



22 October 2020

ANNUAL REPORT FOR YEAR ENDED 30 JUNE 2020 - CORRECTION

There was an error in the Substantial Holders information set out on page 53 of the Annual Report for the year ended 30 June 2020 which was lodged with ASX on 16 October 2020.

A corrected Annual Report is attached.

Authorised by the Board

For further information please contact:

Suzanne Jacobi-Lee, Chief Executive Officer - 07 3229 7222



EUMUNDI GROUP

2020 ANNUAL REPORT



Table of contents

Corporate directory	1
Chairman's message	2
Directors' report	7
Auditor's independence declaration	15
Financial reports	16
Consolidated statement of comprehensive income	16
Consolidated statement of financial position	17
Consolidated statement of changes in equity	18
Consolidated statement of cash flows	19
Notes to the financial statements	20
Directors' declaration	48
Independent auditor's report	49
Shareholder information	53



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 20th November 2020

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

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

Eumundi Group Limited (the "Group") sustained a statutory net loss after tax of (\$1,022,000) for the 2020 financial year representing a loss per share of (2.51) cents which included fair value adjustment on investment properties of (\$1,544,000) net of tax. Profit for the year before these fair value adjustments net of tax was \$522,000.

Total comprehensive loss for the year was (\$4,717,000), which includes fair value adjustment of land and buildings of (\$3,695,000) net of tax.

The 2020 financial year has been a year in three parts.

From July 2019 through to September 2019, the Group's hotel operations were disrupted by planned capital upgrades at each site. All things going as expected, the return on expenditure was well worth it and will still prove to be the case when all COVID-19 restrictions eventually lift.

Ashmore Tavern lounge bar and kitchen upgrade was completed in July 2019 requiring the closure of those areas for most of the month. Sales improved immediately following the works with very positive feedback received from customers and with kitchen capacity increased to support future growth at the venue.

Aspley Central Tavern gaming room expansion, which had been planned for many years, became possible when the adjoining tenant relocated to another tenancy within the centre. Having



acquired seven additional gaming authorities in April 2019, the expansion was undertaken at the earliest opportunity. Work commenced in July 2019 and was completed in September 2019, during which time a reduced fleet of 27 of the 35 gaming machines were relocated into the venue's sports bar area while these works were underway. Turnover from gaming, bar and bistro was affected, resulting in an unfavourable contribution variance of \$108,000 from the venue's operations compared with the prior year.





Upon opening of the new gaming room in September 2019, patrons were welcomed to a spacious, modern gaming lounge containing 42 of the latest gaming machines, a dedicated bar and a keno lounge, with tea, coffee and other refreshments available.

Considering the disruption to the hotels and the ongoing shopping centre works, the Group's EBITDA remained quite strong, being approximately \$123,000 below the prior comparative period at the end of Q1FY20. This represented a decrease of 12.2% during what is generally one of the strongest quarters of the year for hotels.

From October 2019 onwards a succession of natural disasters – drought, bushfires and floods – slowed the Australian economy.

Nonetheless, when the Group reported its FY2020 half year report, reported EBITDA was only \$187,000 or 7.9% below the previous corresponding half-year, including improved hotel revenues in Q2FY20. The result was also achieved despite the Aspley Arcade and Aspley Shopping Centre redevelopment works only being completed in November 2019 and the deferral of

leasing activity to address the high vacancy levels while these works were ongoing.

Other positives during this period were that the Group had shifted from traditional print marketing towards digital/social media, including Facebook and Instagram, which contributed to an uplift in customer engagement for the on-premise and retail business; and increased its focus on premiumisation in the retail liquor business, which was gaining traction.

Nothing could prepare the Group for what followed. In early January 2020, increasingly pessimistic reports of COVID-19 outbreaks in China were emerging, sparking fears of a global pandemic. This adversely impacted tourism and further dampened consumer confidence.

The first Queensland case of COVID-19 was identified on the Gold Coast on 28 January 2020, and a public health emergency was declared by the Queensland Government soon afterwards. Tourism on the Gold Coast was already under pressure and, with the emergence of COVID-19 locally, became almost non-existent immediately.





On 16 March 2020, “social distancing” became a part of our everyday language, businesses could only accommodate one patron per 4m² with 1.5m between tables. Aspley Central Tavern suffered a reduced bar and bistro capacity, however the recently completed gaming room expansion enabled full usage of the gaming fleet. Ashmore Tavern gaming room expansion was still at the planning stage, and only 28 of the 45 gaming machines were able to be used under social distancing restrictions.

On 22 March 2020, by order of the Prime Minister, Ashmore Tavern and Aspley Central Tavern, and the lessee’s business at the Plough Inn, were required to be closed for what was foreshadowed to be six months or more.

The Group’s management team took appropriate measures immediately. On the morning of 23 March 2020, full staff meetings were held at both sites to discuss the unavoidable stand-downs and to provide access to support that may be available. As retail liquor operations were exempted and continued to trade, to the extent possible, hotel staff were utilised to support the retail liquor operations.

The Group immediately contacted suppliers and landlords for extended payment terms and support to minimise cash burn, and at the same time maintained contact with affected tenants at the shopping centres to ensure that their businesses were appropriately supported in order to remain viable.

The Group applied for all available government subsidies including JobKeeper, ‘Boosting Cashflow’ PAYG, Payroll Tax and Land Tax (investment property) with concessions totalling \$547,000 recognised between March and June 2020.

During the closures, staff surplus to the requirements of retail operations were engaged to assist with administration and maintenance works, to enable the business to emerge as strong as possible when government restrictions were eased.

While cost control had always been a priority, a range of further operational controls was implemented to reduce costs without adversely impacting customer service.





As hotel operations were expected to remain closed until September 2020, the Board determined to proceed with planned capital improvement works at the Ashmore Tavern at the earliest opportunity. By giving builders unrestricted access to the site for these works, both the cost and timeframe was able to be reduced. Addressing social distancing capacity constraints at Ashmore Tavern restrictions, particularly in the gaming room, was prioritised.

On completion in July 2020, the enclosed bistro deck provided “all weather” dining and enabled the previously unusable gaming machines to be relocated to the bistro/lounge bar where they could be accessed by patrons.

At an operating level, excluding net losses on fair value adjustment of land, buildings and investment properties, the Group’s net profit after tax for the full year decreased by 71% to \$522,000, compared with \$1,801,000 last year, primarily due to adverse trading and economic conditions resulting from the COVID-19 pandemic.

The net tangible asset backing per share as at 30 June 2020 of 82.7 cents compared with 99.1 cents last year. This mainly reflects the fair value

write down of land, buildings and investment property assets of (\$5,239,000) after tax.

Cash flows from operations in the 2020 financial year of \$1,160,000 compared with \$3,247,000 last year predominantly due to reduced cash inflows from on premise hotel operations, and provision of rental support to tenants.

Net debt increased from \$24,080,000 as at 30 June 2019 to \$27,131,000 at balance date, as a result of the capital works undertaken during the year. Although the gearing ratio (net debt to total equity) of 75.0% has increased, with the lowest interest rates in more than 20 years, debt is comfortably serviced by interest cover of 2.81 times enabling the Group to continue to negotiate favourable terms with its lender. The Group also has available undrawn bank facilities.

The Board is confident that the Group will emerge from the COVID-19 pandemic stronger than before, with a solid balance sheet and improved assets ready to meet the opportunities and ongoing challenges of the coming year.

Nonetheless, the Board appreciates shareholders’ understanding that in the current economic environment, the declaration of a final dividend in respect of FY2020 is not prudent.

The Board would like to thank all stakeholders for their support and loyalty during an unprecedented year. Special thanks our CEO Suzanne Jacobi-Lee, and in particular to the Ashmore and Aspley staff and management team who are at the core of our success, and who stepped up when COVID-19 hit to cover as best could be expected in almost impossible circumstances. Thanks also to our Company Secretary Leni Stanley, our auditors, Pitcher Partners, our banking partners at National Australia Bank and last but not least, our very supportive shareholders.

JM Ganim
Chairman



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 2020 (FY2020).

1. Directors

The following persons were directors of Eumundi Group Limited during the whole 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 remained unchanged and consisted of the operation of the Ashmore and Aspley Central Taverns and the holding of investment properties.

3. Dividends

On 24 February 2020 the board declared an interim dividend of \$953,000 (2.35 cents per share 50% franked at 27.5%) which was paid to shareholders on 16 March 2020 (2019: \$1,219,000 (3.20 cents per share fully franked at 27.5%)).

As a result of the financial impact of COVID-19 in the FY2020 year, and having regard for ongoing uncertainty in the year ahead, no dividend has been declared in respect of the full year result. (2019: \$929,000 (2.35 cents per share fully franked at 27.5%)).

4. Review of operations

In line with the Board's stated intention for the FY2020, the Group continued its programme to enhance significantly its existing shopping centres and hotels through major works to improve future returns. This included:

Ashmore Tavern

- refurbishment of the Ashmore Tavern lounge bar in July 2019 at a cost of \$317,000 including furniture and equipment;
- upgrade of Ashmore Tavern gaming equipment in September 2019 at a cost of \$174,000;
- commencement of enclosed bistro deck works in June 2020 at a cost of \$431,000 of which \$152,000 was recognised as at 30 June 2020;
- advanced detailed design for the Stage 2 - sports bar deck, main entry and exterior upgrade which is scheduled to complete in September 2020 with an expected construction cost of \$530,000; and
- advanced detailed design for Stage 3 - gaming & bistro deck extension which is scheduled to complete early in February 2021 with an expected construction cost of \$1,900,000.

Aspley Central Tavern

- major upgrade and extension of the Aspley Central Tavern gaming room at a total cost of \$687,000 in September 2019; and
- upgrade of gaming equipment including the acquisition of 7 additional machines at a total cost of \$216,000 in September 2019.

Aspley Shopping Centre and Aspley Arcade Shopping Village

- completion of the major refurbishment of Aspley Shopping Centre and Aspley Arcade Shopping Village in November 2019 at a total cost of \$5,373,000 of which \$1,843,000 was recognised in the year ended 30 June 2020; and
- construction of new Aspley Shopping Centre amenities at a cost of \$109,000 completed in May 2020.

As noted in the chairman's message, prior to March 2020 the Group had traded satisfactorily given the disruption to the business from the capital works programme and the generally challenging economic conditions.

COVID-19

However, as advised to the Australian Securities Exchange on 24 March, 2 July and 27 August 2020, COVID-19 had a significant impact on the Group's business from March 2020 and on the financial results for FY2020. It is not feasible to quantify precisely the impact of the pandemic and associated government enforced preventative measures on the Group's results as the effects, both positive and negative, and measures undertaken to manage the situation are interrelated and cannot be measured in isolation.

Nonetheless, the overall negative financial impact from COVID-19 on the Group's FY2020 results was profound.

Directors' report

(continued)

Hotel operations

Gaming, bar and bistro operations at the Group's hotels were closed by order of the Australian Government from midday on 23 March 2020. The Group's corporate liquor division, predominantly servicing Gold Coast restaurants and bars, was also closed. Retail liquor was allowed to continue to trade and achieved strong sales growth, except for the Broadbeach liquor store which was significantly impacted by the lack of tourism.

The Group took all necessary steps to reduce controllable costs immediately, including standing down staff except where they were required for the continuing business operations. The Group applied for and received JobKeeper from April 2020, without which the Group would not have been able to continue to employ many of its staff.

Bar and bistro operations were permitted to reopen from 1 June 2020 under Stage 2 of the Queensland Government's 'Roadmap to easing restrictions'. However, venue capacity across the Group's hotels was reduced by approximately 40% to achieve social distancing in accordance with industry approved COVIDSafe trading requirements.

Investment property

Under the Australian Government's 'Mandatory code of conduct for commercial leasing' and the Queensland Government's COVID-19 Emergency Response Act 2020 legislation, the Group was compelled to provide rental support to affected tenants at its investment properties, including the Plough Inn. Support was provided to eligible tenants on a case-by-case basis having regard for the reduction in turnover each suffered and was delivered through measures which included rental waivers and deferrals and lease extensions.

Financial results

Eumundi Group Limited recorded a loss after tax of (\$1,022,000) for the year ended 30 June 2020 (2019: \$1,974,000 profit).

The current year loss includes a net loss on fair value adjustment of investment properties of (\$1,544,000) net of tax, predominantly attributable to the loss on fair value adjustment of the Aspley Arcade Shopping Village net of tax (\$2,126,000) offset by a gain on fair value adjustment for the Plough Inn \$583,000 net of tax. The prior year result included a gain on fair value adjustment of \$173,000 net of tax.

Profit for the year before fair value adjustments net of tax on investment properties was \$522,000 compared with \$1,801,000 in the prior comparative period. The substantial decline in the Group's result is primarily attributable to the closures and trading restrictions of COVID-19 and the impact of the extensive capital works.

Revenue from continuing operations of \$20,715,000 represents a 17% decrease compared with \$24,938,000 for the prior year, again principally due to COVID-19 and the capital works.

Hotel segment revenues decreased from \$21,840,000 in FY2019 to \$17,772,000 in the current year principally due to the COVID-19 closures and ongoing restrictions. Retail liquor revenues decreased by \$830,000 to \$8,326,000 compared with \$9,156,000 in the prior year. Gaming revenue decreased by \$2,402,000 from \$8,695,000 in FY2019 to \$6,293,000 in the current year with no trading beyond 22 March 2020. Bar and bistro revenues decreased by \$727,000 to \$2,745,000 from \$3,472,000 in the prior period for the same reasons as noted previously.

Employee benefits expense, before JobKeeper subsidy, reduced by 9% from \$4,120,000 in FY2019 to \$3,758,000 in the current year. Electricity costs decreased from \$259,000 in FY2019 to \$246,000 in the current year. Gaming machine taxes fell from \$4,296,000 in FY2019 to \$3,130,000 in the current year.

Overall, after recognising Government COVID-19 related assistance totalling \$412,000, the hotel segment result of \$99,000 in FY2020 was a decrease of \$1,211,000 (down 92%) compared with the prior year's result of \$1,310,000.

Investment property revenues decreased by \$47,000 from \$3,485,000 in FY2019 to \$3,438,000 in the current year. Rental revenues have been impacted by COVID-19. Rental abatements were provided on a case-by-case basis to tenants of the Aspley Shopping Centre and Aspley Arcade Shopping Village impacted as a result of disruptions during renovation works to the centres during the first half of the financial year.

Outgoings on investment properties increased from \$632,000 in 2019 to \$683,000 in the current year with higher vacancy rates resulting in lower recovery of expenses, which was further exacerbated by escalation of insurance premiums. Depreciation on investment property increased by \$84,000 to \$567,000 for the year as a result of recent additions and from a review of the useful lives of certain assets.

After recognising Government COVID-19 related assistance totalling \$25,000, the Investment property segment results decreased from \$2,367,000 in FY2019 to \$2,161,000 in FY2020 (down 9%).

Including assistance of approximately \$74,000 from various government agencies, the Group received COVID-19 related government subsidies totalling \$547,000 in FY2020.

Financing costs of \$774,000 compared with \$866,000 in the prior comparative period due to lower interest rates during the year offset by higher borrowing levels following capital works.

Other comprehensive loss net of tax of (\$3,695,000) in FY2020 related to the net fair value revaluations of land and buildings at the Aspley Shopping Centre \$2,793,000 loss (net of tax) and the Ashmore Tavern \$900,000 loss (net of tax). This compared with a revaluation uplift of \$559,000 net of tax in the previous corresponding period relating to the properties

Financial position

Net assets at 30 June 2020 were \$36,175,000, representing a decrease of \$4,789,000, down 11.7% from \$40,964,000 at 30 June 2019.

Total assets decreased from \$73,778,000 to \$68,905,000 primarily attributable to the loss on fair value adjustment for land and buildings (\$3,695,000) net of tax, and loss on fair value adjustment of investment properties (\$1,544,000) net of tax.

Borrowings increased by \$2,790,000 from \$25,034,000 at 30 June 2019 to \$27,824,000 at 30 June 2020.

Net debt (borrowings less cash and cash equivalents) was \$27,131,000 as at 30 June 2020 (2019: \$24,080,000). The net debt to equity ratio of 75.0% (2019: 58.8%), whilst experiencing an increase mostly arising from fair value adjustments, still remains comfortable.

Cash inflows from operations of \$1,160,000 in the current year were \$2,087,000 lower than the prior period. The substantial decrease was attributable to COVID-19 business closures and rental support. Financing costs decreased by \$70,000 due to lower interest rates offset partially by higher borrowings. Income tax paid reduced by \$119,000 due to the reduced income.

Cash outflows from investing activities of \$3,878,000 in the current period are attributable to the completion of the Aspley Shopping Centre and Aspley Arcade Shopping Village redevelopment, expansion and refurbishment of the Aspley Central Tavern gaming room including the acquisition of additional gaming equipment, completion of the Ashmore Tavern lounge bar and kitchen refurbishment, construction of new amenities at Aspley Shopping Centre amenities, commencement of the Ashmore Tavern enclosed bistro deck and other capital works. The prior year outflows from investing activities of \$6,506,000 reflected 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.

Cash inflows from financing of \$2,457,000 mostly related to the increase in borrowings of \$2,920,000 for the capital works. To preserve cash, the Dividend Reinvestment Plan remained activated through the year. The participation rate was in excess of 96% for each dividend, and only \$77,000 of the total \$1,882,000 dividends was paid as cash to non-participating shareholders. In the prior period, net cash inflows from financing of \$3,230,000 mainly related to the \$3,437,000 increase in borrowings for capital works.

Issued share capital increased from 39,531,043 shares at 30 June 2019 to 41,543,333 shares as at 30 June 2020 predominantly as a result of share issues under the Dividend Reinvestment Plan.

Net tangible asset backing was 82.7 cents per share as at 30 June 2020 (2019: 99.1 cents per share) after the write down to fair value of land, building and investment properties in the current year.

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 2020, the Group has:

- recommenced gaming trade at both of its hotels on 3 July 2020 under stage 3 of the Queensland Government's COVID-19 restrictions;
- completed construction of the enclosed bistro at the Ashmore Tavern for a total cost of \$431,000;
- undertaken a temporary expansion of the Ashmore Tavern gaming lounge to enable full utilisation of the venues gaming fleet for a cost of \$30,000;
- completed extension of the gaming designated outdoor smoking area at the Aspley Central Tavern Gaming for a total cost of \$62,000;
- commenced construction of the sports bar deck and exterior upgrade at the Ashmore Tavern which is scheduled to complete in September 2020 for a total cost of \$535,000; and
- progressed detailed design and costings for the major expansion of the Ashmore Tavern gaming lounge and bistro deck. Works are expected to commence in September 2020 with completion in early 2021 at an estimated cost of \$1,900,000.

COVID-19

The impact of the COVID-19 pandemic is ongoing and whilst it has had a material impact on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by both Federal and State Governments and by other countries, such as maintaining physical distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Directors' report

(continued)

Further considerations in relation to the COVID-19 pandemic are included in the Accounting Estimates and Assumptions in the notes to the financial statements (refer Note 4).

Other than the matters referred to above, there are no other matters or circumstances that have arisen since 30 June 2020 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 focus of the Group in the coming year is to maintain operational efficiencies in the face of uncertain market conditions. To ensure continued access to credit facilities sufficient to complete the proposed capital works at Ashmore Tavern, and to ensure adequate working capital to navigate comfortably the next few years whatever they may bring, the Group has commenced discussions with its bankers for provision of additional facilities. The Group will continue to assess other investment opportunities that may exist in the current market where such investments will improve the Group's asset portfolio.

8. Environmental regulation

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

9. Information on directors

Name and qualifications	Experience and special responsibilities
Joseph Michael Ganim LLB Non-executive Chairman	Over 45 years' experience conducting complex corporate and commercial litigious matters. Extensive public and private company board experience. Non-executive director since 1989 Non-executive Chairman since 2004 Member of the Audit Committee
Gilbert De Luca Non-executive director	A wide range of business experience in the property and construction fields overseeing the acquisition of investment and development properties. Non-executive director since 1989 Member of the Audit Committee
Vernon Alan Wills Independent non-executive director	An extensive background in areas of investment and finance in a broad range of industries including property, mining, IT and education. Currently Chief Executive Officer and Managing director of Site Group International Limited, chairman of Ubidy Technology Group Limited and founding and chairman of Microba Life Sciences Limited until 31 January 2020. Non-executive director since 2004 Chairman of the Audit Committee
Leni Pia Stanley Company Secretary CA B.Com.	Principal of a chartered accounting firm. Holds similar positions with other companies. Company secretary since 2004

10. Interests of directors

Names of directors	Ordinary shares
J M Ganim	11,425,694
G De Luca	7,039,273
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 the date of this report. Shareholdings of directors including shares held by related parties as at 30 June 2020 are disclosed in the Remuneration report in section 12 of this report.

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 2020, 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	8	2	1
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

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. At the discretion of the directors they will provide executives a cash and/or share bonus as part of their remuneration. 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.

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 (AGM) 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 2020 was \$139,710 (2019: \$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	2020	2019	2018	2017	2016
Profit (loss) after tax attributable to members (\$'000)	(1,022)	1,974	3,900	1,464	1,976
Total comprehensive income (loss) for the year (\$'000)	(4,717)	2,533	4,352	5,203	3,508
Dividends paid (\$'000)	1,882	2,431	2,020	1,996	1,740
Dividends paid per share	4.7¢	6.5¢	5.5¢	5.55¢	5.2¢
Net tangible asset backing per share	82.7¢	99.1¢	103.5¢	97.2¢	88.7¢
Share price at end of year*	79¢	96¢	89¢	88¢	70¢

* 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

Directors' report

(continued)

12. Remuneration report (continued)

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 2020 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	Superannuation	Long Service Leave*	Options	
	\$	\$	\$	\$	\$	\$	%
2020							
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****	189,151	10,000	1,747	18,219	3,317	14,700	237,135
Total	189,151	10,000	1,747	18,219	3,317	14,700	237,135
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

* 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.

***Payment of Directors fees was deferred between April and June 2020 except to the extent they were covered by JobKeeper. Directors fees of \$20,290 were outstanding at 30 June 2020 (2019: Nil)

****On 30 August 2019 the Group issued a performance bonus of 15,000 fully-paid ordinary shares to S M Jacobi-Lee at the current market price of 98 cents with no conditions attached.

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 2019 AGM proposing that the remuneration report be adopted received 98.5% "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 M 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

During the year ended 30 June 2020 the Group issued S M Jacobi-Lee a performance bonus of 15,000 fully-paid ordinary shares at the current market price of 98 cents per share at a value of \$14,700. No conditions were attached to the issue of these shares. No other share based payments were granted, vested or exercised during the year (2019: nil).

12. Remuneration report (continued)

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.

	Balance at start of year	Shares issued pursuant to DRP	Shares issued as compensation	Share market trades	Balance at end of year
2020 Directors					
J M Ganim	12,347,511	650,566	-	373	12,998,450
G De Luca	6,729,449	353,623	-	-	7,083,072
V A Wills	-	-	-	-	-
Other Key Management Personnel					
S M Jacobi-Lee*	9,257	1,276	15,000	-	25,533

*On 30 August 2019 the Group issued a performance bonus of 15,000 fully-paid ordinary shares to S M Jacobi-Lee at the current market price of 98 cents per share with no conditions attached.

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. Payments totalling \$80,139 were made during the year (2019: \$27,866).

During the year the Group engaged an entity related to G De Luca to provide project management services on commercial terms. Payments totalling \$1,720 were made during the year (2019: \$nil).

No amount was owing to related parties at 30 June 2020 (30 June 2019: \$44,156).

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

End of Remuneration Report

13. Shares options

No options over unissued shares or interests in the consolidated entity were granted during or since the end of the financial year and there were no options outstanding at the end of the year.

14. Insurance of directors and officers

During the financial year, Eumundi Group Limited paid a premium to insure the directors and officers of the company and its related bodies corporate for any claims made against the directors and officers of the company, subject to conditions contained in the insurance policy. The policy prohibits disclosure of details of the cover and the amount of premium paid.

15. Proceedings on behalf of the company

No person has applied for leave of Court to bring proceedings on behalf of the company.

16. Non-audit services

During the year, Pitcher Partners, the Group's auditor, has performed other services in addition to its statutory duties. Details of the amounts paid or payable to the auditor are set out in note 26 to the financial statements.

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, and is satisfied that the provision of non-audit services during the year 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 (including Independence Standards)*.

17. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is included at page 15 of this report.

Directors' report

(continued)

18. Rounding of amounts

This company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and 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.

A handwritten signature in black ink, appearing to read 'J M Ganim', with a large, dark, scribbled area above the signature.

J M Ganim
Director

Dated at Brisbane this 31stth day of August 2020.

Level 38, 345 Queen Street
Brisbane, QLD 4000

Postal address
GPO Box 1144
Brisbane, QLD 4001

p. +61 7 3222 8444

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

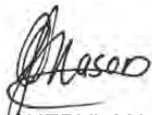
Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2020, 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 (including Independence Standards)*.

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

PITCHER PARTNERS



CHERYL MASON
Partner

Brisbane, Queensland
31 August 2020

Brisbane Sydney Newcastle Melbourne Adelaide Perth

Pitcher Partners is an association of independent firms.

An Independent Queensland Partnership ABN 84 797 724 539. Liability limited by a scheme approved under Professional Standards Legislation.

Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.



pitcher.com.au

KEN OGDEN
NIGEL FISCHER

MARK NICHOLSON
PETER CAMENZULI

JASON EVANS
IAN JONES

KYLIE LAMPRECHT
NORMAN THURECHT

BRETT HEADRICK
WARWICK FACE

NIGEL BATTERS
COLE WILKINSON

SIMON CHUN
JEREMY JONES

TOM SPLATT
JAMES FIELD

DANIEL COLWELL
ROBYN COOPER

FELICITY CRIMSTON

Consolidated statement of comprehensive income

For the year ended 30 June 2020

	Notes	2020 \$'000	2019 \$'000
Revenue	6	20,715	24,938
Other income			
Net gain on fair value adjustment – investment properties	15	-	239
Total revenue and other income		20,715	25,177
Expenses			
Purchase of inventories		(7,594)	(8,501)
Change in inventories		60	54
Selling and promotional costs		(799)	(1,028)
Employee benefits expense		(3,758)	(4,120)
Depreciation and amortisation	7	(1,936)	(1,401)
Insurance		(144)	(128)
Short term leases		-	(212)
Rates and taxes		(111)	(110)
Electricity		(246)	(259)
Outgoings – investment properties		(683)	(632)
Gaming machine tax		(3,130)	(4,296)
Finance costs	7	(774)	(866)
Listing and corporate governance costs		(339)	(328)
Net loss on fair value adjustment – investment properties	15	(2,129)	-
COVID-19 Government subsidies		547	-
Other expenses		(1,076)	(1,117)
Total expenses		(22,112)	(22,944)
(Loss) profit before income tax		(1,397)	2,233
Income tax benefit (expense)	8	375	(259)
(Loss) profit for the year		(1,022)	1,974
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value revaluation of land and buildings		(5,097)	771
Income tax on items of other comprehensive income	8(d)	1,402	(212)
Other comprehensive (loss) income for the period, net of tax		(3,695)	559
Total comprehensive (loss) income for the year		(4,717)	2,533
Earnings per share:		Cents	Cents
Basic & diluted earnings per share	32	(2.51)	5.17

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 2020

	Notes	2020 \$'000	2019 \$'000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	693	954
Trade and other receivables	10	347	305
Inventories	11	1,151	1,211
Other assets	12	46	335
Income tax receivable		384	18
TOTAL CURRENT ASSETS		2,621	2,823
NON-CURRENT ASSETS			
Receivables	13	83	-
Property, plant and equipment	14	31,696	35,628
Investment properties	15	32,700	33,520
Intangible assets	16	1,805	1,807
TOTAL NON-CURRENT ASSETS		66,284	70,955
TOTAL ASSETS		68,905	73,778
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	17	2,040	3,140
Lease liabilities	3	141	133
Provisions	18	496	379
TOTAL CURRENT LIABILITIES		2,677	3,652
NON-CURRENT LIABILITIES			
Lease liabilities	3	291	212
Borrowings	19	27,824	25,034
Provisions	20	35	29
Deferred tax liability	8(c)	1,903	3,887
TOTAL NON-CURRENT LIABILITIES		30,053	29,162
TOTAL LIABILITIES		32,730	32,814
NET ASSETS		36,175	40,964
EQUITY			
Contributed equity	21	25,938	24,128
Reserves	22(a)	6,291	9,986
Retained profits	22(b)	3,946	6,850
TOTAL EQUITY		36,175	40,964

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

Consolidated statement of changes in equity

For the year ended 30 June 2020

	Notes	Contributed equity \$'000	Revaluation surplus \$'000	Retained profits \$'000	Total \$'000
Balance at 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	8(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	40,964
Loss for the year		-	-	(1,022)	(1,022)
Revaluation of land and buildings - gross	14	-	(5,097)	-	(5,097)
Income tax relating to components of other comprehensive income	8(d)	-	1,402	-	1,402
Total comprehensive loss for the year		-	(3,695)	(1,022)	(4,717)
Dividend paid to shareholders	23	-	-	(1,882)	(1,882)
Contributions of equity net of transaction costs		1,810	-	-	1,810
Balance at 30 June 2020		25,938	6,291	3,946	36,175

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 2020

	Notes	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		22,647	25,373
Payments to suppliers and employees		(20,516)	(20,593)
COVID-19 Government Subsidies		373	-
Interest received		5	5
Finance costs		(779)	(849)
Income tax paid		(570)	(689)
Net cash inflows from operating activities	30	1,160	3,247
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment properties	15	(1,131)	(2,164)
Payments for property, plant & equipment	14	(2,747)	(3,073)
Payments for intangibles	16	-	(1,269)
Net cash outflows used in investing activities		(3,878)	(6,506)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		2,920	3,437
Repayment of borrowings		(97)	-
Loan establishment costs		(60)	-
Repayment of lease liabilities		(215)	(87)
Share issue costs		(14)	(14)
Dividends paid		(77)	(106)
Net cash inflows from financing activities		2,457	3,230
Net (decrease) increase in cash and cash equivalents		(261)	(29)
Cash and cash equivalents at beginning of year		954	983
Cash and cash equivalents at end of year	9	693	954

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

Notes to the financial statements

For the year ended 30 June 2020

1. Significant accounting policies

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 4.

Changes in Accounting Standards and regulatory requirements

From 1 July 2019, the Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning 1 July 2019.

There are no new or amended Accounting Standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2019 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.

On 1 July 2018, the Group elected to early adopt AASB 16 *Leases* using the modified retrospective approach.

Ongoing Operations

The financial report has been prepared on a going concern basis which contemplates that the Group will continue to meet its commitments and can therefore continue normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business.

At 30 June 2020, the Group has \$693,000 in cash and cash equivalents (\$2019: \$954,000), net assets of \$36,175,000 (2019: \$40,964,000) and available undrawn commercial loan facilities of \$2,679,000 (2019: \$5,502,000). Profit before tax and net gain/loss on fair value adjustments was \$732,000 (\$2019:1,994,000). The Group is in a net current liability position of \$56,000 (2019: net current liabilities of \$829,000). At the date of this report the Directors have implemented plans to address the Group's ongoing operations which include, amongst others:

- Continued monitoring of operating costs and implementation of further austerity measures to manage cashflow due to the unknown future impacts of COVID-19 (refer to note 4)
- Potential to reduce discretionary capital expenditure;
- Further draw down of available facilities (refer to note 19); and
- Progressing negotiations with the Group's financier for additional facilities as may be required.

(b) Principles of consolidation*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 2020 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. All subsidiaries are fully owned.

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.

(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 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 on 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.

Assets related to contracts with customers are disclosed in note 10. The Group does not have any liabilities related to contracts with customers.

Interest revenue

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.

Lease revenue

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) COVID-19 Government subsidies

Temporary government subsidies arising from measures taken by various levels of government and benefiting the Group have been recorded within expenses. Land tax and payroll tax refunds and the Australian Government's 'Boosting Cashflow' support have been recorded within Government Subsidies on an accrual basis. Receipts from the Australian Federal Government's JobKeeper program have been recorded on a systematic basis in the month to which the JobKeeper lodgement relates. To the extent that employees receive payments under JobKeeper which are not offset by wages earned in the course of operations, these 'top-up' payments were offset against the Jobkeeper subsidy. Top-up payments totalling \$88,000 were made in the year ended 30 June 2020.

Notes to the financial statements

For the year ended 30 June 2020

(continued)

(f) 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.

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 8(f).

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

(g) Leases

(i) As a lessee

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

(g) Leases (continued)*(i) As a lessee (continued)*

- 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.

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 costs, 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 be 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.

Notes to the financial statements

For the year ended 30 June 2020

(continued)

(g) Leases (continued)

(i) As a lessee (continued)

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.

(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.

(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.

(l) Financial instruments (continued)*Classification of financial assets (continued)*

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.

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.

- (a) assets are tested for impairment by applying the 'expected credit loss' impairment model;
- (b) debt instruments measured at amortised cost; and
- (c) 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.

Notes to the financial statements

For the year ended 30 June 2020

(continued)

(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	5-40 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 assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired. An impairment loss is recognised when the carrying amount of an asset exceeds the assets' recoverable amount. Gaming authorities are tested for impairment on an individual asset basis.

(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.

Notes to the financial statements

For the year ended 30 June 2020

(continued)

(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 2020

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. 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:

	2020 \$'000	2019 \$'000
Financial assets (at amortised cost)		
Cash and cash equivalents	693	954
Trade and other receivables	347	305
	1,040	1,259
Financial liabilities (at amortised cost)		
Trade and other payables	2,040	3,140
Borrowings	27,824	25,034
Lease liability	432	345
	30,296	28,519

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 2020		30 June 2019	
	Weighted average interest rate	Balance \$'000	Weighted average interest rate	Balance \$'000
Finance facilities	1.92%	27,890	3.27%	25,067
Cash and cash equivalents	0.0%	693	0.0%	954

Sensitivity

At 30 June 2020, 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 \$202,000 lower/higher (2019: change of 100 bps: \$182,000 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.

Notes to the financial statements

For the year ended 30 June 2020
(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 2020, none of the Group's commercial loans are payable in the next 12 months (2019: 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 2020	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	2,040	-	-	-	2,040	2,040
Commercial loans	293	293	583	28,143	29,312	27,824
Lease liabilities	85	66	136	166	453	432
Total	2,418	359	719	28,309	31,805	30,296

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	3,140	-	-	-	3,140	3,140
Commercial loans	413	413	822	26,251	27,899	25,034
Lease Liabilities	69	75	77	147	368	345
Total	3,622	488	899	26,398	31,407	28,519

(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.

3. 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.

	2020 \$'000	2019 \$'000
Right-of-use-asset (Refer note 14)		
Carrying amount – 1 July	310	141
Additions	282	278
Depreciation charge	(200)	(109)
Carrying amount – 30 June	392	310
Lease liability		
Opening balance - 1 July	345	151
Additions	285	272
Interest expense – unwinding of discount	17	9
Lease payments	(215)	(87)
Carrying amount – 30 June	432	345
Current lease liability	141	133
Non-current lease liability	291	212
Total lease liability	432	345
Expenses excluded from the measurement of lease liabilities:		
Short term leases	-	212
Low value assets	-	-
The maturity profile of the contractual undiscounted cash flows of the leases is as follows:		
Within one year	151	143
Later than one year but not later than five years	302	224
Greater than five years	-	-
Total undiscounted lease payments	453	367

4. 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.

COVID-19

The Group's investment properties and hotel operations have been impacted by the COVID-19 pandemic and resulting Government imposed trading restrictions and commercial tenancy rent relief measures under the Queensland State Government's 'Retail Shop Leases and Other Commercial Leases (COVID-19 Emergency Response) Regulation 2020'.

At the time of this report the future ongoing impacts of COVID-19 remain uncertain. The Queensland state border remains closed to New South Wales and Victorian residents of Australia and to all international countries.

Notes to the financial statements

For the year ended 30 June 2020

(continued)

4. Critical accounting estimates and judgements (continued)

This has impacted the Group directly and has also impacted its commercial and retail tenants and the Plough Inn hotel tenant.

In considering the going concern proposition, the Group's cash flow forecasts have been based upon the following assumptions:

- no COVID-19 related business closures which affect the Group's operations occur;
- social distancing restrictions continue to apply in accordance with current Queensland legislation;
- the Group does not expect to be eligible for Government assistance such as JobKeeper beyond 27 September 2020;
- no additional COVID-19 related support will be required to be provided to lessees nor received from lessors; and
- the Group's customers and suppliers remain solvent and able to trade and pay their debts when due.

Should the progress of the pandemic worsen and further significant business closures, the outcomes for the Group may differ considerably to those currently forecast. Notwithstanding the ongoing COVID-19 pandemic, the Group is well placed to manage the volatility around COVID-19. Since the return to full operations in July 2020 the Group has experienced strong revenue performance compared with the prior year.

Independent fair value assessments of each of the Group's land and building and investment property assets were undertaken since March 2020 taking the COVID-19 environment into consideration. Further deterioration of economic conditions due to a protracted pandemic may affect those values.

Investment properties

The Group has investment properties with a carrying amount of \$32,700,000 (2019: \$33,520,000), and land and buildings (included in property, plant and equipment) with a carrying amount of \$29,340,000 (2019: \$33,769,000) 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 year is disclosed in notes 14 and 15. Losses recognised on the revaluation of investment properties in the period totalling \$2,129,000 (2019: gain \$239,000) are included in the statement of comprehensive income. Losses on the revaluation of land and buildings in the year totalling \$5,097,000 (2019: gain of \$771,000) 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 2020 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 2020.

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.

4. Critical accounting estimates and judgements (continued)

The 30 June 2020 fair value assessment for The Plough Inn was based on an independent valuation made by members of the Australian Property Institute in March 2020.

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

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 2020 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 May 2020.

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.

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 \$336 to \$933 (2019: \$243 to \$952)
- capitalisation rate for each property of 6.5% to 7.0% (2019: 7.0% to 7.5%) (weighted average of 7.00% (2019: 7.23%))
- discount rates ranging from 8.25% (2019: 8.75% to 9.0%) (weighted average of 8.25% (2019: 8.87%))
- perpetual vacancy rates ranging from 3.5% to 3.5% (2019: 5.0% to 5.0%) (weighted average of 3.5% (2019: 5.0%))
- assumed lease term of 5 years (2019: 5 years)

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

- market EBITDA of \$1,899,000 for the Ashmore Tavern (2019: \$2,000,000) and \$1,125,000 for Aspley Central Tavern (2019: \$1,378,000)
- market rent percentages ranging from 35% to 43% (2019: 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.

Notes to the financial statements

For the year ended 30 June 2020

(continued)

4. Critical accounting estimates and judgements (continued)

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

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.

5. 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.

5. Segment information (continued)*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.

	Hotel operations	Investment property operations	Total
2020	\$'000	\$'000	\$'000
Revenue			
Revenue from contracts with customers	17,365	-	17,365
Lease revenue	-	3,438	3,438
Other revenue	407	-	407
Total segment revenue	17,772	3,438	21,210
Inter-segment revenue			(500)
Interest revenue			5
Total revenue			20,715
Results			
Segment results	99	2,161	2,260
Finance expenses			(769)
Unallocated revenue less unallocated expenses			(759)
Fair value adjustment on investment properties			(2,129)
Loss before income tax			(1,397)
Income tax expense			375
Loss for the year			(1,022)
Assets			
Segment assets	17,403	50,800	68,203
Unallocated assets			702
Total assets			68,905
Depreciation and amortisation	1,367	567	1,934
Unallocated			2
Total depreciation and amortisation			1,936

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 \$500,000 in the current year relates to Aspley Central Tavern rent and outgoings (2019: \$392,000).

Notes to the financial statements

For the year ended 30 June 2020
(continued)

5. Segment information (continued)

	Hotel operations	Investment property operations	Total
2019	\$'000	\$'000	\$'000
Revenue			
Revenue from contracts with customers	21,323	-	21,323
Lease revenue	-	3,485	3,485
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

6. Revenue

	2020 \$'000	2019 \$'000
Revenue from contracts with customers		
At a point in time		
Sale of goods	11,072	12,628
Gaming revenue	6,293	8,695
Other revenue		
Commissions	210	288
Interest	5	5
Other	197	229
	17,777	21,845
Lease revenue		
Rental income and recoverable outgoings from investment properties	2,938	3,093
Total revenue	20,715	24,938

Disaggregation of revenue from contracts with customers

All revenue of the Group is derived in the state of Queensland in Australia.

Notes to the financial statements

For the year ended 30 June 2020
(continued)

7. Expenses

Profit before income tax includes the following specific expenses:

	2020 \$'000	2019 \$'000
Cost of goods sold	7,534	8,447
Depreciation		
- Buildings	1,033	747
- Plant and equipment	701	543
- Right-of-use assets	200	109
Total depreciation	1,934	1,399
Amortisation – intangibles	2	2
Finance costs		
- Amortisation of loan establishment costs	28	10
- Interest and finance charges paid/payable	729	847
	757	857
Unwinding of discount on lease liabilities	17	9
Total finance costs	774	866
Short term lease expense	-	212
Defined contribution superannuation expense	299	320

8. Income tax

(a) Income tax (benefit)/expense

Current tax expense	203	645
Deferred tax (benefit) expense	(578)	4
Effect of change in tax rate	-	(334)
Under provision in prior years (deferred tax)	-	24
Over provision in prior years (current tax)	-	(80)
	(375)	259

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

(Loss) profit before income tax - continuing operations	(1,397)	2,234
Income tax at the Australian tax rate of 27.5% (2019: 27.5%)	(384)	614
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible/(non-taxable) items	9	35
Effect of change in tax rate	-	(334)
Over provision in prior years (current and deferred tax)	-	(56)
Income tax (benefit) expense	(375)	259

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

Investment properties	(997)	(1,395)
Property, plant and equipment	(1,772)	(3,183)
Lease liabilities	119	95
Right of use assets	(108)	(85)
Employee benefits	129	104
Accrued expenses	35	25
Sundry items	3	3
Tax losses	548	548
Franking deficit tax	140	-
Net deferred tax assets	(1,903)	(3,887)
Movement in deferred tax:		
At 1 July	(3,887)	(3,988)
Credited (charged) to profit or loss	578	(4)
Over provision in prior years	-	(24)
Credited to contributed equity	4	4
Credited (charged) to other comprehensive income	1,402	(212)
Effect of change in tax rate	-	334
Effect of change in accounting standard	-	3
At 30 June	(1,903)	(3,887)

Notes to the financial statements

For the year ended 30 June 2020
(continued)

8. Income tax (continued)

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

Loss (gain) on revaluation of land and buildings	1,402	(212)
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(e) Amounts relating to items recognised directly in contributed equity

Share issue costs	4	4
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(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

Franking credits available for subsequent financial years based on a tax rate of 27.5% (2019: 27.5%)

2020 \$'000	2019 \$'000
-	(54)

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.

9. Cash and cash equivalents

Cash at bank and in hand	693	954
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The Group's exposure to interest rate risk is discussed in note 2(a).

10. Trade and other receivables

Receivables from contracts with customers	331	233
Other receivables	36	72
	367	305
Provision for expected credit losses	(20)	-
	347	305

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 2(b) for more information on the risk management policy of the Group and the credit quality of the entity's trade and other receivables.

11. Inventories

Finished goods – at cost	1,151	1,211
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Inventories recognised as expense during the period ended 30 June 2020 amounted to \$7,534,000 (2019: \$8,447,000).

Notes to the financial statements

For the year ended 30 June 2020
(continued)

12. Other current assets

Short term deposits
Prepayments

2020 \$'000	2019 \$'000
19	60
27	275
46	335

13. Non-current assets - Receivables

Receivables from contracts with customers

83	-
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14. Property, plant and equipment

	Freehold land \$'000	Buildings \$'000	Plant and equip- ment \$'000	Right- of-use assets \$'000	Total \$'000
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)
At 30 June 2019	10,010	23,759	1,549	310	35,628
At 1 July 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
Year ended 30 June 2020					
Opening net book amount	10,010	23,759	1,549	310	35,628
Revaluation increment	(570)	(4,527)	-	-	(5,097)
Additions	-	1,689	1,058	282	3,029
Transfers	-	(58)	58	-	-
Disposals	-	-	-	-	-
Straight-line adjustments and lease incentives	-	70	-	-	70
Depreciation charge	-	(1,033)	(701)	(200)	(1,934)
Closing net book amount	9,440	19,900	1,964	392	31,696
At 30 June 2020					
Cost or fair value	9,440	19,900	4,194	943	34,477
Accumulated depreciation	-	-	(2,230)	(551)	(2,781)
Net book amount	9,440	19,900	1,964	392	31,696

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 4.

(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.

Notes to the financial statements

For the year ended 30 June 2020
(continued)

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:

	2020 \$'000	2019 \$'000
Freehold land		
Cost or deemed cost	7,426	7,426
Net book amount	7,426	7,426
Buildings		
Cost or deemed cost	17,455	15,922
Accumulated depreciation	(2,690)	(2,207)
Net book amount	14,765	13,715

15. Investment properties

At fair value

	2020 \$'000	2019 \$'000
At beginning of year	33,520	31,000
Capitalised expenditure	1,131	2,164
Straight line rentals and lease incentives	178	117
Net (loss)/gain from fair value adjustment	(2,129)	239
At end of year	32,700	33,520

(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 4.

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

Property	Acquisit- ion Date	Cost Including Additions*	Last Independent Valuation		Book Value	
			Date	\$'000	2020 \$'000	2019 \$'000
Aspley Arcade Shopping Village	Jun 2007	16,133	June 2020	17,350	17,400	19,170
Plough Inn	Nov 2017	13,100	March 2020	15,300	15,300	14,350
					32,700	33,520

* 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:

	2020 \$'000	2019 \$'000
Within one year	2,504	2,530
Later than one year but not later than five years	9,287	7,676
Later than five years	12,856	11,143
Total	24,647	21,349

(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.

Notes to the financial statements

For the year ended 30 June 2020
(continued)

16. Intangible assets

	2020 \$'000	2019 \$'000
Gaming authorities at cost	1,747	1,747
Hotel licenses at cost	104	104
Accumulated amortisation	(46)	(44)
Net carrying value	58	60
Net carrying value of intangibles	1,805	1,807

	Hotel Licences \$'000	Gaming Authorities \$'000	Total \$'000
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
Year ended 30 June 2020			
Opening net book amount	60	1,747	1,807
Amortisation charge	(2)	-	(2)
Closing net book amount	58	1,747	1,805

Gaming authorities are carried at cost less impairment losses. Under Australian Accounting Standards, the maximum cost recognisable by the Group for these authorities is the purchase cost of \$1,747,000 representing 5 authorities acquired by the Ashmore Tavern in July 2013 at a cost of \$478,000 and 7 acquired by the Aspley Central Tavern in April 2019 at a cost of \$1,269,000.

As part of the Group's annual review of impairment the 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 2020, based on the most recent tender held on 20 November 2019, the sale price net of GST and selling costs was \$121,270 per authority, representing a net realisable value of \$10,550,000 for the Group's 87 gaming authorities. (2019: \$107,935 per authority based on the tender held 4 April 2019 representing a net realisable value of \$9,390,000 for the Group's 87 gaming authorities).

17. Trade and other payables

	2020 \$'000	2019 restated \$'000
Trade payables	1,202	2,354
Other payables and accruals	838	786
	2,040	3,140

18. Current liabilities – Provisions

Employee benefits	466	370
Make good provisions	30	9
	496	379

19. Non-current liabilities - Borrowings

	2020 \$'000	2019 \$'000
Commercial loans – secured	27,824	25,034

(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.

Notes to the financial statements

For the year ended 30 June 2020
(continued)

19. Non-current liabilities – Borrowings (continued)

As such all assets are pledged as security for borrowings.

(b) Financing arrangements

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

	2020 \$'000	2019 \$'000
Credit standby arrangements		
Total facilities		
Bank overdraft	100	100
Finance lease liabilities	400	400
Bank guarantee facility	100	100
Commercial loan facilities	30,000	30,000
	30,600	30,600
Used at balance date		
Bank overdraft	-	-
Finance lease liabilities	-	-
Bank guarantee facility	31	31
Commercial loan facilities *	27,890	25,067
	27,921	25,098
Unused at balance date		
Bank overdraft	100	100
Finance lease liabilities	400	400
Bank guarantee facility	69	69
Commercial loan facilities	2,110	4,933
	2,679	5,502

* 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 (2019: \$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.

Facilities

Commercial loan facilities **Finance** 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
2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000	2020 %	2019 %	
6,000	6,000	4,970	5,067	2.63	3.34	31 July 2022
4,500	4,500	4,500	4,500	1.75	3.21	31 October 2022
4,500	4,500	4,500	4,500	1.74	3.21	31 October 2022
4,000	4,000	4,000	4,000	2.00	3.45	31 October 2022
7,000	7,000	5,920	3,000	1.75	3.20	31 October 2022
4,000	4,000	4,000	4,000	1.75	3.20	31 October 2022
30,000	30,000	27,890	25,067			

Finance lease facilities

The Group has a lease finance facility of \$400,000 (2019: \$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

	2020 \$'000	2019 \$'000
Make – good provisions	35	29

Notes to the financial statements

For the year ended 30 June 2020
(continued)

21. Contributed equity

	2020 Number of shares	2019 Number of shares	2020 \$'000	2019 \$'000
Share capital				
Fully paid ordinary shares	41,543,333	39,531,043	25,938	24,128

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
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

Year ended 30 June 2020			
Opening amount	39,531,043		24,128
Shares issued under share based payments	15,000	98.00	15
Shares issued under the DRP	1,997,290	90.39	1,805
Share issue costs (net of tax)	-	-	(10)
Balance at 30 June 2020	41,543,333		25,938

On 16 September 2019, the company issued 1,030,581 ordinary shares at a price of 86.86 cents per share under the company's Dividend Reinvestment Plan (DRP) in respect of a fully franked (at 27.5%) final dividend announced on 26 August 2019.

On 16 March 2020 the company issued 966,709 ordinary shares at a price of 94.16 cents per share under the company's Dividend Reinvestment Plan (DRP) in respect of a 50% partially franked (at 27.5%) interim dividend announced on 24 February 2020.

Options

As at 30 June 2020, there were no options to purchase ordinary shares in the parent entity (2019: 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:

	2020 \$'000	2019 \$'000
Total borrowings	27,824	25,034
Less: cash and cash equivalents	(693)	(954)
Net debt	27,131	24,080
Total equity	36,175	40,964
Total capital	63,306	65,044
Gearing ratios		
Net debt/equity	75.0%	58.8%
Net debt/total capital	42.9%	37.0%

Eumundi Group Limited has complied with the financial covenants of its borrowing facilities during the 2020 and 2019 financial years.

Notes to the financial statements

For the year ended 30 June 2020
(continued)

22. Reserves and retained profits

(a) Reserves	2020 \$'000	2019 \$'000
Property, plant and equipment revaluation surplus	6,291	9,986
<i>Movements in reserves:</i>		
<i>Property, plant and equipment revaluation surplus</i>		
Balance at the beginning of the year	9,986	9,427
Gain on revaluation of freehold land and buildings (net of tax) *	(3,695)	559
Balance at the end of the year	6,291	9,986
* Gross loss before tax of (\$5,197,000) (2019: gain of \$771,000)		
(b) Retained profits		
Retained profits at the beginning of the year	6,850	7,307
Profit for the year attributable to owners of the company	(1,022)	1,974
Dividend paid to shareholders	(1,882)	(2,431)
Retained profits at the end of the year	3,946	6,850
(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(m). 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:

	2020 \$'000	2019 \$'000
Fully franked (at 27.5%) final dividend of 2.35 cents per fully paid ordinary share paid on 16 September 2019 (2019: 3.30 cents per share fully franked at 30%)	929	1,212
50% partially franked (at 27.5%) interim dividend of 2.35 cents per fully paid ordinary share paid on 16 March 2020 (2019: 3.20 cents per share fully franked at 27.5%)	953 1,882	1,219 2,431
No final dividend has been declared in respect of the full year ended 30 June 2020. (2019: 2.35 cents per share fully franked at 27.5%)	-	929

24. Parent entity financial information

(a) Summary financial information

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

	2020 \$'000	2019 \$'000
<i>Statement of financial position</i>		
Current assets	384	18
Non-current assets	25,797	25,080
Total assets	26,181	25,098
Current liabilities	-	-
Total liabilities	-	-
<i>Shareholders' equity</i>		
Issued capital	25,938	24,128
Retained earnings	242	970
	26,180	25,098
Profit for the year	1,156	1,663
Total comprehensive income	1,156	1,663

24. Parent entity financial information (continued)**(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**

	2020	2019
	\$	\$
Short-term employee benefits	351,355	363,754
Long-term benefits	3,317	3,980
Post-employment benefits	27,762	27,762
Share based payments	14,700	-
	397,134	395,497

(b) Transactions with related parties

	2020	2019
	\$	\$
Dividends paid to key management personnel	909,186	1,185,323
Subscription for new ordinary shares by key management personnel as a result of:		
- the reinvestment of dividends	909,186	1,185,323
- paid in cash	-	-

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 \$80,139 (2019: \$27,866) and an entity related to G De Luca for project management on commercial term and conditions, with total payments of \$1,720 (\$nil). Amounts payable to related party entities as at 30 June 2020 was nil (30 June 2019: \$44,156).

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:

	2020	2019
	\$	\$
Audit and review of financial reports	72,500	72,500
Tax compliance services	5,000	7,500
	77,500	80,000

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.

Notes to the financial statements

For the year ended 30 June 2020
(continued)

28. Commitments

As at 30 June 2020 the Group had the following contractual obligations:-

- construction costs for the bistro enclosure at the Ashmore Tavern \$258,000,
- construction costs for the expansion of the sports bar deck at the Ashmore Tavern \$235,000, and
- construction costs for the expansion of the gaming DOSA at the Aspley Central Tavern \$52,000.

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.

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*	
			2020	2019
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

	2020 \$'000	2019 \$'000
(Loss) profit for the year	(1,022)	1,974
Depreciation and amortisation	1,936	1,401
Amortisation of loan establishment cost	28	10
Share based payments	15	-
Unwinding of discount	17	9
Straight line rental adjustment	(165)	(126)
Costs capitalised to right to use assets	3	(5)
Rent incentive	(83)	(23)
Net loss (gain) on fair value adjustment of investment properties	2,129	(239)
Changes in operating assets and liabilities (net of assets disposed):		
(Increase) decrease in:		
Trade and other receivables	(125)	(126)
Inventories	60	54
Other current assets	289	(27)
Increase (decrease) in:		
Trade and other payables	(1,050)	739
Accrued interest	(50)	(2)
Income tax payable	(366)	(124)
Deferred tax liability*	(579)	(306)
Employee benefits	96	-
Other provisions	27	38
Cash flows from operating activities	1,160	3,247

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

30. Reconciliation of profit for the year to net cash flow from operating activities (continued)**Change in liabilities arising from financing activities**

	Borrowings	Lease Liabilities
Balance at 1 July 2019	21,630	151
Net cash from / (used in) in financing activities	3,437	(87)
Acquisition of leases	-	272
Other changes	-	9
Balance at 30 June 2019	25,067	345
Net cash from/(used in) financing activities	2,823	(215)
Acquisition of leases	-	285
Other changes	-	17
Balance at 30 June 2020	27,890	432

31. Non-cash investing and financing activities

During the current and prior year share issues were made under the company's DRP, as disclosed in note 21. Additions to the right-of-use asset is disclosed in note 3. There were no other non-cash financing and investing activities during the prior year.

32. Earnings per share**(a) Basic & diluted earnings per share**

	2020	2019
Total basic & diluted earnings per share attributable to owners of the company	(2.51¢)	5.17¢

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

	Number of shares	
	2020	2019
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	40,639,966	38,221,269

There are no dilutive potential ordinary shares.

33. Matters subsequent to the end of financial year

Subsequent to 30 June 2020, the Group has:

- recommenced gaming trade at both of its hotels on 3 July 2020 under stage 3 of the Queensland Government's COVID-19 restrictions;
- completed construction of the enclosed bistro at the Ashmore Tavern for a total cost of \$431,000;
- undertaken a temporary expansion of the Ashmore Tavern gaming lounge to enable full utilisation of the venues gaming fleet for a cost of \$30,000;
- completed extension of the gaming designated outdoor smoking area at the Aspley Central Tavern Gaming for a total cost of \$62,000;
- commenced construction of the sports bar deck and exterior upgrade at the Ashmore Tavern which is scheduled to complete in September 2020 for a total cost of \$535,000; and
- progressed detailed design and costings for the major expansion of the Ashmore Tavern gaming lounge and bistro deck. Works are expected to commence in September 2020 with completion in early 2021 at an estimated cost of \$1,900,000.

COVID-19

The impact of the COVID-19 pandemic is ongoing and whilst it has had a material impact on the Group up to 30 June 2020, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by both Federal and State Governments and by other countries, such as maintaining physical distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

Directors' declaration

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 2020 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 2020 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 31st day of August, 2020.

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 and its controlled entities ("the Group"), which comprises the consolidated statements of financial position as at 30 June 2020, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, 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 2020 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 (including Independence Standards)* "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.

Brisbane Sydney Newcastle Melbourne Adelaide Perth

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SIMON CHUN
JEREMY JONES

TOM SPLATT
JAMES FIELD

DANIEL COLWELL
ROBYN COOPER

FELICITY CRIMSTON

Key audit matter	How our audit addressed the key audit matter
Valuation of Properties Held Note 14: Property, plant and Equipment Note 15: Investment Properties	
At 30 June 2020 the Eumundi Group Limited valued land and buildings recognised in property, plant and equipment at \$33,759,000 and recognised investment properties valued at \$32,700,000. These assets represent 96% of the total assets of \$68,905,000. Valuations were carried out by independent third party valuers for all properties held at fair value. Valuations included a material valuation uncertainty clause in the 30 June 2020 valuations. These clauses highlight that real estate markets are currently being impacted by the uncertainty caused by COVID-19 and consequently a higher degree of caution should be attached to the valuation that would normally be the case. This represent an uncertainty in significant judgements and key assumption in relation to the valuation of properties. Two valuation methodologies were used by the Group: - the capitalisation approach that applies a capitalisation rate to net operating income. - The discounted cash flow method by projection of a series of cash flows and terminal value calculations discounted to present value. The valuation process requires significant judgement and key inputs and assumptions in the following areas: - forecast net income; - vacancy rates; - tenant lease terms; - incentives and rebates to be granted in future periods; - capitalisation rates; and discount rates and terminal yields. This is a key area of audit focus due to the significant of the balance to the Group.	Our audit procedures included amongst others: - Obtaining an understanding of the relevant controls associated with the valuation process, as well as assessing the oversight applied by the directors; - Assessing the competence, capabilities, and the objectivity of the independent valuers; - Evaluating the valuation methodologies adopted; - Considering the impact that COVID-19 has on significant judgements and key assumptions; - Evaluating the movements in capitalisation rates, discount rates, incentives and rebates to be granted in future periods and vacancy rates based on our knowledge of the property portfolio and published reports of industry commentators; - Testing on a sample basis and evaluation movements period to period for the following significant judgements and key inputs and assumptions: - forecast net income; - vacancy rates - tenant lease terms; - incentives and rebates to be granted in future periods; - capitalisation rates, discount rates and terminal yields. - Testing the mathematical accuracy of the valuation models; and - Assessed the adequacy of the relevant disclosures in the financial report, including significant judgements, key inputs and assumptions and sensitivity analysis.

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 2020, 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, actions taken to eliminate threats or safeguards applied.

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 11 to 13 of the directors' report for the year ended 30 June 2020. In our opinion, the Remuneration Report of Eumundi Group Limited, for the year ended 30 June 2020, 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



CHERYL MASON
Partner

Brisbane, Queensland
31 August 2020

Shareholder information

The shareholder information below was applicable as at 21 August 2020.

A. Distribution of Equity Securities

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

Ordinary Shares	
1 – 1,000	153
1,001 – 5,000	204
5,001 – 10,000	26
10,001 – 50,000	48
50,001 – 100,000	11
100,001 – 500,000	22
500,001 – 1,000,000	7
1,000,001 and over	10

481

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:

	Number held	Percentage
1. De Luca Group Superannuation Pty td	7,039,273	16.94
2. SCMS Pty Ltd – SJ Shooobridge S/F Account	3,620,080	8.71
3. Ganboys Pty Ltd	3,264,755	7.86
4. JP Morgan Nominees Australia Limited	3,351,532	7.83
5. Gansons Pty Ltd	2,736,988	6.59
6. Ganbros Pty Ltd	2,583,892	6.22
7. Agpro Pty Ltd – Joe Ganim Super Fund	2,247,653	5.41
8. Wilhelm Super Fund Account	2,009,658	4.84
9. Mrs. Tracy Fraser A/C	1,603,324	3.86
10. Mrs. Tracy Fraser	1,438,345	3.46
11. National Nominees Limited	908,889	2.19
12. Ruminator Pty Ltd	877,070	2.11
13. Laicos Securities Pty Ltd – Fraser Family SF A/C	707,514	1.70
14. Mr Paul Ganim and Mrs Alison Ganim	665,577	1.60
15. Keiser Investments Pty Ltd – Gann Family Retirement Account	637,264	1.53
16. Mr Joseph Ganim	592,406	1.43
17. Keiser Shipping and Transport Pty Ltd	515,682	1.24
18. Rogand Superannuation Pty Ltd	393,516	0.95
19. Caske Family Superannuation Pty Ltd	326,518	0.79
20. Torryburn S/F A/C	325,162	0.78
Total	35,745,098	86.04

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	27.46
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	6,686,951	16.92
Mrs Tracy Fraser ⁵	2,913,647	8.87
SCMS Pty Ltd – SJ Shooobridge S/F Account ⁵	3,573,661	8.60
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.



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