Borrowings**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Secured</b>		
Commercial bills	36,016	30,650

**(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:

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Credit standby arrangements</b>		
Total facilities		
Bank overdraft	100	100
Finance lease liabilities	400	400
Commercial bill facility	43,715	32,700
	<u>44,215</u>	<u>33,200</u>
Used at balance date		
Bank overdraft	-	-
Finance lease liabilities	-	-
Commercial bill facility	37,000	31,810
	<u>37,000</u>	<u>31,810</u>
Unused at balance date		
Bank overdraft	100	100
Finance lease liabilities	400	400
Commercial bill facility	6,715	890
	<u>7,215</u>	<u>1,390</u>

**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 (2007: \$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)		Interest Rate		Interest Type	Expiry Date	Repayment Terms
2008 \$'000	2007 \$'000	2008 %	2007 %			
13,400	14,200	6.8	6.8	Fixed until 30/03/09 then variable	31/01/10	Quarterly principal payments of \$200,000 until 30/03/09
14,900	14,110	8.5	7.2	Variable	31/07/12	Interest only until expiry
3,300	3,500	8.7	7.2	Variable	31/01/10	Interest only until expiry
1,400	-	8.6	-	Variable	31/01/10	Interest only until expiry
4,000	-	8.6	-	Variable	31/01/10	Interest only until 30/09/09 and then quarterly payments of \$250,000 until expiry.
<u>37,000</u>	<u>31,810</u>					

On 26 August 2008 the following variations were approved by the Groups banker in respect of the \$4,000,000 bill facility:

- the facility will remain at a variable rate with interest only payments
- no quarterly reductions are to be required.

**Finance lease liabilities**

The consolidated entity has a lease finance facility of \$400,000 (2007: \$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**

	2008 \$'000	2007 \$'000
Net deferred tax liabilities	5,040	3,309

**4.16 Non-current liabilities – Provisions**

	2008 \$'000	2007 \$'000
Employee benefits	6	18

**4.17 Contributed equity**

	2008 Number of Shares	2007 Number of Shares	2008 \$'000	2007 \$'000
<b>Share capital</b>				
Fully paid ordinary shares	70,974,845	84,331,609	8,695	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.

**4.17 Contributed equity (continued)**

<b>Movements in share capital</b>	<b>No. of shares</b>	<b>\$'000</b>
<b>Balance at 30 June 2007</b>	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)
<b>Balance at 30 June 2008</b>	<u>70,974,845</u>	<u>8,695</u>

There was no movement in share capital in the 2007 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 16 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 2008, there were no options to purchase ordinary shares in the parent entity (2007: nil).



**4.18 Reserves and retained profits**

<b>(a) Reserves</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>
Available-for-sale asset revaluation reserve	143	449
Property, plant and equipment revaluation reserve	7,905	6,435
	<u>8,048</u>	<u>6,884</u>
Movements in reserves:		
<b>Property, plant and equipment reserve</b>		
Balance at the beginning of the year	6,435	5,204
Gain on revaluation of freehold land and buildings (net of tax)*	1,470	1,231
Balance at the end of the year	<u>7,905</u>	<u>6,435</u>
* Gross before tax - \$2,100,000 (2007 - \$1,759,000)		
<b>Available-for-sale asset revaluation reserve</b>		
Balance at the beginning of the year	449	66
Change in fair value of unlisted securities (net of tax)*	-	101
Change in fair value of listed securities (net of tax)**	(306)	282
Balance at the end of the year	<u>143</u>	<u>449</u>
* Gross before tax - \$nil (2007- \$143,007)		
** Gross before tax - \$(437,000) (2007 - \$403,000)		
<b>(b) Retained profits</b>	<b>2008 \$'000</b>	<b>2007 \$'000</b>
Retained profits at the beginning of the financial year	7,382	4,955
Profit for the year attributable to members of Eumundi Group Limited	1,860	2,427
Retained profits at the end of the financial year	<u>9,242</u>	<u>7,382</u>

**5. CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2008**

	Notes	2008 \$'000	2007 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from customers		20,849	16,948
Payments to suppliers and employees		(16,931)	(13,910)
Interest received		85	74
Finance costs		(2,590)	(1,329)
Income tax paid		(145)	(369)
Receipts from other debtors		150	150
<b>Net cash inflows/(outflows) from operating activities</b>	5(a)	<u>1,418</u>	<u>1,564</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for investment properties	4.9	(1,889)	(15,490)
Payments for property, plant & equipment	4.8	(379)	(344)
Payment for acquisition of subsidiary net of cash acquired (refer note 16)		(936)	-
Proceeds from disposals of property, plant & equipment		-	31
<b>Net cash inflows/(outflows) from investing activities</b>		<u>(3,204)</u>	<u>(15,803)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		7,440	16,660
Repayment of borrowings		(2,250)	(2,350)
Share buy-back		(4,566)	-
Share buy-back costs		(56)	-
<b>Net cash inflows/(outflows) from financing activities</b>		<u>568</u>	<u>14,310</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		(1,218)	71
Cash and cash equivalents at beginning of year		<u>2,474</u>	<u>2,403</u>
<b>Cash and cash equivalents at end of year</b>	4.1	<u>1,256</u>	<u>2,474</u>

*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:**

	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit for the year	1,863	2,427
Depreciation and amortisation	586	294
Gain on disposal of property, plant and equipment	-	(3)
Straight line rental adjustment	(75)	(74)
Net (gain)/loss on revaluation of investment properties to fair value	(1,377)	(2,048)
Other	(56)	(76)
Changes in operating assets and liabilities (net of assets acquired):		
(Increase)/decrease in:		
Trade accounts receivable	14	(24)
Other debtors/receivables	150	150
Inventories	(482)	(299)
Other current assets	(16)	41
Increase/(decrease) in:		
Trade and other payables	168	516
Income tax payable	(24)	(304)
Deferred tax liability*	662	965
Employee benefits	5	(1)
Cash flows from operating activities	<u>1,418</u>	<u>1,564</u>

\* net of amounts recognised directly in equity

**(ii) Non-Cash Financing and Investing Activities**

During the current year shares to the value of \$287,000 were issued as part consideration for the acquisition of majority interest in Keendove Holdings Pty Ltd. Refer note 16.

There were no non-cash financing and investing activities during the 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**

	<b>2008</b>	<b>2007</b>
	<b>Cents</b>	<b>Cents</b>
Net tangible asset backing per ordinary security	<u>34.2</u>	<u>32.3</u>

**9. EARNINGS PER SHARE**

<b>(a) Basic earnings per share</b>	<b>2008</b>	<b>2007</b>
Basic earnings per share	2.33¢	2.88¢
<b>(b) Diluted earnings per share</b>	<b>2008</b>	<b>2007</b>
Diluted earnings per share	2.33¢	2.88¢
<b>(c) Reconciliation of earnings used in calculating earnings per share</b>	<b>2008</b>	<b>2007</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity hold holders of the company used in calculation basic earnings per share	1,860	2,427
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity hold holders of the company used in calculation basic earnings per share	1,860	2,427
<b>(d) Weighted average number of shares used the denominator</b>	<b>Number of Shares</b>	
	<b>2008</b>	<b>2007</b>
Weighted average number of ordinary shares used in calculating basic earnings per share	79,819,758	84,331,609
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	79,819,758	84,331,609
<b>(e) Information concerning the classification of securities</b>		
(i) <i>Partly paid ordinary shares</i>		
There are no partly paid ordinary shares		
(ii) <i>Options</i>		
There are no options to purchase ordinary shares		

**10. CONTINGENT ASSET**

The contingent asset identified as at 30 June 2007 has been recognised in the profit and loss for the year ended 30 June 2008 recovery of costs upon termination of the Airlie Beach Lagoon Hotel project.

As at 30 June 2008, the consolidated entity had no material contingent assets.

**11. CONTINGENT LIABILITIES**

As at 30 June 2008, the consolidated entity had no material contingent liabilities.

**12. CHANGES IN CONTROL OVER GROUP ENTITIES**

During the year ended 30 June 2008 the Group acquired 90% shareholding in property management company Keendove Holdings Pty Ltd . Refer note 16.

There were no other 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.**Property Management** – operations comprise the management of commercial, retail and industrial investment properties

	<b>Hotel Operations \$'000</b>	<b>Investment \$'000</b>	<b>Property Management \$'000</b>	<b>Total \$'000</b>
<b>2008</b>				
<b>Revenue</b>				
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
<b>Results</b>				
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
<b>Assets</b>				
Segment assets	19,190	48,323	2,015	69,528
Unallocated assets				456
Total assets				69,984
<b>Liabilities</b>				
Segment liabilities	1,456	56	157	1,669
Unallocated liabilities				42,184
Total liabilities				43,853
<b>Other segment information</b>				
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 3.2.

\*\* Includes recovery of prior period costs \$328,000. Refer note 3.2.

\*\*\* Includes items purchased as part of Keendove Holdings Pty Ltd acquisition. Refer note 16.

**16. 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 are 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	<u>1,330</u>
Fair value of net identifiable assets acquired (refer below)	<u>1,330</u>
Goodwill	<u>-</u>

**(b) Purchase consideration**

	Consolidated	
	2008	2007
	\$	\$
<b>Outflow of cash to acquire subsidiary, net of cash acquired</b>		
Cash consideration	1,043	-
Less: Balances acquired		
Cash and cash equivalents	107	-
	<u>936</u>	<u>-</u>

**(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	<u>1,473</u>	<u>35</u>
Minority interests	143	
Net identifiable assets acquired	<u>1,330</u>	

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

There were no acquisitions in the year ending 30 June 2007.

**17. SUBSEQUENT EVENTS**

On 26 August 2008 the following variations were approved by the Groups banker in respect of the \$4,000,000 bill facility:

- the facility will remain at a variable rate with interest only payments
- no quarterly reductions are be required.

There are no other subsequent events that will have a material impact of the future operations of the group.

**18. 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.

**19. 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

**20. 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  
28<sup>th</sup> August 2007