EUMUNDI GROUP

2019 ANNUAL REPORT

Eumundi Group Limited ABN 30 010 947 476

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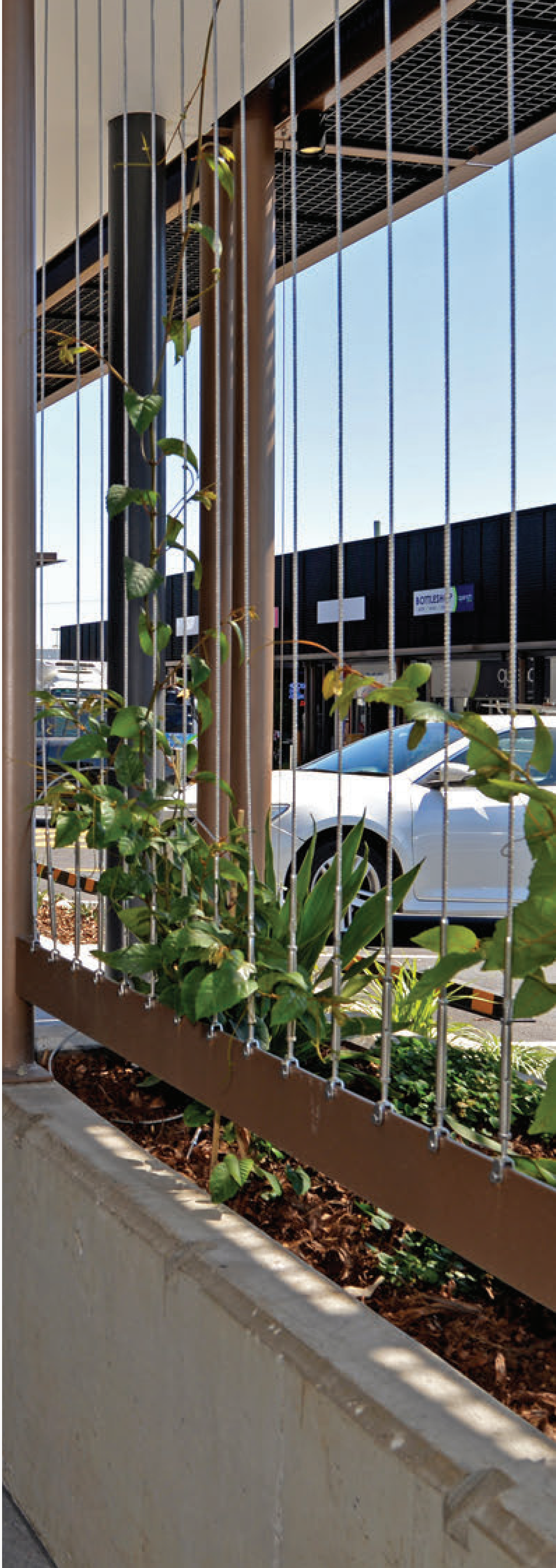


Corporate directory

Directors	Joseph Michael Ganim *Non-executive Chairman*
	Gilbert De Luca
	Vernon Alan Wills
Chief Executive Officer	Suzanne Marie Jacobi-Lee
Company Secretary	Leni Pia Stanley
Notice of annual general meeting	The annual general meeting of Eumundi Group Limited will be held:
	at HopgoodGanim Lawyers Level 7, 1 Eagle Street Brisbane Qld 4000
	time 11:00am
	date Friday 29th November 2019
Principal registered office in Australia	c/- HopgoodGanim Lawyers Level 8, 1 Eagle Street Brisbane Qld 4000 Telephone: (07) 3024 0000
Principal place of business	Level 15, 10 Market Street Brisbane Qld 4000 Telephone: (07) 3229 7222 Facsimile: (07) 3211 8222
Share registry	c/- Computershare Registry Services Pty Limited Level 1, 200 Mary St Brisbane Qld 4000 Telephone 1300 552 270
Auditor	Pitcher Partners Level 38, Central Plaza One 345 Queen Street Brisbane Qld 4000
Solicitors	HopgoodGanim Lawyers Level 8, 1 Eagle Street Brisbane Qld 4000
Bankers	National Australia Bank 255 Adelaide Street Brisbane Qld 4000
Stock exchange listing	Eumundi Group Limited shares are listed on the Australian Securities Exchange (ASX code: EBG)
Web site address	www.eumundigroup.com.au

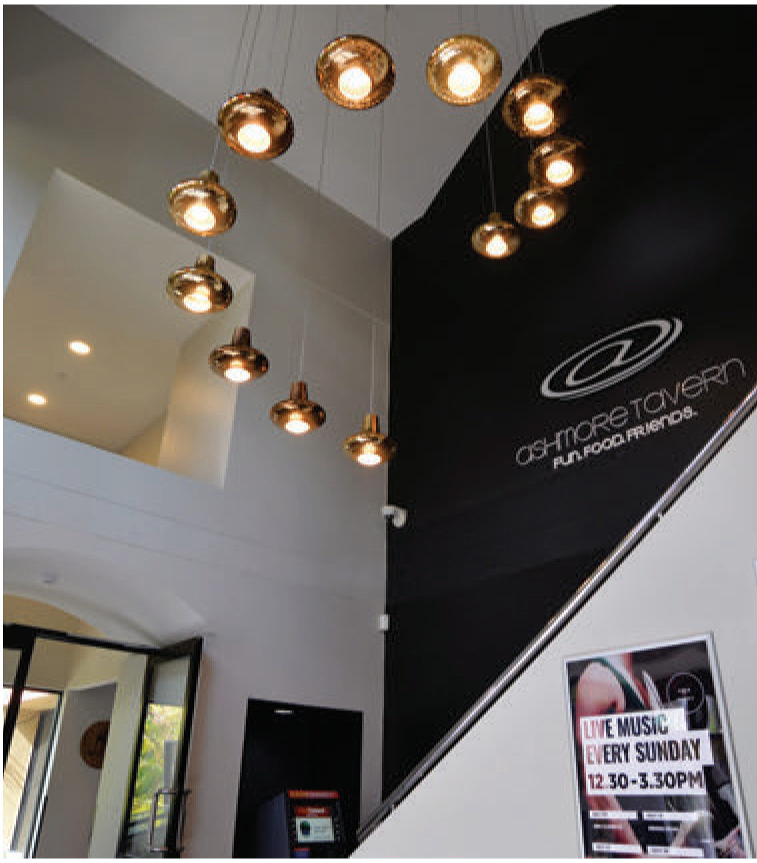
Chairman's message

I am pleased to report to shareholders that Eumundi Group Limited (the "Group") achieved a statutory net profit after tax of $1,974,000 for the 2019 financial year representing earnings per share of 5.17 cents.

Total comprehensive income for the year was $2,533,000, which includes net gains on fair value adjustment of land, buildings and investment property assets. The appetite for property assets has continued to strengthen with further yield compression and continued low interest rates.

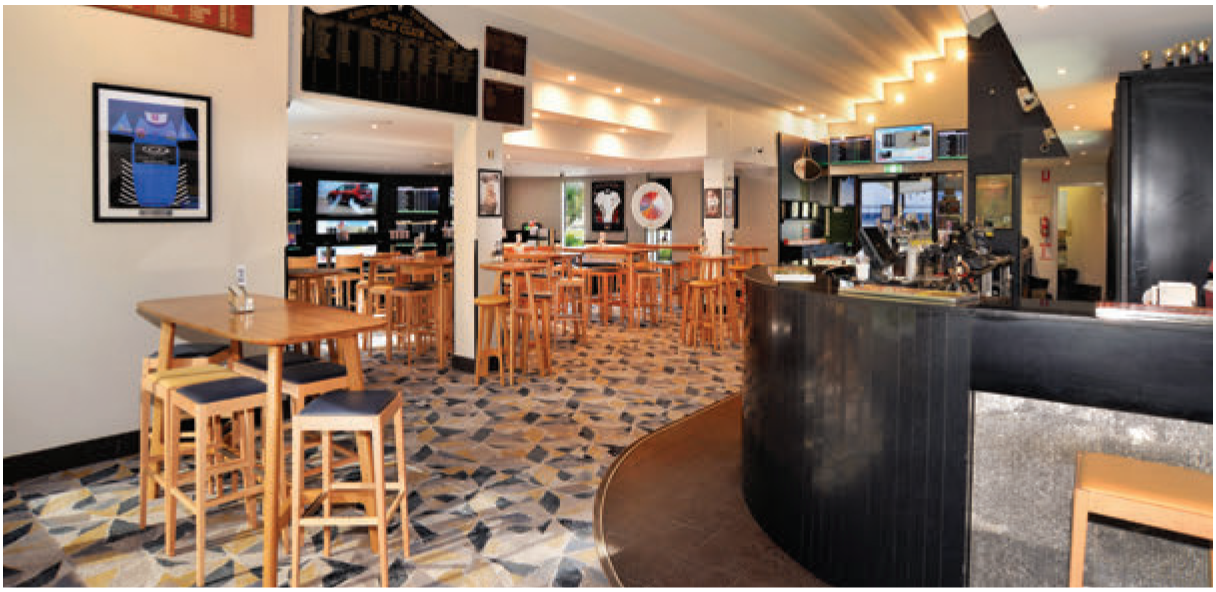
At an operating level, excluding net gains on fair value adjustment of land, buildings and investment properties, the Group's net profit after tax increased by 9.3% to $1,801,000 compared with $1,647,000 in the previous corresponding period. The Plough Inn revenues were the main contributor to the improved result, while the Group's Aspley operations were significantly disrupted as anticipated by major capital works which have been ongoing since November 2018. These works were necessary to improve leasing in the future, with the site badly in need of a significant upgrade.

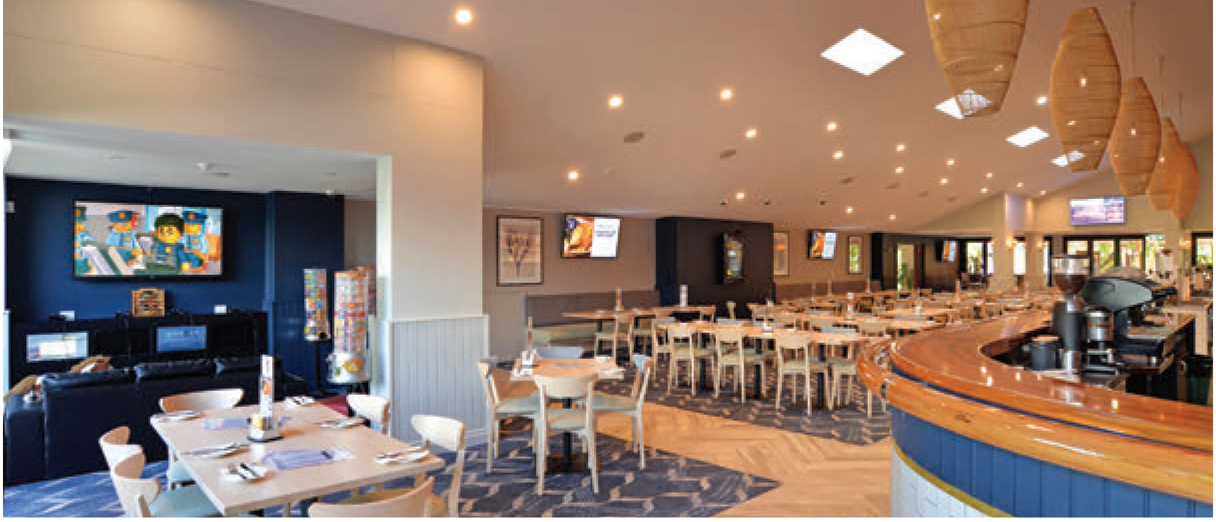
The net tangible asset backing per share as at 30 June 2019 of 99.1 cents compared with 103.5 cents in the prior year. This reflects the purchase of an additional seven gaming authorities for the Aspley Central Tavern for an amount of $1,269,000 which is included in the balance sheet as an intangible asset.



Ashmore Tavern gaming revenues declined on the prior period due to the continued difficult economic conditions post the Commonwealth Games in April 2018. Pleasingly, the venue still managed to outperform most of its Gold Coast competitors.

Bar and bistro sales continued to improve from the prior year's modest base, following the redecoration of the sports bar in January 2019.





Strong attendance for games has been bolstered by the continued focus on live entertainment and sporting events. Lounge bar and kitchen works have been completed in July 2019, substantially improving the presentation of the venue, and the kitchen's capacity to efficiently cater for more patrons.

Substantial upgrades are under consideration for the Ashmore Tavern including expansion of the gaming room, the addition of a large deck to the sports bar and additional all-weather dining areas. Architect's designs have been received and are currently being reviewed. This further work will ensure that the gaming room and the Group's other on-premise operations continue to meet the market's expectation for modern hotels.

Retail liquor sales from the Ashmore Tavern increased by 1% over the prior year, however with a slightly weaker margin. Renegotiation of rental arrangements at the detached bottle shops has not been fully recognised in the current year and should improve the contribution from retail liquor in future periods.

Refurbishment works commenced at the Aspley Shopping Centre and Aspley Arcade Shopping Village in November 2018, and were in progress throughout the second half of FY2019. Initially intended as a largely cosmetic upgrade, the refurbishment was undertaken to modernise the centre and deliver an attractive and thriving destination retail, medical and services precinct. Once works commenced, upgrades to the Aspley Arcade Shopping Village stormwater and drainage infrastructure and additional works for the desired food precinct were found to be necessary, contributing to the cost and duration of the site works.

During the initial design phase, a potential anchor tenant was identified for the Centre, and the custom build of premises to support their specific needs was investigated. Unfortunately, after a period of negotiation it was determined that the substantial costs to construct the required facilities were not sufficiently guaranteed to deliver adequate revenues to justify proceeding.

As a result, the Group is now proceeding with an upgrade of those sections of the property which had been excluded from the initial refurbishment works. All Aspley works are scheduled for completion by late October 2019.

As foreshadowed in prior reports, disruption during the Aspley refurbishment works has resulted in net revenues from Aspley Shopping Centre and Aspley Arcade Shopping Village being below the prior year with a continued high level of vacancy. During the significant disturbance, leasing was put on hold, to seek optimum results by completing the works and leasing properly presented premises.

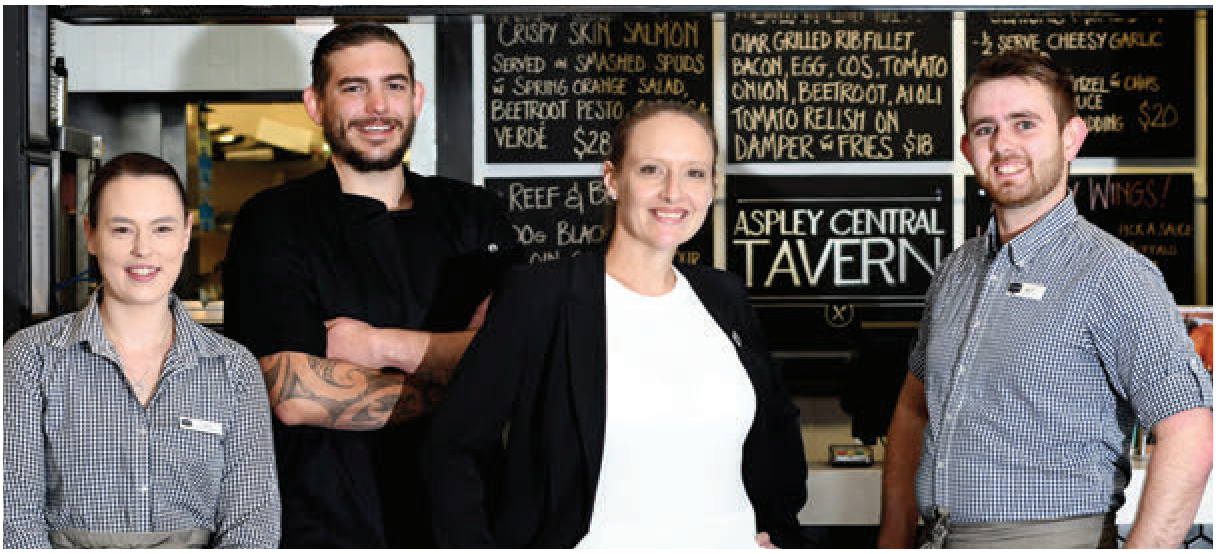
Vacancy at the centres remains high, and post completion the Group's primary objective is to deliver quality leasing outcomes, ensuring the best tenants and uses are found for each of the available tenancies for the long term success of the centres. Leasing agents have been engaged and a targeted marketing program is now underway. We are mindful to identify the right tenants and the appropriate tenancies, for the long term success of the centres.

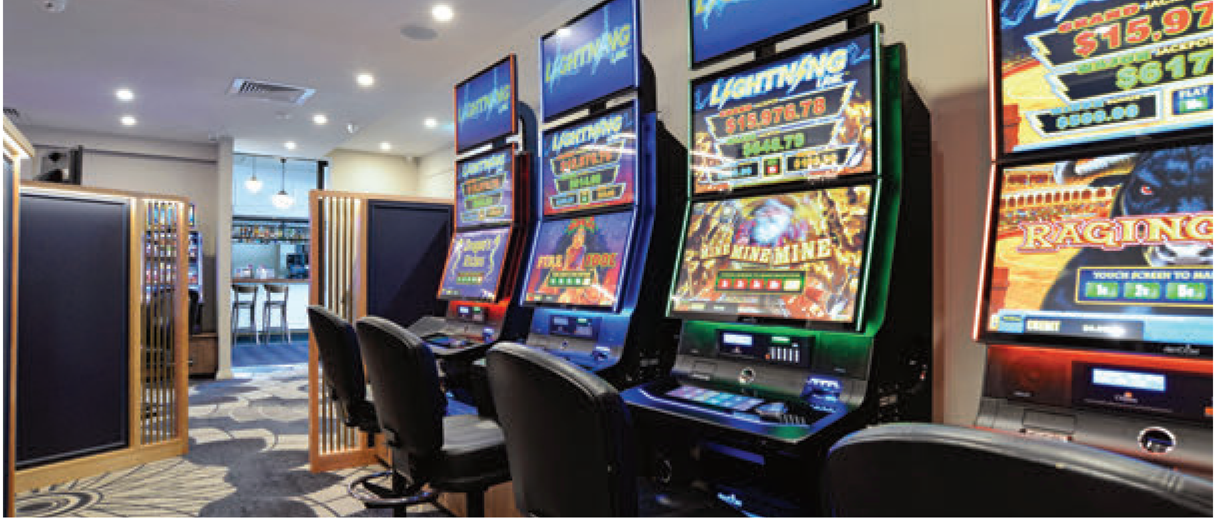
Negotiations with existing tenants have been successful, resulting in increased lease tenure for Westpac, Pizza Hut, Cold Rock, Jacob's Bakery and Abbotts Barber. Additionally, in June 2019, Cold Rock relocated to new premises within our centre entering into a 10 year lease, enabling the long awaited Aspley Central Tavern gaming room expansion works to commence.

Aspley Central Tavern revenues have been impacted as expected by the Aspley vacancy levels and the disruption from the building works. Despite this, and following approval of extended trading hours in the prior year, gaming revenues increased by 15% delivering a 10% increase in gaming contribution after costs while bar, bistro and retail revenues were down throughout the second half of FY2019.

As noted previously, seven additional gaming authorities for the Aspley Central Tavern were obtained during the year and the works to expand the gaming room substantially will be completed in the coming weeks. Upon completion, the new room will comfortably accommodate 42 gaming machines, up from 35 at present with the ability to hold 45 gaming machines being the current legal maximum.

Revenue growth across bar, bistro and gaming will be constrained until the new gaming lounge commences trading at the end of this month. Once the refurbishment of the Aspley centres





and the gaming room expansion are completed, management anticipates a considerable upturn in patronage for the Tavern. Aspley retail liquor sales will continue to be soft until leasing of the vacancies improves.

The Group's cash flows remain strong, with cash flow from operations in the 2019 financial year of $3,159,000 compared with $2,982,000 last year. Net debt increased from $20,604,000 as at 30 June 2018 to $24,080,000 at balance date, after investing $6,506,000 in assets including the refurbishment of the Aspley Shopping Centre and Aspley Arcade Shopping Village, acquisition of gaming authorities for Aspley Central Tavern, and Ashmore Tavern sports bar improvements. The higher gearing ratio (net debt to total equity) of 58.7% is comfortably serviced by interest cover of 3.65 times enabling the Group to negotiate favourable terms with its lender.

The Board actively continues to identify and assess investment opportunities as presented within the prevailing market. The Group maintains its strong financial capacity to take advantage of suitable opportunities should they arise. With economic uncertainty prevailing over the global economy and the current US/China trade war, the Board is optimistic that buying opportunities may arise.

Shareholders received fully franked dividends of 6.50 cents per share during the year - a fully franked (at 30%) final FY2018 dividend of 3.30 cents per share and a fully franked (at 27.5%) interim FY2019 dividend of 3.20 cents per share.

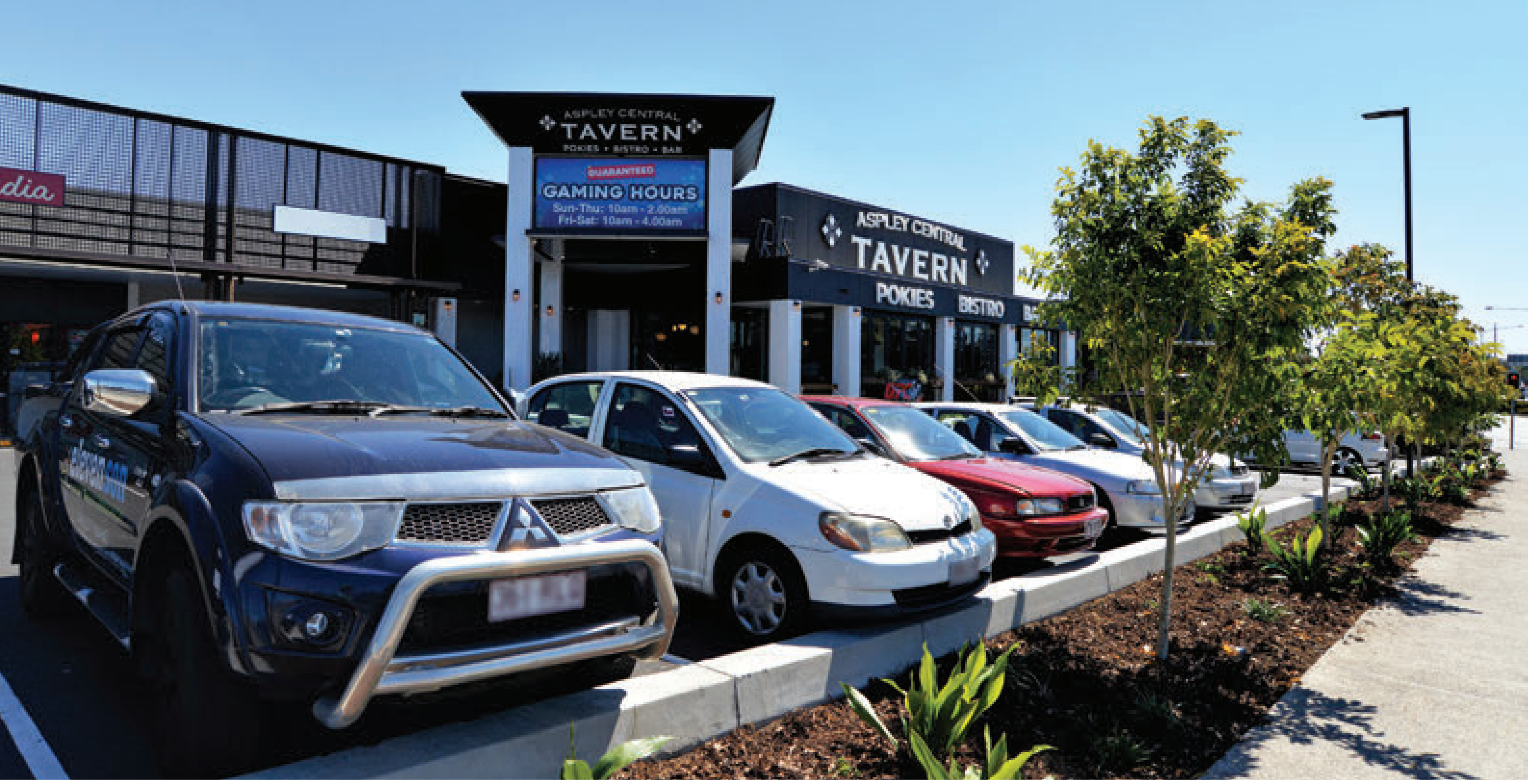
The Board has declared a fully franked final FY2019 dividend of 2.35 cents per share payable on 16 September 2019. The Dividend Reinvestment Plan will apply to this dividend to preserve working capital for the programme of asset improvements.

The increased FY2019 interim dividend of 3.2 cents per share (paid on 18 March 2019) and the final FY2019 dividend of 2.35 cents per share reflect the Board's adoption of a revised policy to align the timing of the dividend distributions more closely with the underlying earnings of the Group, the majority of which are generally generated in the first half of the financial year.

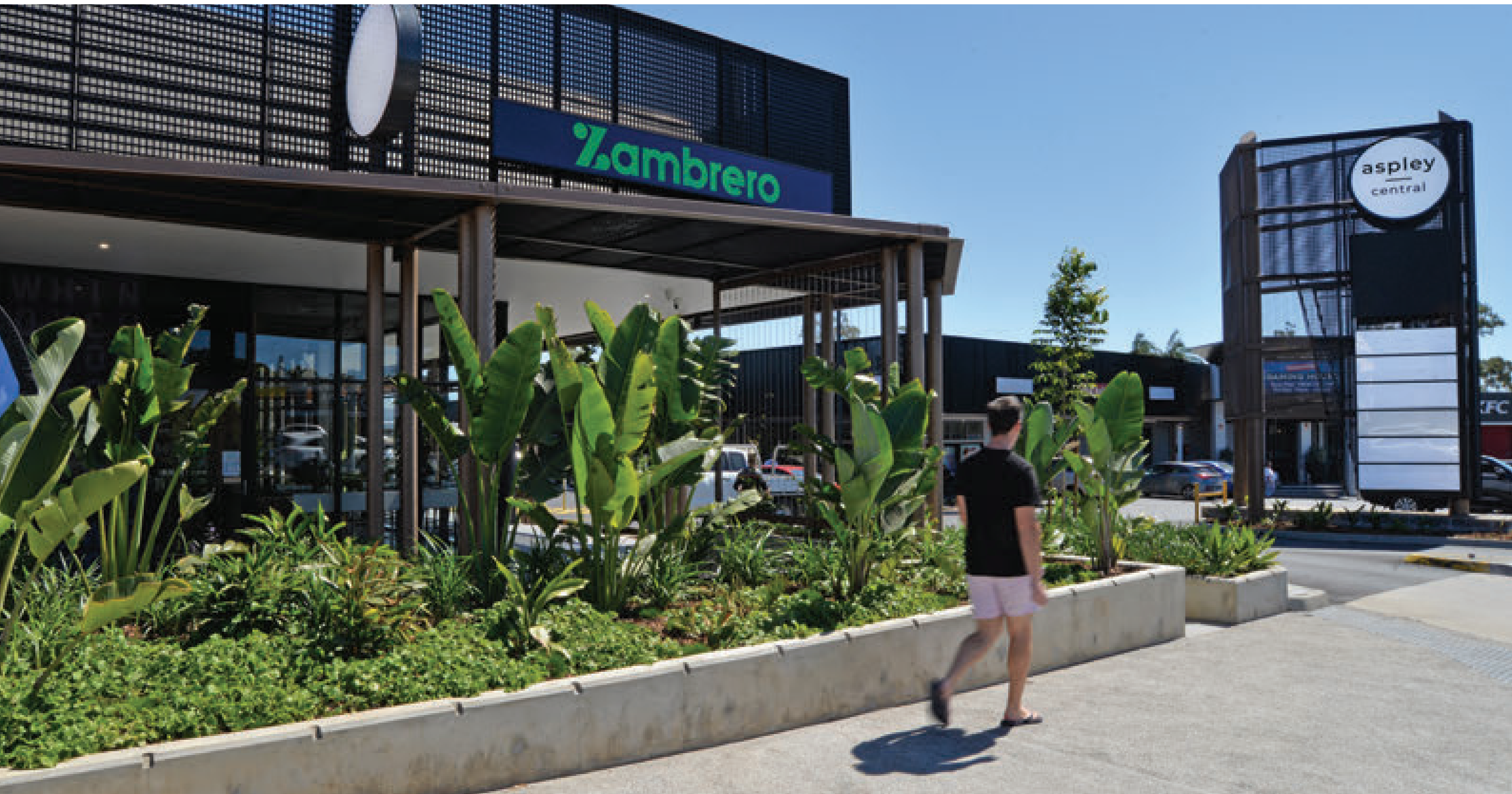
In summary, given disruption to trading at Aspley and Ashmore during the refurbishments, the Group's hotel operations performed well, operating cash flows remained strong and the Group's assets were significantly improved. While the financial results will continue to be affected in the short term, the initiatives implemented by the Board should result in improved hotel performance and leasing outcomes.

The Board would like to thank all of the Group's staff for their dedication and efforts during a significant year of progress for the Group. Special mention and thanks to our CEO Suzanne Jacobi-Lee, to our Company secretary Leni Stanley, our auditors, Pitcher Partners and the Ashmore and Aspley staff and management. And again, last but not least, our very supportive shareholders.

JM Ganim
Chairman


ASPLEY CENTRAL
TAVERN
POKIES • BISTRO • BAR
GUARANTEED
GAMING HOURS
Sun-Thu: 10am - 2.00am
Fri-Sat: 10am - 4.00am
ASPLEY CENTRAL
TAVERN
POKIES
BISTRO


aspley
central
BOTTLESHOP
Zambrero
Miss India


Zambrero
aspley
central

Directors' report

Your directors present their report on the consolidated entity (referred hereafter as the group) consisting of Eumundi Group Limited and its controlled entities for the year ended 30 June 2019.

1. Directors

The following persons were directors of Eumundi Group Limited during the whole of the year and up to the date of this report (unless otherwise stated):

J M Ganim
G De Luca
V A Wills

2. Principal activities

During the year the principal activities of the group consisted of:

(a) the operation of the Ashmore and Aspley Central Taverns; and
(b) the holding of investment properties.

3. Dividends

On 26 February 2019 the board declared an interim dividend of $1,219,000 (3.20 cents per share fully franked at 27.5%) which was paid to shareholders on 18 March 2019 (2018: $827,000 (2.25 cents per share fully franked at 30%)).

The board has declared a final dividend of $929,000 (2.35 cents per share fully franked at 27.5%) (2018: $1,211,000 (3.30 cents per share fully franked at 30%)) which will be paid to shareholders on 16 September 2019.

4. Review of operations

In line with the Board's stated intention for the 2019 financial year, the group significantly enhanced its existing shopping centres and hotels through a programme of major works to improve future returns which included:

Ashmore Tavern

- upgrade of Ashmore Tavern gaming equipment in August 2018 at a cost of $0.145 million;
- refurbishment of the Ashmore Tavern sports bar in January 2019 at a cost of $0.085 million including furniture;
- refurbishment of the Ashmore Tavern kitchen, lounge bar and bistro, and air-conditioning upgrade at a total cost of $0.338 million of which $0.154 million was recognised as at 30 June 2019. These works were completed in July 2019; and
- conceptual design and planning works for the expansion of the Ashmore Tavern gaming room, bistro extension, and sports bar deck which is anticipated to occur in late FY2020.

Aspley Central Tavern

- upgrade of Aspley Central Tavern gaming equipment in January 2019 at a cost of $0.083 million;
- acquisition of seven additional gaming authorities for Aspley Central Tavern by tender in April 2019 at a cost of $1.269 million increasing the gaming authorities owned for that venue from 35 to 42; and
- conceptual design and planning works for the expansion of the Aspley Central Tavern gaming lounge which commenced in July 2019 and are scheduled to complete in early September 2019. Total construction costs of $0.540 million are expected with $0.069 million recognised as at 30 June 2019;

Aspley Shopping Centre and Aspley Arcade Shopping Village

- major refurbishment of Aspley Shopping Centre and Aspley Arcade Shopping Village, which commenced in November 2018, consisting of updates to facades, car parking and drainage systems; roof and air conditioning replacement; installation of security systems; and landscaping to the site;
- recently commenced extension of the initial works to upgrade the full site; and
- completion of all Aspley works is scheduled for late October 2019, with the total investment expected to be $3.827 million, of which $3.530 million has been recognised as at 30 June 2019.

4. Review of operations (continued)
Financial results

Eumundi Group Limited recorded a profit after tax of $1,974,000 for the year ended 30 June 2019 (2018: $3,900,000).

The current year profit includes a net gain on revaluation of investment properties of $239,000 attributable to Plough Inn and Aspley Arcade Shopping Village (2018: $3,218,000 gain).

Revenue from continuing operations of $24,938,000 represents a slight increase compared with $24,782,000 for the prior year.

Investment property revenues increased by $206,000 from $3,279,000 in 2018 to $3,485,000 in the current year. This was primarily due to a full year of rental income for Plough Inn which had been acquired in November 2017, offsetting reduced return from the Aspley Shopping Centre and Aspley Arcade Shopping Village during renovation works to the centres during the second half of the financial year. Trading conditions have been affected during these works and high vacancy rates continue pending completion of the works. Rent abatement has been provided on a case-by-case basis for tenants substantially impacted.

Outgoings on investment properties increased from $601,000 in 2018 to $632,000 in the current year due to higher vacancy rates leading to lower recovery, escalation of insurance premiums and increased repairs and maintenance costs. Depreciation and amortisation increased by $206,000 to $1,401,000 for the year, of which $109,000 is attributable to the recognition of right-of-use assets on early adoption of AASB 16: *Leases*.

Investment property segment results increased from $2,272,000 in 2018 to $2,367,000 (up 4.2%).

Hotel segment revenues decreased slightly from $21,919,000 in 2018 to $21,840,000 in the current year. Retail liquor revenues decreased by $415,000 (4.3%) to $9,156,000 compared with $9,571,000 in the prior year with gross margin improving slightly. Gaming revenue increased by $82,000 from $8,613,000 in 2018 to $8,695,000 in the current year with ongoing gaming fleet upgrades at both venues. Bar and bistro revenues increased slightly to $3,472,000 from $3,337,000 in the prior period with an improved gross profit.

Employee benefits expense increased by 3.4% from $3,986,000 in 2018 to $4,120,000 in the current year largely attributable to award increases. Electricity costs decreased from $282,000 in 2018 to $259,000 in the current year following the renegotiation of contracts. Gaming machine taxes increased from $4,276,000 in 2018 to $4,296,000 in the current year in line with increased gaming revenues.

Overall, the hotel segment result of $1,310,000 was a decrease of $201,000 (down 13%) compared with the prior year's result of $1,511,000.

Financing costs of $866,000 compared with $654,000 in the prior comparative period due to the higher level of borrowings after the acquisition of The Plough Inn in November 2017, increasing further during the current year as a result of capital works at the Aspley properties and Ashmore Tavern, and acquisition of gaming authorities in the second half of the financial year.

Other comprehensive income net of tax of $559,000 in 2019 related to the net fair value revaluations of land and buildings at Aspley Shopping Centre and the Ashmore Tavern. This compared with a revaluation uplift of $452,000 in the previous corresponding period relating to the properties.

Financial position

Net assets at 30 June 2019 were $40,964,000, representing an increase of $2,411,000, up 6.3% from $38,553,000 at 30 June 2018.

Total assets increased from $67,007,000 to $73,778,000 as a result of capital works at Aspley Shopping Centre costing $2,251,000 and Aspley Arcade Shopping Village costing $2,116,000, the acquisition of additional gaming authorities for Aspley Central Tavern costing $1,269,000 and increment on revaluation to fair value of The Plough Inn $350,000.

Borrowings increased by $3,447,000 from $21,587,000 at 30 June 2018 to $25,034,000 at 30 June 2019, and debt maturity dates for expiring facilities were extended by three years.

The group has sufficient available capacity to fund the planned capital.

Net debt (borrowings less cash and cash equivalents) was $24,080,000 at 30 June 2019 (2018: $20,604,000) while net debt to equity ratio of 58.8% (2018: 53.4%) remains comfortable.

Cash inflows from operations of $3,159,000 in the current year were $177,000 above the prior period. The substantial increase reflected the overall satisfactory trading of the group's hotel operations, rental income from The Plough Inn head lease and the timing of annual insurance premium payments. Financing costs increased by $296,000 due to a higher commencing debt level following the acquisition of Plough Inn in 2017 and increased borrowings in the second half of the 2019 financial year. Income tax paid reduced by $138,000 mostly due to the reduction in the corporate tax rate from 30% to 27.5%.

Cash outflows from investing activities of $6,506,000 in the current period are attributable to the roofing replacement, air-conditioning upgrades, redevelopment of the Aspley Shopping Centre and Aspley Arcade Shopping Village properties, acquisition of gaming authorities and other capital works. The prior year outflows reflected the purchase of The Plough Inn.

In the prior year net cash inflows from financing of $11,840,000, mainly reflected the $14,000,000 in borrowings to purchase the Plough Inn primarily, and the payment of cash dividends of $2,020,000. Current period cash inflows from financing were $3,318,000, related to the increase in borrowings for the capital works. To preserve cash, the Dividend Reinvestment Plan was recommenced in August 2018. The participation rate was in excess of 96% for each dividend, and only $106,000 of the total $2,431,000 dividends was paid as cash to non participating shareholders.

On 17 September 2018, the group paid a fully franked (at 30%) final dividend of $1,212,000 (3.3 cents per share) in connection with a dividend announced on 27 August 2018. The group issued 1,384,579 ordinary shares to participating shareholders under the Dividend Reinvestment Plan in relation to the final dividend at an issue price of 84.00 cents per share.

On 18 March 2019, the group paid a fully franked (at 27.5%) interim dividend of $1,219,000 (3.2 cents per share) in connection with a dividend announced on 26 February 2019. The group issued 1,423,347 ordinary shares to participating shareholders under the Dividend Reinvestment Plan in relation to the interim dividend at an issue price of 81.62 cents per share.

Issued share capital increased from 36,723,117 shares at 30 June 2018 to 39,531,043 shares as at 30 June 2019.

Net tangible asset backing was 99.1 cents per share as at 30 June 2019 (2018: 103.5 cents per share) reflecting the purchase of the additional gaming authorities for the Aspley Central Tavern which are included in the balance sheet as an intangible asset.

5. Significant changes in the state of affairs

There were no significant changes in the state of affairs of the group during the financial year other than as disclosed elsewhere in this report.

6. Matters subsequent to the end of the financial year

Subsequent to 30 June 2019, the company has:-

- completed lounge bar, bistro and kitchen upgrades at Ashmore Tavern for a total cost of $355,000; and
- entered into construction contracts totalling $435,000 for the expansion of the Aspley Central Tavern gaming room. Works are scheduled to complete in late August 2019.

Other than the matters referred to above, and the proposed final dividend in respect of the year ended 30 June 2019 (refer section 3 of this directors' report), there are no other matters or circumstances that have arisen since 30 June 2019 that have significantly affected, or may significantly affect, the consolidated entity's operations in future financial years, the results of those operations in future financial years or the consolidated entity's state of affairs in future financial years.

7. Likely developments and expected results of operations

The group will continue to focus on improving existing assets and maintaining prudent debt levels, while assessing other investment opportunities that may exist in the current market where such investments will improve the group's asset portfolio.

8. Environmental regulation

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

9. Information on directors

Joseph Michael Ganim – Non-executive chairman
Mr Ganim, who joined the board as a non-executive director in 1989, founded Hopgood Ganim a leading commercial law firm of over 300 personnel with offices in Brisbane, Perth and a representative office in Shanghai, and headed the Commercial Dispute Resolution and Litigation practice until his retirement from partnership in 2009. He continues to work with the firm as a Consultant.

With over 40 years' experience in the corporate and litigation areas conducting complex corporate and commercial matters involving international and national corporations, he has acted in the Supreme Court of Queensland, the Federal Court of Australia and the High Court of Australia, as well as appearing before various Tribunals and Inquiries. Mr Ganim is also a Supreme Court Approved Mediator, a Notary Public and a Commissioner for Affidavits. Mr Ganim served for a number of years as a member of the Litigation Reform Commission, Court Administration and Resource Division, chaired by a Supreme Court judge which reviewed all facets of court and litigation practice.

He has extensive public company board experience and, in addition to his role as chairman of Eumundi Group, Mr Ganim also advises and sits on the boards of seven private companies, including as a board representative executor of deceased estates involved in substantial business enterprises.

Special responsibilities: Member of the audit committee

9. Information on directors (continued)

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

Special responsibilities: Member of the audit committee

Vernon Alan Wills – Non-executive director
Mr Wills, who joined the board as independent director in 2004, has an extensive background in areas of investment and finance in a broad range of industries including property, mining, IT and education. He is currently chief executive officer and managing director of Site Group International Limited, chairman of Ubidy.com and chairman of Microba Life Sciences Limited. Mr Wills was previously chairman of Dark Blue Sea Limited, deputy chair of the Queensland Government's Major Sports Facilities Authority, director of CITEC, Go-Talk Pty Ltd and Greg Norman Golf Foundation and served on the National Competition Policy – Queensland Liquor Review.

Special responsibilities: Chairman of the audit committee

Interests of directors

Names of directors	*Ordinary shares*
J M Ganim	10,853,467
G De Luca	6,686,951
V A Wills	-

The table above lists only the direct interests in the company held by the directors or entities controlled by the directors as at 30 June 2019. Shareholdings of directors including shares held by related parties are disclosed in section 12 of this report.

10. Information on company secretary

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

11. Meetings of directors

The numbers of meetings of the company's board of directors and of its board committee held during the year ended 30 June 2019, and the numbers of meetings attended by each director were:

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

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

12. Remuneration report

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

A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Equity instruments held by key management personnel
F Other transactions with key management personnel

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

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

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

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

12. Remuneration report (continued)

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

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

Non-executive director remuneration is determined within the aggregate directors' fee pool, which is periodically recommended for approval by shareholders. The latest determination was at an Annual General Meeting held on 24 November 2005 when shareholders approved an aggregate remuneration of $250,000 per annum. The actual amount paid during the financial year ended 30 June 2019 was $160,000 (2018: $160,000).

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

Year ended 30 June	**2019**	**2018**	**2017**	**2016**	**2015**
Profit after tax attributable to members ($'000)	1,974	3,900	1,464	1,976	2,298
Total comprehensive income for the year ($'000)	2,533	4,352	5,203	3,508	2,655
Dividends paid ($'000)	2,431	2,020	1,996	1,740	631
Dividends paid per share	6.5c	5.5c	5.55c	5.2c	2.0c
Net tangible asset backing per share	99.1c	103.5c	97.2c	88.7c	85.5c
Share price at end of year*	96c	89¢	88¢	70¢	55¢

** Adjusted to reflect the consolidation of the company's issued capital on the basis of 1 for every 10 shares which occurred in the 2017 financial year*

B. Details of remuneration

Amounts of remuneration
Details of the remuneration of each director of the company and the other key management personnel of the company and the consolidated entity for the year ended 30 June 2019 are set out in the following table.

	Short term employee benefits			**Post-employment benefits**	**Long Term Benefits**	**Share based payments**	**Total**	**% Performance based**
	Cash salary and fees*	**Cash bonuses**	**Non-cash benefits**	**Super-annuation**	**Long Service Leave***	**Options**		
	$	**$**	**$**	**$**	**$**	**$**	**$**	**%**
2019								
Directors								
J M Ganim	54,795	-	-	5,205	-	-	60,000	-
G De Luca	45,662	-	-	4,338	-	-	50,000	-
V A Wills**	50,000	-	-	-	-	-	50,000	-
Total	150,457	-	-	9,543	-	-	160,000	
Other key management personnel								
S M Jacobi-Lee	209,776	-	3,522	18,219	3,980	-	235,497	-
Total	209,776	-	3,522	18,219	3,980	-	235,497	
2018								
Directors								
J M Ganim	54,795	-	-	5,205	-	-	60,000	-
G De Luca	45,662	-	-	4,338	-	-	50,000	-
V A Wills**	50,000	-	-	-	-	-	50,000	-
Total	150,457	-	-	9,543	-	-	160,000	
Other key management personnel								
S M Jacobi-Lee	183,901	-	4,649	18,219	3,980	-	210,749	-
Total	183,901	-	4,649	18,219	3,980	-	210,749	

* Amounts disclosed include leave entitlement accrued during the year
** Directors fees for V A Wills are invoiced by and paid to a related entity on commercial terms. There were no amounts outstanding at 30 June 2019 (2018: Nil)

12. Remuneration report (continued)
B. Details of remuneration (continued)

The board has assessed the executive group and the disclosures in the above table relate strictly to those individuals with the authority and responsibility for planning, directing, and controlling the activities of the entity directly or indirectly. There were no other key management personnel in the executive group in the current or prior year.

Eumundi Group Limited's resolution put forward at the 2018 annual general meeting proposing that the remuneration report be adopted received 95.4% "yes" votes. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

C. Service agreements

S Jacobi-Lee (Chief Executive Officer)
Ms Jacobi-Lee receives a salary package of $210,000 pa inclusive of superannuation, and 3 months notice is required in the event of termination. The contract does not contain termination benefits.

D. Share-based compensation

There have been no share based payment benefits, vested or exercised, or granted as compensation during the year (2018: nil).

E. Equity instruments held by key management personnel

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

2019	Balance at start of year	Shares issued pursuant to DRP	Movement of shares through on market trading	Balance at end of year
Directors				
J M Ganim	11,433,466	914,997	(952)	12,347,511
G De Luca	6,232,105	497,344	-	6,729,449
V A Wills	-	-	-	-
Other Key Management Personnel				
S Jacobi-Lee	-	-	9,257	9,257

F. Other transactions with key management personnel

During the year the group engaged an entity related to J M Ganim to provide project management services on commercial terms. A payment totalling $27,866 was made during the year (2018: Nil). An amount of $44,156 was owing to related parties at 30 June 2019 (30 June 2018: $1,000).

There were no loans to key management personnel at any time during the financial year.

End of Remuneration Report

13. Shares under option

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

14. Shares issued on exercise of options

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

15. Insurance of officers

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

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

16. Proceedings on behalf of the company

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

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

17. Non-audit services

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

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

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

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

	Consolidated	
	2019	**2018**
	$	**$**
Pitcher Partners		
Taxation compliance services	7,500	10,000

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

18. Rounding of amounts

This company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

J M Ganim
Director

Dated at Brisbane this 26th day of August 2019.

Level 38, 345 Queen Street
Brisbane, QLD 4000

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GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

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

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2019, to the best of my knowledge and belief there have been:

(i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and

(ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants*.

This declaration is in respect of Eumundi Group Limited and the entities it controlled during the year.

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
23 August 2019

	Notes	2019	2018
		$'000	**$'000**
Revenue	7	24,938	24,782
Other income			
Net gain on fair value adjustment – investment properties	15	239	3,218
Total revenue and other income		25,177	28,000
Expenses			
Purchase of inventories		(8,501)	(8,828)
Change in inventories		54	226
Selling and promotional costs		(1,028)	(924)
Employee benefits expense		(4,120)	(3,986)
Depreciation and amortisation	8	(1,401)	(1,195)
Insurance		(128)	(108)
Operating lease rentals	8	-	(361)
Short term leases		(212)	-
Rates and taxes		(110)	(102)
Electricity		(259)	(282)
Outgoings – investment properties		(632)	(601)
Gaming machine tax		(4,296)	(4,276)
Finance costs	8	(866)	(654)
Listing and corporate governance costs		(328)	(322)
Other expenses		(1,117)	(1,018)
Total expenses		(22,944)	(22,431)
Profit before income tax		2,233	5,569
Income tax expense	9	(259)	(1,669)
Profit for the year		**1,974**	3,900
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value revaluation of land and buildings		771	646
Income tax on items of other comprehensive income	**9(d)**	(212)	(194)
Other comprehensive income for the period, net of tax		559	452
Total comprehensive income for the year		**2,533**	**4,352**
Earnings per share:		**Cents**	**Cents**
Basic & diluted earnings per share	32	5.17	10.62

The above consolidated statement of comprehensive income is to be read in conjunction with the attached notes.

Consolidated statement of financial position

As at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	954	983
Trade and other receivables	11	305	179
Inventories	12	1,211	1,265
Other assets	13	335	308
Income tax receivable		18	-
TOTAL CURRENT ASSETS		2,823	2,735
NON-CURRENT ASSETS			
Property, plant and equipment	14	35,628	32,732
Investment properties	15	33,520	31,000
Intangible assets	16	1,807	540
TOTAL NON-CURRENT ASSETS		70,955	64,272
TOTAL ASSETS		73,778	67,007
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	3,149	2,403
Lease liabilities	4	133	-
Income tax payable		-	106
Provisions	18	370	370
TOTAL CURRENT LIABILITIES		3,652	2,879
NON-CURRENT LIABILITIES			
Lease liabilities	4	212	-
Borrowings	19	25,034	21,587
Provisions	20	29	-
Deferred tax liability	9(c)	3,887	3,988
TOTAL NON-CURRENT LIABILITIES		29,162	25, 575
TOTAL LIABILITIES		32,814	28,454
NET ASSETS		**40,964**	**38,553**
EQUITY			
Contributed equity	21	24,128	21,812
Reserves	22(a)	9,986	9,427
Retained profits	22(b)	6,850	7,314
TOTAL EQUITY		**40,964**	**38,553**

The above consolidated statement of financial position is to be read in conjunction with the attached notes.

	Notes	Contributed equity $'000	Revaluation surplus $'000	Retained profits $'000	Total $'000
Balance at 1 July 2017		21,812	8,975	5,434	36,221
Profit for the year		-	-	3,900	3,900
Revaluation of land and buildings - gross	14	-	646	-	646
Income tax relating to components of other comprehensive income	9(d)	-	(194)	-	(194)
Total comprehensive income for the period		-	452	3,900	4,352
Dividend paid to shareholders	23	-	-	(2,020)	(2,020)
Balance at 30 June 2018		21,812	9,427	7,314	38,553
Adjustment on initial adoption of Accounting Standards	2	-	-	(7)	(7)
1 July 2018		21,812	9,427	7,307	38,546
Profit for the year		-	-	1,974	1,974
Revaluation of land and buildings - gross	14	-	771	-	771
Income tax relating to components of other comprehensive income	9(d)	-	(212)	-	(212)
Total comprehensive income for the period		-	559	1,974	2,533
Dividend paid to shareholders	23	-	-	(2,431)	(2,431)
Contributions of equity net of transaction costs		2,316	-	-	2,316
Balance at 30 June 2019		24,128	9,986	6,850	40,963

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

Consolidated statement of cash flows

For the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		25,373	27,301
Payments to suppliers and employees		(20,681)	(22,942)
Interest received		5	3
Finance costs		(849)	(553)
Income tax paid		(689)	(827)
Net cash inflows from operating activities	30	3,159	2,982
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment property	15	-	(13,930)
Payments for investment properties	15	(2,164)	(108)
Payments for property, plant & equipment	14	(3,073)	(652)
Payments for intangibles	16	(1,269)	-
Proceeds from sale of property plant and equipment		-	13
Net cash outflows used in investing activities		(6,506)	(14,677)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		3,437	14,000
Repayment of borrowings		-	(90)
Loan establishment costs		-	(50)
Share issue costs		(13)	-
Dividends paid		(106)	(2,020)
Net cash inflows from financing activities		3,318	11,840
Net increase (decrease) in cash and cash equivalents		(29)	145
Cash and cash equivalents at beginning of year		983	838
Cash and cash equivalents at end of year	10	954	983

The above consolidated statement of cash flows is to be read in conjunction with the attached notes.

1. Significant accounting policies
Notes to the financial statements

The principal accounting policies adopted in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements relate to the consolidated entity of Eumundi Group Limited and its subsidiaries. Financial information for the parent entity is disclosed in note 24. It has been prepared on the same basis as the consolidated financial statements, as set out below.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Australian Accounting Interpretations and the *Corporations Act 2001.* Eumundi Group Limited is a for-profit entity for the purpose of preparing financial statements.

Compliance with IFRS
The consolidated financial statements of Eumundi Group Limited comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention
These financial statements have been prepared under the historical cost convention, except for the revaluation to fair value for certain classes of assets and liabilities as described in the accounting policies.

Critical accounting estimates
The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant are disclosed in note 5.

Changes in Accounting Standards and regulatory requirements
From 1 July 2018, the group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning 1 July 2018 including AASB 9 *Financial Instruments* and AASB 15 *Revenue from Contracts with Customers.* The Group has early adopted AASB 16 *Leases* as disclosed in note 2.

Due to the transition methods chosen by the group in applying these standards, it was not necessary to restate comparative information throughout the financial statements.

AASB 9 *Financial Instruments* simplifies the approach for classification and measurement of financial assets and financial liabilities when compared with AASB 139. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income for equity instruments that are not held for trading. AASB 9 aligns hedge accounting more closely with risk management and required extended disclosure.

The group does not hedge account, has no equity instruments held for trading, and does not intend to modify existing financial liabilities. The application of AASB 9 has not had any effect on the consolidated net income, balance sheet or cash flows of the group.

In relation to impairment of financial assets, AASB 9 requires an expected credit loss model which requires the group to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets meaning that it is now no longer necessary for a credit event to have occurred before credit losses are recognised. None of the financial assets of the group have been impacted by any change arising from consideration of the credit risk attributes of those assets and no impairments have arisen as a result.

AASB 15 Revenue from contracts with customers is based on the principle that revenue is recognised when control of a goods or services transfers to a customer. The standard requires a five-step analysis of transactions to determine whether, how much and at what point the revenue is recognised. It applies to all contracts with customers except leases, financial instruments and insurance contracts.

As the group's non-lease revenues are predominantly settled by cash at the point of transaction, there has been no effect on the group's net income, balance sheet or cash flows.

AASB 15 requires disclosure of the group's revenues to be disaggregated into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Disclosure of the group's disaggregated revenues have been included in note 7. Non lease receivables arising from contracts with customers of the group all relate to contracts for the supply of goods that have been fulfilled and are disclosed in note 11.

(a) Basis of preparation (continued)

Changes in Accounting Standards and regulatory requirements (continued)

There are no other new or amended Accounting Standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2018 that are considered to have any material impact on the financial position or performance of the group or that would require additional disclosure in the current reporting period. The group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eumundi Group Limited ("company" or "parent entity") as at 30 June 2019 and the results of all subsidiaries for the year then ended. Eumundi Group Limited and its subsidiaries together are referred to in the financial report as the group or the consolidated entity.

Subsidiaries are all entities (including structured entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

The acquisition method of accounting is used to account for business combinations by the group (refer to note 1(g)).

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

(ii) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Eumundi Group Limited.

When the group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a jointly-controlled entity or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

(c) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating the resources and assessing the performance of the operating segments, has been identified as the board of directors.

(d) Revenue

Revenue from contracts with customers
The group derives its revenue from the transfer of goods and services at a point in time. A disaggregation of revenues by geographical segment and by point in time can be found in note 7.

The group owns and operates public hotels with bar, bistro and gaming facilities, conducts commercial and retail liquor sales through owned and leased premises and owns hotel and commercial retail real estate it leases to external customers.

Revenue from sale of goods to external customers comes from the sale of liquor and food at a point in time. Performance obligation is satisfied at point of sale or delivery. Payment terms for transactions at the hotels or retail liquor outlets are at point of sale. Transaction terms for liquor sales delivered to corporate customers is on 30 day terms. Transaction prices are as agreed at point of sale.

Gaming revenue is derived from the provision of gaming services to external customers at a point in time and is recognised of the basis of daily takings from gaming machines net of jackpot liability movement.

Revenue from Commissions is derived from provision of product placement, product ranging and advertising services to suppliers at a point in time. The performance obligation on these revenue items is satisfied at the point of delivery services.

Interest revenue is derived in accordance with lease contracts over time. Interest revenue is recognised as the interest accrues using the effective interest rate method. The interest rates used are those specified in the lease agreements.

Assets related to contracts with customers are disclosed in note 11. The group does not have any liabilities related to contracts with customers.

Lease revenue
Rental income and recoverable outgoings from investment properties is derived over time. Performance obligations on rental income is satisfied over the term of the leases. Rent and recoverable outgoings are charged and payable monthly in advance. Rental income from investment properties is recognised on a straight-line basis over the lease term. Recoverable outgoings are estimated for the year ahead, charged monthly in advance on the basis of that estimate and then trued up annually to audited actual recoverable outgoings expenditure resulting in an audited outgoings recoverable adjustment.

(e) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which the applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or a liability in a transaction other than a business combination that at the time of the transaction affects neither taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax liability is settled.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(e) Income tax (continued)

Tax consolidation legislation

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

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset when the entity has a legally enforceable right to offset and intends either to settle on a net basis, or realise the asset and settle the liability simultaneously. Eumundi Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

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

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 9(f).

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

(f) Leases

(i) As a lessee

Policy applicable from 1 July 2018
On 1 July 2018 the group elected to early adopt AASB 16 *Leases* using the modified retrospective approach and therefore the comparative information has not been restated.

At inception of a contract, the group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an asset the group assesses whether:

- the contract involves the use of an identified asset which may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified.
- the group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the group has the right to direct the use of the asset. The group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the group has the right to direct the use of the asset if either:
    - the group has the right to operate the asset; or
    - the group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. For the leases of land and buildings in which it is a lessee, the group has allocated the consideration of lease payments into payments relating to the lease of the premises and outgoings. Consideration exchanged in relation to outgoings is expensed on a straight-line basis as incurred and presented within operating lease rentals in profit or loss and is not included in the measurement of lease liabilities.

(f) Leases (continued)

(i) As a lessee (continued)

Right-of-use assets - classification

The group applies the fair value model to investment property including right-of use assets that meet the definition of investment property. The group does not currently have any right-of-use assets classified under investment property.

The group applies the cost model to right-of-use assets, except for those assets that meet the definition of investment property. The group has classified all its currently extant right-of-use assets under property, plant and equipment.

Right-of-use assets - recognition and measurement

As a lessee the group recognises the right-of use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The depreciation expense is recognised in profit or loss. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

Lease liability – recognition and measurement

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group’s incremental borrowing rate. Generally, the group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amount expected to the payable under a residual value guarantee; and
- the exercise price under a purchase option that the group is reasonably certain to exercise, lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option, and penalties for the early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. With the passage of time, the lease liability is unwound by allocating a portion of the lease payments to the reduction of the principle of the lease and a portion to unwinding of discount which is presented within finance costs in profit or loss.

It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group’s estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to nil.

The group presents lease liabilities in ‘lease liabilities’ in the statement of financial position.

Short term leases and leases of low-value assets

The group has elected not to recognise right-of-use assets and lease liabilities for:

- short-term leases that have a lease term of twelve months or less, and
- leases of low-value assets.

The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(f) Leases (continued)

(i) As a lessee (continued)

Policy applicable prior to 1 July 2018

In the comparative period, Leases were classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Operating leases
Lease payments for operating leases were recognised as an expense on a straight-line basis over the term of the lease. Lease incentives received under operating leases were recognised as a liability and amortised on a straight-line basis over the life of the lease term.

Finance Leases
Leases of fixed assets, where substantially all of the risks and benefits incidental to ownership of the asset, but not the legal ownership, were transferred to the group are classified as finance leases. Finance leases were capitalised, recording an asset and liability equal to the fair value or, if lower, the present value of the minimum lease payments, including any guaranteed residual values. The interest expense was calculated using the interest rate implicit in the lease, if this was practicable to determine; if not, the group's incremental borrowing rate was used. Interest expense on finance leases was included in finance costs in the statement of profit or loss and other comprehensive income. Leased assets were depreciated on a straight line basis over their estimated useful lives where it was likely the group would obtain ownership of the asset, or over the term of the lease. Lease payments were allocated between the reduction of the lease liability and the lease interest expense for the period in accordance with the effective interest method.

The group had no finance leases.

(ii) *As a lessor*

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

Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. The respective leased assets are included in the statement of financial position based on their nature.

The accounting policies applicable to the group as a lessor in the comparative period were not different from those under AASB 16 *Leases*

(g) Business combinations

The acquisition method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair value of the assets transferred, the liabilities incurred, and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition related costs are expended as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exception, measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference has been recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

(h) Impairment of assets – non financial assets

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

(i) Cash and cash equivalents

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

(j) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for expected credit losses. Trade and other receivables are due for settlement no more than 30 days from the date of recognition.

(k) Inventories

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

(l) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument. For financial assets, this is equivalent to the date that the group commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).
Financial instruments are initially measured at fair value adjusted for transaction costs, except where the instrument is classified as fair value through profit or loss, in which case transaction costs are immediately recognised as expenses in profit or loss.

Classification of financial assets

Financial assets recognised by the group are subsequently measured in their entirety at either amortised cost or fair value, subject to their classification and whether the group irrevocably designates the financial asset on initial recognition at fair value through other comprehensive income (FVtOCI) in accordance with the relevant criteria in AASB 9.

Financial assets not irrevocably designated on initial recognition at FVtOCI are classified as subsequently measured at amortised cost, FVtOCI or fair value through profit or loss (FVtPL) on the basis of both:

(a) the group's business model for managing the financial assets; and

(b) the contractual cash flow characteristics of the financial asset.
The group has no financial assets at FVtOCI or FVtPL.

Classification of financial liabilities

Financial liabilities classified as held-for-trading, contingent consideration payable by the group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value.
All other financial liabilities recognised by the group are subsequently measured at amortised cost Refer to note 1(q) for further disclosure on trade and other payables.
The group has no financial liabilities classified as held-for-trading, designated at FVtPL or has no contingent consideration payable for the acquisition of a business.

(l) Financial instruments (continued)

Trade and other receivables

Trade and other receivables arise from the group's transactions with its customers and are normally settled within 30 days.

Consistent with both the group's business model for managing the financial assets and the contractual cash flow characteristics of the assets, trade and other receivables are subsequently measured at amortised cost using the effective interest rate method.

Impairment of financial assets

The following financial assets are tested for impairment by applying the 'expected credit loss' impairment model:

(a) debt instruments measured at amortised cost; and

(b) receivables from contracts with customers and contract assets.

The group applies the simplified approach under AASB 9 to measuring the allowance for credit losses for receivables from contracts with customers. Under the AASB 9 simplified approach, the group determines the allowance for credit losses for receivables from contracts with customers on the basis of the lifetime expected credit losses of the financial asset. Lifetime expected credit losses represent the expected credit losses that are expected to result from default events over the expected life of the financial asset.

(m) Fair value estimation

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

To provide an indication about the reliability of the inputs used in determining fair value, the group classifies assets and liabilities which are measured at fair value into the three levels prescribed under the accounting standards, as follows:

Level 1: The fair value of assets and liabilities traded in active markets is based on quoted market prices at the end of the reporting period. The group does not hold any assets or liabilities which are classified as level 1.

Level 2: The fair value of assets and liabilities that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. That is, all valuation inputs are observable. The group does not hold any assets or liabilities which are classified as level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the asset or liability is included in level 3. The group's land and buildings (note 1(n)) and investment properties (note 1(o)) are included within this level.

(n) Property, plant and equipment

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

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

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

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and right-of-use assets, the shorter lease term as follows:

Buildings	40 years
Plant and equipment	3-10 years
Right-of-Use Assets	2-5 Years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included profit or loss. When revalued assets are sold, it is group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

(o) Investment properties

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

(p) Intangible assets

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

(ii) *Gaming authorities*
Gaming authorities have no expiry date and can only be withdrawn or cancelled by a government authority under circumstances of breach or legislative change. They are deemed to have an indefinite useful life and are carried at cost less any impairment losses. Intangible assets with an indefinite useful life are reviewed annually for any indications of impairment and impairment losses are accounted for in accordance with accounting policy 1(h).

(q) Trade and other payables

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

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

(r) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, and annual leave and accumulating sick leave expected to be wholly settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Re-measurements as a result of experience adjustments and changes in assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the group does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

(iii) Retirement benefit obligations

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

(s) Borrowings

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

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(t) Contributed equity

Ordinary shares are classified as equity.

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

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

(u) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(v) Dividends

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

(w) Goods and services tax (GST)

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

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

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

(x) Rounding of amounts

The company is of a kind referred to in ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(y) New accounting standards and interpretations issued but not operative as at 30 June 2019

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. The Directors have not yet assessed the impact of these standards or interpretations.

(z) General

This financial report covers the consolidated entity consisting of Eumundi Group Limited and its controlled entities.

Eumundi Group Limited is a public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal places of business are:

Principal places of business:
Level 15, 10 Market Street, Brisbane Qld 4000

Other places of business:
Ashmore Tavern, Cnr of Cotlew St and Currumburra Rd, Ashmore Qld 4214
Aspley Shopping Centre (including Aspley Central Tavern), 1374-1378 Gympie Rd, Aspley Qld 4034
Aspley Arcade Shopping Village, 1364-1368 Gympie Rd, Aspley Qld 4034
The Plough Inn, Southbank, Qld 4101

Registered office:
Level 8, 1 Eagle Street, Brisbane Qld 4000

2. Changes in accounting policies

Except for the changes below, the group has consistently applied the accounting policies to all periods presented in these consolidated financial statements.

(a) AASB 15 Revenue from contracts with customers

Impacts on the consolidated financial statements
There have been no impacts on the face of the financial statements from the adoptions of AASB 15 *Revenue* from contracts with customers.

(b) AASB 16 Leases

The group applied AASB 16 *Leases* with a date of initial application of 1 July 2018. As a result, the group has changed its accounting policy for lease contracts as detailed below.

The group applied AASB 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 July 2018. The details of the changes in accounting policies are disclosed below.

2. Changes in accounting policies (continued)
(b) AASB 16 Leases (continued)

(i) Definition of a lease

Previously, the group determined at contract inception whether an arrangement is or contains a lease under AASB 117. Under AASB 16, the group assesses whether a contract is or contains a lease based on the definition of a lease in AASB 16 as explained in note 1(f).

On transition to AASB 16, the group elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Therefore, the definition of a lease under AASB 16 was applied only to contracts entered into or changed on or after 1 July 2018.

(ii) As a lessee

As a lessee the group previously classified the leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the group. Under AASB 16, the group recognises right-of-use assets and lease liabilities for most leases bringing them onto the balance sheet.

For leases of commercial office space and retail liquor premises, which were previously classified as operating leases under AASB 117, the group recognised right-of-use assets and lease liabilities.

At transition, lease liabilities are measured at the present value of the remaining lease payments discounted at the group's incremental borrowing rate as at 1 July 2018. Right-of-use assets are measured at their carrying amount as if AASB 16 had been applied since the commencement date of the lease, discounted using the group's incremental borrowing rate at the date of initial application.

The group used the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- use of a single discount rate to a portfolio of leases with similar characteristics
- application of the exemption not to recognise right-of-use assets and liabilities for leases with less than twelve months of lease term; and
- utilised hindsight when determining the lease term if the contract contained options to extend.

The group had no leases previously classified as finance leases under AASB 117.

(iii) As a lessor

As the group does not have any sub-leases in which it acts as the lessor, the group was not required to make any adjustments for leases in which it acts as lessor.

The group applied AASB 15 Revenue from contracts with customers to allocate consideration in the contract to each lease and non-lease component. No non-lease components were identified.

(iv) Impacts on the consolidated financial statements

On 1 July 2018, on initial application of AASB 16, the group recognised an additional $141,000 of right-of-use assets, $151,000 of lease liabilities, with the difference of $7,000 (net of tax) recognised in retained earnings. Deferred tax assets of $3,000 were recognised.

When measuring lease liabilities, the group discounted lease payments using its incremental borrowing rate of 6.39% at 1 July 2018. The impact on the consolidated financial statements of the group are outlined below.

There was no impact on the prior year Consolidated Statement of Comprehensive Income nor on the Consolidated Statement of Cash Flows.

Impact on the Consolidated Statement of Financial Position	**30 June 2018 $'000**	**Adjust-ments $'000**	**1 July 2018 $'000**
Retained profits	7,314	(7)	7,307
Total equity	38,553	(7)	38,546

Impact on the Consolidated Statement of Changes in Equity	**30 June 2018 $'000**	**Adjust-ments $'000**	**1 July 2018 $'000**
Retained profits	7,314	(7)	7,307
Total equity	38,553	(7)	38,546

3. Financial risk management

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

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

The group holds the following financial instruments:

	2019 $'000	2018 $'000
Financial assets (at amortised cost)		
Cash and cash equivalents	954	983
Trade and other receivables	305	179
	1,259	1,162
Financial liabilities (at amortised cost)		
Trade and other payables	3,149	2,403
Borrowings	25,034	21,587
Lease liability	345	-
	28,528	23,990

Refer to note 19(a) for information on assets pledged as security by the group.

(a) Market risk

Currency risk
The group has no exposure to currency risk.

Price risk
The group does not have any material exposure to equity securities price risk or commodity price risk.

Interest rate risk
The group's interest rate risk primarily arises from long term borrowings being commercial loans. Borrowings issued at variable rates expose the group to cash flow interest rate risk. No hedging instruments are used.

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

The group's exposure to interest rate risk in relation to future cash flows and the effective weighted average interest rates on classes of financial assets and financial liabilities at reporting date are:

	30 June 2019		30 June 2018	
	Weighted average interest rate	Balance $'000	Weighted average interest rate	Balance $'000
Finance facilities	3.27%	25,067	3.70%	21,630
Cash and cash equivalents	0.0%	954	0.0%	983

Sensitivity
At 30 June 2019, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been $175,000 lower/higher (2018: change of 100 bps: $151,000 lower/ higher) as a result of a change in interest from borrowings and cash and cash equivalents. Weighted average interest rates exclude facility fees paid on undrawn facilities.

3. Financial risk management (continued)

(b) Credit risk

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

The group extends credit only to recognised, creditworthy third parties. In addition, trade and other debtor receivable balances are monitored on a continual basis. The group's exposure to expected credit losses is not significant.

The group had no other significant concentrations of credit risk from any single debtor or group of debtors at balance date.

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

At period end cash and deposits were held with the National Australia Bank.

(c) Liquidity risk

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

As at 30 June 2019, none of the group's commercial loans are payable in the next 12 months (2018: nil).

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

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

At 30 June 2019	**Less than 6 months**	**6-12 months**	**Between 1-2 years**	**Between 2-5 years**	**Total contractual cash flows**	**Carrying amount**
Non-derivatives	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	3,149	-	-	-	3,149	3,149
Commercial loans	413	413	822	26,251	27,899	25,034
Lease liabilities	69	75	77	147	368	345
Total	3,631	488	899	26,398	31,416	28,528

At 30 June 2018	**Less than 6 months**	**6-12 months**	**Between 1-2 years**	**Between 2-5 years**	**Total contractual cash flows**	**Carrying amount**
Non-derivatives	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Trade and other payables	2,403	-	-	-	2,403	2,403
Commercial loans	393	393	1,930	21,136	23,852	21,587
Lease Liabilities	-	-	-	-	-	-
Total	2,796	393	1,930	21,136	26,255	23,990

(d) Fair value

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

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature. The fair value of lease liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the incremental interest rate that is available to the group for similar financial instruments. The fair value of current borrowings approximates the carrying amount, as the impact of discounting is not significant.

4. Leases

Real estate leases as lessee

The group leases land and buildings for office premises and retail liquor stores. The leases typically run for periods from two to five years. Some leases include an extension option for an additional period after the end of the contract term. Extension options held are exercisable only by the group and not by the lessors. The group assesses at lease commencement whether it is reasonably certain to exercise the extension options and reassesses whether it is reasonably certain to exercise the option if there is a significant event or significant change in circumstances within its control. Future lease payments are subject to yearly price adjustments based on either fixed percentage increases or consumer price index related increases.

At the commencement date of a lease (other than short term leases of 12 months or less and leases of low value assets), the group recognises a lease asset representing its right to use the underlying assets ("Right-of-use-asset") and a lease liability representing its obligation to make lease payments.

	2019 $'000
Right-of-use-asset (Refer note 14)	
Carrying amount of Right-of-use-assets – 1 July 2018	141
Additions	278
Depreciation charge	(109)
Carrying amount of Right-of-use-assets – 30 June 2019	310
Lease liability	
Opening balance - 1 July 2018	151
Additions	272
Interest expense – unwinding of discount	9
Lease payments (Refer to consolidated statement of cash flows)	(87)
Carrying amount of Right-of-use-assets – 30 June 2019	345
Current	133
Non-current	212
Total	345

Other disclosures relating to leases where the group is lessee are as follows:	2019 $'000
Expense related to short term leases excluded from the measurement of lease liabilities	212
Expense related to low value assets excluded from the measurement of lease liabilities	-

	2019 $'000	2018 Restated $'000
The maturity profile of the contractual undiscounted cash flows of the leases is as follows:		
Within one year	143	69
Later than one year but not later than five years	224	89
Greater than five years	-	-
Total undiscounted lease payments	367	* 158

* In the 30 June 2018 financial statements, operating lease commitments were stated at $233,000 which included $75,000 in commitments relating to leases of 12 months or less which the group has elected not to recognise as right-of-use assets under AASB 16. The group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. The group has used hindsight in assessing the certainly of taking up the option to extend or not to extend leases and regarding relinquishment of leases by the lessor when valuing the leases for the first time under AASB 16.

5. Critical accounting estimates and judgements

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

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

The group has investment properties with a carrying amount of $33,520,000 (2018: $31,000,000), and land and buildings (included in property, plant and equipment) with a carrying amount of $33,769,000 (2018: $31,310,000) representing estimated fair value. These carrying amounts are based upon either independent valuations or on directors' valuations. A reconciliation of movements in the carrying value of these assets during the period is disclosed in notes 14 and 15. Gains recognised on the revaluation of investment properties in the period totalling $239,000 (2018: $3,218,000) are included within other income in the statement of comprehensive income. Gains on the revaluation of land and buildings in the period totalling $771,000 (2018: gain of $646,000) are recognised in the revaluation reserve in equity, net of tax, in accordance with the accounting policy described in note 1(n).

The fair value is the price that would be received to sell the property in an orderly transaction between market participants at balance date, under current market conditions, in the principal market for the asset. Such measurement takes into consideration the highest and best use of the property, being the use (either by the group or by another market participant) that would maximise the value of the property.

The group has determined that the current use of its tangible property assets carried at fair value, being held for rental returns for its retail assets and held for use in owner managed business operations for its tavern assets, represents the highest and best use of the assets.

Fair value measurements for land and buildings and investment property fall within level 3 of the fair value hierarchy described in note 1(m), as the valuation of these assets at balance date has been derived utilising valuation techniques which make use of one or more significant unobservable inputs. No assets have been transferred between levels of the fair value hierarchy during the financial year.

In determining the fair value of investment properties the capitalisation of net market income method and discounted cash flow methods have been used. In determining the valuation of tavern assets the capitalisation of net market income method has been used, as adjusted for any intangible business value.

Categories of tangible assets measured at fair value

The group's tangible assets carried at fair value are grouped into the following categories for the purpose of the below analysis:

Retail assets – Aspley Arcade Shopping Village, and land and buildings with a value determined by reference to the retail component of the Aspley Shopping Centre as described in note 15.

The 30 June 2019 fair value assessment for Aspley Arcade Shopping Village and the retail component for Aspley Shopping Centre was based on a directors' internal valuation.

The 30 June 2018 fair value assessment for Aspley Arcade Shopping Village and the retail component for Aspley Shopping Centre was based on an independent valuation made by members of the Australian Property Institute in June 2018.

The 30 June 2019 fair value assessment for The Plough Inn was based on a directors' internal valuation.

The 30 June 2018 fair value assessment for The Plough Inn was based on an independent valuation made by members of the Australian Property Institute in June 2018.

Tavern assets – Land and buildings with a value derived from an assessment of the going concern value of the Ashmore Tavern and Aspley Central Tavern.

The June 2019 valuation of land and buildings for Ashmore Tavern and for the hotel component of Aspley Shopping Centre (Aspley Central Tavern) was based upon an independent valuation made by members of the Australian Property Institute in August 2019.

The June 2018 valuation of land and buildings for Ashmore Tavern was based on an independent valuation made by members of the Australian Property Institute in July 2018. The June 2018 valuation for the hotel component of Aspley Shopping Centre (Aspley Central Tavern) was based on an independent valuation made by members of the Australian Property Institute in June 2018.

5. Critical accounting estimates and judgements (continued)

Significant inputs and sensitivity information

The range of significant unobservable inputs adopted in the valuation of retail assets is as follows:

- specialty tenancy net market rent (per sqm p.a.) ranging from $243 to $952 (2018: $214 to $917)
- capitalisation rate for each property of 7.0% to 7.5% (2018: 7.0% to 7.5%) (weighted average of 7.23% (2018: 7.23%))
- discount rates ranging from 8.75% to 9.0% (2018: 8.75% to 9.0%) (weighted average of 8.87% (2018: 8.87%))
- perpetual vacancy rates ranging from 5.0% to 5.0% (2018: 5.0% to 5.0%) (weighted average of 5.0% (2018: 5.0%))
- assumed lease term of 5 years (2018: 5 years)

The range of significant unobservable inputs adopted in the valuation of tavern assets is as follows:

- capitalisation rates applied to market EBITDA 10% to 17% (2018: 10% to 17%)
- market EBITDA of $2,000,000 for the Ashmore Tavern (2018: $2,000,000) and $1,378,000 for Aspley Central Tavern (2018: $931,000)
- market rent percentages ranging from 40% to 51% (2018: 40% to 51%)

The table below explains the key inputs used to measure fair value under the capitalisation of net market income and discounted cash flow methods described above:

Method/Input	Description
Discounted cash flow method	Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property.
Capitalisation of net market income method	This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital reversions.
Net market rent	A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).
Adopted capitalisation rate	The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regard to market evidence.
Perpetual vacancy allowance	A reduction applied to net market rent prior to capitalisation to reflect expected prevailing vacancies over the life of the asset. The percentage allowance is determined with regard to market evidence.
Adopted discount rate	The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regard to market evidence.
Adopted terminal yield	The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regard to market evidence.
Adopted market EBITDA	The earnings before interest, taxation, depreciation, amortisation, and rent expense determined as achievable for the subject property, having regard to market evidence and trading performance history.

A significant increase or decrease in one or more of the inputs described above will have an effect on the reported fair value as follows:

Significant Input	Fair value measurement sensitivity to significant increase in input	Fair value measurement sensitivity to significant decrease in input
Net market rent	Increase	Decrease
Adopted capitalisation rate	Decrease	Increase
Perpetual vacancy allowance	Decrease	Increase
Adopted discount rate	Decrease	Increase
Adopted terminal yield	Decrease	Increase

5. Critical accounting estimates and judgements (continued)

Generally, a change in the assumption made for the adopted capitalisation rate is accompanied by a directionally similar change in the adopted terminal yield. The adopted capitalisation rate is a significant input of the capitalisation of net market income method and the adopted terminal yield is a significant input of the discounted cash flow method.

Under the capitalisation method, the net market rent has a strong interrelationship with the adopted capitalisation rate. In theory, a directionally similar movement in both inputs could potentially offset the impact to the fair value. A directionally opposite change in both inputs could potentially magnify the impact to the fair value.

When assessing a discounted cash flow, the adopted discount rate and adopted terminal yield have a strong interrelationship in deriving a fair value given the discount rate will determine the rate in which the terminal value is discounted to terminal value. In theory, a directionally similar movement in both inputs could potentially offset the impact to the fair value. A directionally opposite change in both inputs could potentially magnify the impact to the fair value.

6. Segment information

Description of segments

The group has identified its operating segments based upon internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

The group is managed primarily on the basis of product category and service offerings since the diversifications of the group's operations inherently have notably different risk profiles and performance assessment criteria. Operating segments are therefore determined on the same basis.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and meet the aggregation criteria of AASB 8.

Reportable segments

Hotel operations
The hotel operations segment sells packaged alcoholic beverages through its retail outlets, sells food and alcoholic beverages on-premise through bars and restaurants and operates licensed gaming venues.

Investment property operations
The investment segment owns and leases investment property assets to retail tenants.

Basis of accounting for purposes of reporting by operating segments

Accounting policies adopted
Unless otherwise stated, all amounts reported to the board of directors as the chief operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the group.

Inter-segment transactions
An internally determined transfer price is set for all inter-entity sales. All such transactions are eliminated on consolidation for the group's financial statements.

Segment assets and liabilities
Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of the economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature.

Unless indicated otherwise in the segment assets note, investments in financial assets and deferred tax assets have not been allocated to operating segments.

Information pertaining to segment liabilities is not regularly reported to the board of directors.

Unallocated items
Certain items of revenue, expense and assets are not allocated to operating segments as they are not considered part of the core operations of any segment including fair value adjustments, financing costs and corporate overheads.

6. Segment information (continued)

	Hotel operations	Investment property operations	Total
2019	**$'000**	**$'000**	**$'000**
Revenue			
Sales to customers	21,323	3,485	24,808
Other revenue	517	-	517
Total segment revenue	21,840	3,485	25,325
Inter-segment revenue			(392)
Interest revenue			5
Total revenue			24,938
Results			
Segment results	1,310	2,367	3,677
Finance expenses			(861)
Unallocated revenue less unallocated expenses			(822)
Fair value adjustment on investment properties			239
Profit before income tax			2,233
Income tax expense			(259)
Profit for the year			1,974
Assets			
Segment assets	18,806	54,595	73,401
Unallocated assets			377
Total assets			73,778
Depreciation and amortisation	916	483	1,399
Unallocated			2
Total depreciation and amortisation			1,401

Working capital, plant and equipment relating to the group's hotel operations and Ashmore Tavern land and buildings are included in hotel segment assets.

The total value of the land and buildings within the Aspley Shopping Centre has been included in the investment property segment assets, as this segment receives the majority of the economic value from these assets. The results of the Aspley Central Tavern which forms part of this property are included in the hotel operations segment.

Inter-segment revenue of $392,000 in the current year relates to Aspley Central Tavern rent and outgoings (2018: $419,000).

6. Segment information (continued)

2018	Hotel operations $'000	Investment property operations $'000	Total $'000
Revenue from contracts with customers			
Sales to customers	21,390	3,279	24,669
Commissions and rebates	529	-	529
Total segment revenue	21,919	3,279	25,198
Inter-segment revenue			(419)
Interest revenue			3
Total revenue from contracts with customers			24,782
Results			
Segment results	1,511	2,272	3,783
Finance expenses			(654)
Unallocated revenue less unallocated expenses			(778)
Fair value adjustment on investment properties			3,218
Profit before income tax			5,569
Income tax expense			(1,669)
Profit for the year			3,900
Assets			
Segment assets	17,111	49,700	66,811
Unallocated assets			196
Total assets			67,007
Depreciation and amortisation	790	404	1,193
Unallocated			2
Total depreciation and amortisation			1,195

7. Revenue

	2019 $'000	2018 $'000
Revenue from contracts with customers		
At a point in time		
Sale of goods	12,628	12,777
Gaming revenue	8,695	8,613
Commissions	288	326
Interest	5	3
Other	229	203
	21,845	21,922
Lease revenue		
Over time		
Rental income and recoverable outgoings from investment properties	3,093	2,860
Total revenue	24,938	24,782

Disaggregation of revenue from contracts with customers

The group derives its revenue from the sale of goods and services at a point in time, and provision of services over time and at a point in time. A disaggregation of revenue by when performance obligations are satisfied is outlined below. All revenue of the group is derived in the state of Queensland in Australia.

8. Expenses

	2019 $'000	2018 $'000
Profit before income tax includes the following specific expenses:		
Cost of goods sold	8,447	8,602
Depreciation		
- Buildings	747	632
- Plant and equipment	543	561
- Right-of-use assets	109	-
Total depreciation	1,399	1,193
Amortisation – intangibles	2	2
Finance costs		
- Amortisation of loan establishment costs	10	7
- Interest and finance charges paid/payable	847	647
	857	654
Unwinding of discount on lease liabilities	9	-
Total finance costs	866	654
Operating lease rentals – minimum lease payments	-	361
Short term lease expense	212	-
Defined contribution superannuation expense	320	322

9. Income tax

(a) Income tax expense

	2019 $'000	2018 $'000
Current tax	645	698
Deferred tax	4	971
Effect of change in tax rate	(334)	-
Under provision in prior years (deferred tax)	24	-
Over provision in prior years (current tax)	(80)	-
	259	1,669

(b) Numerical reconciliation of income tax to prima facie tax payable is as follows:

	2019 $'000	2018 $'000
Profit before income tax - continuing operations	2,234	5,569
Income tax at the Australian tax rate of 27.5% (2018: 30%)	614	1,670
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible/(non-taxable) items	35	(1)
Effect of change in tax rate	(334)	-
Over provision in prior years (current and deferred tax)	(56)	-
Income tax expense	259	1,669

9. Income tax (continued)

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

	2019 $'000	2018 $'000
Investment properties	(1,395)	(1,312)
Property, plant and equipment	(3,183)	(3,431)
Lease liabilities	95	-
Right of use assets	(85)	-
Employee benefits	104	111
Accrued expenses	25	16
Sundry items	3	2
Tax losses	548	598
Net deferred tax assets	(3,887)	(3,988)

Movement in deferred tax:		
At 1 July	(3,988)	(2,823)
Charged to profit or loss	(4)	(971)
Over provision in prior years	(24)	-
Credited to contributed equity	4	-
Charged to other comprehensive income	(212)	(194)
Effect of change in tax rate	334	
Effect of change in accounting standard	3	
At 30 June	(3,887)	(3,988)

(d) Tax expense relating to items of other comprehensive income

Gain on revaluation of land and buildings	(212)	(194)

(e) Amounts relating to items recognised directly in contributed equity

Share issue costs	4	-

(f) Tax consolidation legislation

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

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

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

(g) Franking credits

	2019 $'000	2018 $'000
Franking credits available for subsequent financial years based on a tax rate of 27.5% (2018: 30%)	(54)	362

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.

10. Cash and cash equivalents

	2019 $'000	2018 $'000
Cash at bank and in hand	954	983

The group's exposure to interest rate risk is discussed in note 3(a).

11. Trade and other receivables

	2019 $'000	2018 $'000
Receivables	-	97
Receivables from contracts with customers	233	82
Other receivables	72	41
	305	179

The group has no provision for expected credit losses as at 30 June 2019 (2018: $nil).

Fair value and credit risk
Due to the short term nature of trade and other receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the carrying amount mentioned above. Refer to note 3(b) for more information on the risk management policy of the group and the credit quality of the entity's trade and other receivables.

12. Inventories

	2019 $'000	2018 $'000
Finished goods – at cost	1,211	1,265

Inventories recognised as expense during the period ended 30 June 2019 amounted to $8,447,000 (2018: $8,602,000).

13. Other current assets

	2019 $'000	2018 $'000
Short term deposits	60	53
Prepayments	275	255
	335	308

14. Property, plant and equipment

	Freehold land $'000	Buildings $'000	Plant and equipment $'000	Right-of-use assets $'000	Total $'000
Year ended 30 June 2018					
Opening net book amount	9,090	21,871	1,468	-	32,429
Revaluation increment	920	(274)	-	-	646
Additions	-	125	527	-	652
Disposals	-	-	(12)	-	(12)
Straight-line adjustments and lease incentives	-	210	-	-	210
Depreciation charge	-	(632)	(561)	-	(1,193)
At 30 June 2018	10,010	21,300	1,422	-	32,732
Adjustments	-	-	-	141	141
At 1 July 2018	10,010	21,300	1,422	141	32,873
At 1 July 2018					
Cost or fair value	10,010	21,300	3,062	313	34,685
Accumulated depreciation	-	-	(1,640)	(172)	(1,812)
Net book amount	10,010	21,300	1,422	141	32,873
Year ended 30 June 2019					
Opening net book amount	10,010	21,300	1,422	141	32,873
Revaluation increment	-	771	-	-	771
Additions	-	2,372	701	278	3,351
Transfers	-	31	(31)	-	-
Disposals	-	-	-	-	-
Straight-line adjustments and lease incentives	-	32	-	-	32
Depreciation charge	-	(747)	(543)	(109)	(1,399)
Closing net book amount	10,010	23,759	1,549	310	35,628
At 30 June 2019					
Cost or fair value	10,010	23,759	3,358	591	37,718
Accumulated depreciation	-	-	(1,809)	(281)	(2,090)
Net book amount	10,010	23,759	1,549	310	35,628

Land and buildings includes Ashmore Tavern and Aspley Shopping Centre.
Right-of-use assets represents lease contracts in which the company is lessee of office and retail premises.

(a) Valuation of land and buildings

Information on the basis for determining the fair value of land and buildings at balance date, including a description of significant valuation inputs, is contained within note 5.

(b) Non-current assets pledged as security

Refer to note 19(a) for information on assets pledged as security by the group.

(c) Contractual obligations

Refer to note 28 for information on contractual obligations.

14. Property, plant and equipment (continued)

(d) 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:

	2019 $'000	2018 $'000
Freehold land		
Cost or deemed cost	7,426	7,426
Net book amount	7,426	7,426
Buildings		
Cost or deemed cost	15,922	13,601
Accumulated depreciation	(2,207)	(1,865)
Net book amount	13,715	11,736

15. Investment properties

	2019 $'000	2018 $'000
At fair value		
At beginning of year	31,000	13,700
Acquisition of investment property	-	13,930
Capitalised expenditure	2,164	108
Straight line rentals and lease incentives	117	44
Net gain from fair value adjustment	239	3,218
At end of year	33,520	31,000

(a) Valuation basis

Information on the basis for determining the fair value of investment properties at balance date, including a description of significant valuation inputs, is contained within note 5.

The table below summarises the adopted fair values of the investment properties held by the group as at balance date:

Property	Acquisition Date	Cost Including Additions*	Last Independent Valuation		Book Value 2019	Book Value 2018
		$'000	Date	$'000	$'000	$'000
Aspley Arcade Shopping Village	Jun 2007	15,261	June 2018	17,000	19,170	17,000
Plough Inn	Nov 2017	13,100	June 2018	14,000	14,350	14,000
					33,520	31,000

* excluding acquisition costs

(b) Leasing arrangements – group as lessor

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:

	2019 $'000	2018 $'000
Within one year	2,530	2,786
Later than one year but not later than five years	7,676	8,216
Later than five years	11,143	12,011
Total	21,349	23,013

(c) Non-current assets pledged as security

Refer to note 19(a) for information on assets pledged as security by the group.

(d) Contractual obligations

Refer to note 28 for information on contractual obligations.

15. Investment properties (continued)

(e) Amounts recognised in profit or loss for investment properties

	2019 $'000	2018 $'000
Rental income and recoveries from investment properties	3,093	2,860
Direct operating expenses from properties that generated rental income	(632)	(601)
	2,461	2,259

16. Intangible assets

	2019 $'000	2018 $'000
Gaming authorities at cost	1,747	478
Hotel licenses at cost	104	104
Accumulated amortisation	(44)	(42)
Net carrying value	60	62
Net carrying value of intangibles	1,807	540

	Hotel Licences $'000	Gaming Authorities $'000	Total $'000
Year ended 30 June 2018			
Opening net book amount	64	478	542
Amortisation charge	(2)	-	(2)
Closing net book amount	62	478	540
Year ended 30 June 2019			
Opening net book amount	62	478	540
Additions	-	1,269	1,269
Amortisation charge	(2)	-	(2)
Closing net book amount	60	1,747	1,807

On 4 April, the group acquired 7 gaming authorities for the Aspley Central Tavern at a cost of $1,268,891 bringing the total number of gaming authorities held by the group to 87. (2018: 80 authorities)

Gaming authorities are held at the lesser of cost or net realisable value. Net realisable value is determined using the most recent price at auction for gaming authorities as issued by the Queensland Government Office of Liquor and Gaming Regulation less selling costs. At 30 June 2019, based on the most recent tender held on 4 April 2019, the sale price net of GST and selling costs was $107,935 per authority, representing a net realisable value of $9,390,000 for the group's 87 gaming authorities. (2018: $101,872 per authority based on the tender held 14 March 2018 representing a net realisable value of $8,150,000 for the group's 80 gaming authorities).

17. Trade and other payables

	2019 $'000	2018 restated $'000
Trade payables	2,363	1,507
Other payables and accruals	786	896
	3,149	2,403

18. Current liabilities – Provisions

	2019 $'000	2018 $'000
Employee benefits	370	370

19. Non-current liabilities – Borrowings

	2019 $'000	2018 $'000
Commercial loans – secured	25,034	21,587

(a) Assets pledged as security

Bank overdraft and commercial facilities are wholly secured by way of:

(i) Registered mortgage debenture over the assets and undertakings of the group;
(ii) Unlimited fully interlocking guarantee by Eumundi Group Limited, Eumundi Property Group Pty Ltd and Eumundi Group Hotels Pty Ltd; and
(iii) First registered mortgage over the property, plant and equipment and investment properties of the group.

As such all assets are pledged as security for borrowings.

19. Non-current liabilities – Borrowings (continued)

(b) Financing arrangements

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

Credit standby arrangements	2019 $'000	2018 $'000
Total facilities		
Bank overdraft	100	100
Finance lease liabilities	400	400
Bank guarantee facility	100	40
Commercial loan facilities	30,000	26,000
	30,600	26,540
Used at balance date		
Bank overdraft	-	-
Finance lease liabilities	-	-
Bank guarantee facility	31	17
Commercial loan facilities *	25,067	21,630
	25,098	21,647
Unused at balance date		
Bank overdraft	100	100
Finance lease liabilities	400	400
Bank guarantee facility	69	23
Commercial loan facilities	4,933	4,370
	5,502	4,893

* Used at balance date comprises the face value of loans drawn. The amount recognised in the consolidated statement of financial position includes loan establishment costs.

Bank overdraft

Standby funds provided by the group's bankers are in the form of a bank overdraft which has a limit of $100,000 (2018: $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.

Finance Facilities

Commercial loan facilities are able to be drawn against and repaid at any time, with interest rates fixed for each 90 day loan period, and interest is payable at the end of the roll period based on daily balances.

The finance facilities are subject to annual review. Interest is at variable rates. All facilities are interest only until expiry. Further details are outlined below.

Facility Limit		Amount drawn (Face Value)		Interest rate		Expiry Date
2019 $'000	2018 $000	2019 $'000	2018 $'000	2019 %	2018 %	
6,000	6,000	5,067	1,630	3.34	3.69	31 July 2022
4,500	4,500	4,500	4,500	3.21	3.69	31 October 2022
4,500	4,500	4,500	4,500	3.21	3.58	31 October 2022
4,000	4,000	4,000	4,000	3.45	3.91	31 October 2022
7,000	3,000	3,000	3,000	3.20	3.67	31 October 2022
4,000	4,000	4,000	4,000	3.20	3.67	31 October 2022
30,000	26,000	25,067	21,630			

Finance lease liabilities

The group has a lease finance facility of $400,000 (2018: $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. This facility was not used in the current or prior period.

20. Non-current liabilities – Provisions

Make – good provisions	29	-

21. Contributed equity

Share capital	2019 Number of shares	2018 Number of shares	2019 $'000	2018 $'000
Fully paid ordinary shares	39,531,043	36,723,117	24,128	21,812

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

Movements in share capital

	Number of Shares	Average Issue Price ¢	$'000
Balance at 1 July 2017	36,723,117		21,812
Balance at 30 June 2018 *	36,723,117		21,812
Year ended 30 June 2019			
Opening amount	36,723,117		21,812
Shares issued under the DRP	2,807,926	82.79	2,325
Share issue costs (net of tax)	-	-	(9)
Balance at 30 June 2019	39,531,043		24,128

On 17 September 2018 the company issued 1,384,579 ordinary shares at a price of 84.00 cents per share under the company's Dividend Reinvestment Plan (DRP) in respect of a fully franked (at 30%) final dividend announced on 27 August 2018.

On 18 March 2019 the company issued 1,423,347 ordinary shares at a price of 81.62 cents per share under the company's Dividend Reinvestment Plan (DRP) in respect of a fully franked (at 27.5%) interim dividend announced on 26 February 2019.

* There was no movement in share capital in the 2018 financial year.

Options

As at 30 June 2019, there were no options to purchase ordinary shares in the parent entity (2018: Nil).

Capital risk management

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

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

The group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings ('borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position (including minority interest) plus net debt.

The gearing ratios as at 30 June were as follows:

	2019 $'000	2018 $'000
Total borrowings	25,034	21,587
Less: cash and cash equivalents	(954)	(983)
Net debt	24,080	20,604
Total equity	40,964	38,553
Total capital	65,044	59,157
Gearing ratios		
Net debt/equity	58.8%	53.4%
Net debt/total capital	37.0%	34.8%

Eumundi Group Limited has complied with the financial covenants of its borrowing facilities during the 2019 and 2018 financial years.

22. Reserves and retained profits

(a) Reserves

	2019 $'000	2018 $'000
Property, plant and equipment revaluation surplus	9,986	9,427
Movements in reserves:		
Property, plant and equipment revaluation surplus		
Balance at the beginning of the year	9,427	8,975
Gain on revaluation of freehold land and buildings (net of tax) *	559	452
Balance at the end of the year	9,986	9,427

* Gross gain before tax of $771,000 (2018: gain of $646,000)

(b) Retained profits

	2019	2018
Retained profits at the beginning of the year	7,314	5,434
Adjustments on adoption of Australian Accounting Standard (AASB 16)	(7)	-
Profit for the year attributable to owners of the company	1,974	3,900
Dividend paid to shareholders	(2,431)	(2,020)
Retained profits at the end of the year	6,850	7,314

(c) Nature and purpose of reserves

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

23. Dividends

Dividends paid to members during the financial year were as follows:

	2019 $'000	2018 $'000
Fully franked (at 30%) final dividend of 3.30 cents per fully paid ordinary share paid on 17 September 2018 (2018: 3.25 cents per share fully franked at 30%)	1,212	1,193
Fully franked (at 27.5%) interim dividend of 3.20 cents per fully paid ordinary share paid on 18 March 2019 (2018: 2.25 cents per share fully franked at 30%)	1,219	827
	2,431	2,020
Proposed final dividend of 2.35 cents per fully paid ordinary share franked (at 27.5%) not yet brought to account in the financial statements payable on 16 September 2019 (2018: 3.30 cents per share fully franked at 30%)	929	1,211

24. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2019 $'000	2018 $'000
Statement of financial position		
Current assets	18	-
Non-current assets	25,080	23,656
Total assets	25,098	23,656
Current liabilities	-	106
Total liabilities	-	106
Shareholders' equity		
Issued capital	24,128	21,812
Retained earnings	970	1,738
	25,098	23,550
Profit for the year	1,663	2,000
Total comprehensive income	1,663	2,000

(b) Guarantees entered into by the parent entity

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

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

(c) Contingent assets and liabilities of the parent entity

The individual parent entity had no contingent assets or liabilities.

(d) Contractual commitments for the acquisition of property, plant or equipment

The parent entity had no commitments for the acquisition of property, plant or equipment.

25. Related party information

(a) Key management personnel remuneration

	2019 $	2018 $
Short-term employee benefits	363,754	339,007
Long-term benefits	3,980	3,980
Post-employment benefits	27,762	27,762
	395,497	370,749

(b) Transactions with related parties

	2019 $	2018 $
Dividends paid to key management personnel	1,185,323	971,606
Subscription for new ordinary shares by key management personnel as a result of:		
- the reinvestment of dividends	1,185,323	-
- paid in cash	-	971,606

Transactions relating to dividends and subscriptions for new ordinary shares were on the same terms and conditions that applied to other shareholders.

During the year, the group engaged an entity related to JM Ganim to provide project management services on commercial terms and conditions, with total payments of $27,866. Amounts payable to related party entities as at 30 June 2019 was $44,156 (30 June 2018: $1,000).

26. Auditor's remuneration

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

	2019 $	2018 $
Audit and review of financial reports	72,500	65,000
Tax compliance services	7,500	10,000
	80,000	75,000

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

No payments were made to non-related audit firms in the current or prior year.

27. Contingent liabilities

The group has no material contingencies.

28. Commitments

As at 30 June 2019 the group had the following contractual obligations:-

- professional fees for the refurbishment of the Aspley Shopping Centre and Aspley Arcade Shopping Village $298,000;
- construction costs for the expansion of the Aspley Central Tavern gaming room $23,000; and
- professional fees for the redecoration of the Ashmore Tavern bistro, lounge bar and kitchen $184,000.

As at 30 June 2018 the group had contractual obligations totalling $85,000 in respect of professional fees for the refurbishment of the Aspley Shopping Centre and Aspley Arcade Shopping Village

29. Subsidiaries

The ultimate parent entity of the group is Eumundi Group Limited.

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

Name of entity	Country of incorporation	Class of shares	Equity holding*	
			2019	2018
Eumundi Property Group Pty Ltd	Australia	Ordinary	100%	100%
Eumundi Group Hotels Pty Ltd	Australia	Ordinary	100%	100%
Airlie Beach Lagoon Hotel Pty Ltd	Australia	Ordinary	100%	100%

* The proportion of ownership interest is equal to the proportion of voting power held.

30. Reconciliation of profit for the year to net cash flow from operating activities

	2019 $'000	2018 $'000
Profit for the year	1,974	3,900
Depreciation and amortisation	1,401	1,195
Amortisation of loan establishment cost	10	7
Unwinding of discount	9	-
Straight line rental adjustment	(126)	(94)
Lease rentals reversed	(88)	-
Costs capitalised to right to use assets	(5)	-
Rent incentive	(23)	(161)
Net gain on fair value adjustment of investment properties	(239)	(3,218)
Net gain (loss) on sale of plant and equipment	-	(1)
Changes in operating assets and liabilities (net of assets disposed):		
(Increase)/decrease in:		
Trade and other receivables	(126)	126
Inventories	54	226
Other current assets	(27)	69
Increase/(decrease) in:		
Trade and other payables	748	(23)
Accrued interest	(2)	94
Income tax payable	(124)	(131)
Deferred tax liability/(asset)*	(306)	971
Employee benefits	-	22
Other provisions	29	-
Cash flows from operating activities	3,159	2,982

* net of amounts recognised directly in equity and other comprehensive income.

31. Non-cash investing and financing activities

During the year share issues were made under the company's DRP, as disclosed in note 21. There were no non-cash financing and investing activities during the prior year.

32. Earnings per share

(a) Basic & diluted earnings per share

	2019	2018
Total basic & diluted earnings per share attributable to owners of the company	5.17¢	10.62¢

(b) Weighted average number of shares used as the denominator

	Number of shares	
	2019	2018
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	38,221,269	36,723,117

There are no dilutive potential ordinary shares.

In the directors' opinion:

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

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2019 and of its performance for the financial year ended on that date, and

(b) as stated in Note 1, the consolidated financial statements also comply with International Financial Reporting Standards, and

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

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2019 required by section 295A of the *Corporations Act 2001.*

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

J M Ganim
Director

Dated at Brisbane this 26th day of August, 2019.

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Independent Auditor's Report
To the Members of Eumundi Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eumundi Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* "the Code" that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Pitcher Partners

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Properties Held ***Refer to Notes 14: Property, plant and equipment; and*** ***Note 15: Investment Properties.***	
The Group's property portfolio (included in Property, Plant and Equipment and Investment Properties) is comprised of tavern and retail properties. As at 30 June 2019, these properties of $69.1 million (2018: $62.3 million) made up 94% (2018: 93%) of total assets of the Group. The properties are held at fair value at reporting date. This value is based on either an external independent valuation or, if the property is not externally valued at balance date, a directors' valuation based on the most recent external valuation, updated for any changes in circumstance relating to that property. These valuations contain a number of material inputs subject to key assumptions and management judgement. In particular, the key assumptions are forecasted future cash flows, vacancy rates, incentives and rebates to be granted in future periods and capitalisation rates, all of which also require management judgment. Judgement is also required in order to assess the impact of the broader economic environment, particularly future expected demand for tavern and retail property. It is due to the size of the balance and use of key assumptions and management judgement that this is a key area of audit focus.	Our procedures included, amongst others: ▪ Understanding management's processes and controls; ▪ Assessing the competence and qualifications of the external valuers and the directors involved in undertaking the directors' valuations; ▪ Evaluating the valuation process including the valuation methodologies adopted; whether the methodologies meet relevant accounting requirements and industry norms; ▪ On a sample basis, testing material inputs used in the valuations to actual and budgeted financial performance of the properties; ▪ Evaluating the property valuations by performing an assessment of the appropriateness of material inputs subject to key assumptions and judgement. In particular forecasted cash flows, vacancy rates, incentives and rebates to be granted in future periods and capitalisation rates; ▪ Comparing the changes in material inputs in valuations from prior periods to ensure they are consistent with our knowledge and expectation of the specific property and the relevant market conditions; ▪ Evaluating the movements in capitalisation rates applied based on market data across the geographical region within which the Group operates; and ▪ Assessing the adequacy of the financial statement disclosures.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the [Group] or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 12 of the directors' report for the year ended 30 June 2019. In our opinion, the Remuneration Report of Eumundi Group Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Pitcher Partners

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
26 August 2019

Shareholder information

The shareholder information below was applicable as at 13 August 2019.

A. Distribution of Equity Securities

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

	Ordinary Shares
1 – 1,000	159
1,001 – 5,000	215
5,001 – 10,000	27
10,001 – 50,000	49
50,001 – 100,000	12
100,001 – 500,000	22
500,001 – 1,000,000	6
1,000,001 and over	10
	500

There are 46 shareholders who hold less than a marketable parcel of ordinary shares in the company.

B. Equity security holders

Twenty largest quoted equity security holders:

	Shares held	Percentage
1. De Luca Group Superannuation Pty td	6,689,951	16.92
2. SCMS Pty Ltd – SJ Shoobridge S/F Account	3,347,299	8.47
3. JP Morgan Nominees Australia Limited	3,125,970	7.91
4. Ganboys Pty Ltd	3,101,351	7.85
5. Gansons Pty Ltd	2,599,999	6.58
6. Ganbros Pty Ltd	2,454,566	6.21
7. Agpro Pty Ltd – Joe Ganim Super Fund	2,134,794	5.40
8. Wilhelm Super Fund Account	1,909,074	4.83
9. Mrs. Tracy Fraser A/C	1,523,077	3.85
10. Mrs. Tracy Fraser	1,366,355	3.46
11. National Nominees Limited	863,399	2.18
12. Ruminator Pty Ltd	833,173	2.11
13. Laicos Securities Pty Ltd – Fraser Family SF A/C	672,103	1.70
14. Mr Paul Ganim and Mrs Alison Ganim	632,265	1.60
15. Keiser Investments Pty Ltd – Gann Family Retirement Account	605,369	1.53
16. Mr Joseph Ganim	562,757	1.42
17. Keiser Shipping and Transport Pty Ltd	489,873	1.24
18. Rogand Superannuation Pty Ltd	373,821	0.95
19. Caske Family Superannuation Pty Ltd	310,177	0.78
20. Torryburn S/F A/C	308,888	0.78
Total	**33,901,261**	**85.76**

C. Substantial holders

Details of substantial shareholdings as notified to the company as at the above date are set out below:

	Shares held	Percentage
Joseph Michael Ganim [1]	10,853,467	19.28
Paul Calile Ganim [2]	8,931,084	22.59
Peter Milton Ganim [3]	8,475,760	21.44
Gilbert De Luca [4]	6,686,951	16.92
De Luca Group Superannuation Pty Ltd	6,689,951	16.92
Mrs Tracy Fraser [5]	2,913,647	8.87
SCMS Pty Ltd – SJ Shoobridge S/F Account [5]	2,673,274	7.54
Phoenix Portfolios Pty Ltd	3,694,509	9.69
Ganboys Pty Ltd	3,101,351	7.85
Gansons Pty Ltd	2,599,999	6.58
Ganbros Pty Ltd	2,454,566	6.21
Agpro Pty Ltd – Joe Ganim Super Fund	2,134,794	5.40

1 Includes Agpro Pty Ltd, Ganbros Pty Ltd, Ganboys Pty Ltd and Gansons Pty Ltd
2 Includes Ganbros Pty Ltd, Ganboys Pty Ltd and Gansons Pty Ltd
3 Includes Ganbros Pty Ltd, Ganboys Pty Ltd and Gansons Pty Ltd
4 Includes De Luca Group Superannuation Pty Ltd
5 Adjusted for 10:1 share consolidation

D. Voting rights

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

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

b) Options
No voting rights.


Zambrero


PHARMACY


PHARMACY


aspley
central
BOTTLESHOP
Zambrero
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