EUMUNDI GROUP

2023 ANNUAL REPORT

EUMUNDI GROUP LIMITED

ABN 30 010 947 476


ASHMORE
TAVERN

Chairman's message

I am pleased to present the Annual Report for Eumundi Group Limited (the "Group") for the year ended 30 June 2023 ("FY23").

Financial performance

The Group reported a statutory net profit after tax of $1.477 million for FY23, representing earnings per share of 3.33 cents. The result included a net loss on fair value adjustments of investment properties of $1.305 million after tax.

Total comprehensive profit for the year was $5.217 million, being net profit after tax of $1.477 million and fair value increments in respect of the Group's land and buildings of $3.740 million after tax.

In FY22, the reported net profit after tax of $7.022 million included a net gain on fair value adjustments of investment properties of $4.085 million after tax and the total comprehensive profit of $13.103 million after tax included fair value increments on the Group's land and buildings of $6.081 million after tax.

Interest rate escalation and higher inflation in FY23 has cooled a very hot property market, especially for hotels, with asset sales slowing particularly in the second half of the financial year.

Market guidance at the time of 1HFY23 reporting confirmed a softening of capitalisation rates for the Group's shopping centre assets of 0.25%. However, hotel transactions remained firm and for coveted assets such as the newly renovated Ashmore Tavern and The Plough Inn, sharper capitalisation rates were considered appropriate.

During 2HY23 as interest rates continued to rise, the market quietened and there was little evidence of sales of equivalent assets to the Group's. In the opinion of Directors, adopted values for each of the Group's land and buildings and investment properties reflect conservatism in the face of market uncertainty. Meanwhile the trading performance of each of the Group's assets has improved considerably during FY23.

The FY23 underlying profit after tax before fair value adjustments and revaluations and finance costs was $3.861 million, achieved on revenue from operations of $30.113 million. This compared favourably with the prior year result of $3.447 million (also excluding COVID-19 government subsidies) achieved on revenue of $27.684 million.

Hotels

Ashmore Tavern

The now completed Ashmore Tavern works programme increased the venue's capacity by more than 50% to in excess of 850 patrons across six distinct zones, catering for functions and events, entertainment services, family friendly casual indoor and outdoor dining, and a vibrant sports bar. The final stage of the works, being kitchen expansion and upgrade of the lounge/sports bathrooms, completed in September 2022 and delivered modern facilities to service capably the venue's expanded capacity.

Notwithstanding the disruption during 1QFY23 from these building works, overall bar and bistro sales increased by 7% in FY23 compared with the prior year and their contribution increased by 11%.

Ongoing investment in the venue's gaming room ensures patrons have access to the best games and equipment available, resulting in an uplift in gaming revenues of 15% during FY23 and an 11% increase in contribution after gaming taxes and direct costs.

Ashmore Tavern

Essential carpark repairs and drainage works were undertaken in 4QFY23 which required substantial closures of sections of the car park for a month, impacting the operation of the Ashmore Tavern drive-through bottle shop and liquor barn. Despite this, FY23 retail liquor sales were in line with the prior year, and through buying efficiencies and wage controls, achieved a 21% uplift in contribution to the Group.

Overall, at an operating EBITDA level, Ashmore Tavern's contribution to the Group's result increased by 15% in FY23.

Aspley Central Tavern

Aspley Central Tavern revenues increased by 13% in FY23 with operational stability returning following several kitchen closures caused by staff shortages due to COVID-19 restrictions in the prior year.

Bistro and bar revenues increased by 12% and their contribution improved by 346% off a low base in the prior year. The increased contribution was essentially the result of reduced expenditure on entertainment and savings attributable to a revised marketing strategy. This was partially offset by higher staffing costs and margin pressures in FY23.

Gaming fleet upgrades at Aspley Central Tavern during the year supported gaming revenue growth of 16%, resulting in a 12% increase in contribution after gaming taxes and direct costs.

Retail liquor sales improved by 11% benefitting from improved leasing at the Aspley shopping centres. Combined with savings attributable to a revised marketing strategy, the retail liquor contribution improved by 26% compared with FY22.

At an operating EBITDA level, Aspley Central Tavern's contribution to the Group's result increased by 46% in FY23.

Investment properties

The Plough Inn

The Plough Inn is located within Southbank Parklands, Brisbane's major tourism precinct. Significant upgrades to public spaces in this area have recently been undertaken and access to the city will be improved by the soon to be completed Neville Bonner pedestrian bridge which will connect to the new Queen's Wharf development. Further improvements are planned to modernise the precinct ahead of the 2032 Olympics.

The lessee of the Plough Inn is part of the 'Kickon Group', operators of seven high-profile destination venues across Queensland and Victoria. Since acquisition in 2017, the lessee has substantially invested in upgrades to the premises, strengthening its business and safeguarding the Group's asset. Rental income for this triple net lease has improved substantially during FY23 due to the CPI increase.

Court House Hotel

The Court House Hotel, in the NSW far north coast town of Murwillumbah, is located within the town's main retail precinct. The hotel includes a coffee shop, public bar and TAB, and 15 accommodation rooms. The hotel has 21 gaming machines and benefits from the absence of other gaming hotel competition in the Murwillumbah CBD. The lessee is an experienced hotelier, and the triple net lease provides for annual fixed rent rises over the 15-year term which commenced in August 2021, ensuring a stable and predictable revenue stream through to 2036 and beyond. Rental income includes a full year of rent from the Court House Hotel in FY23 and the impact of the annual rent increase.

Aspley shopping centres

As at 30 June 2023, five vacancies exist at the Group's Aspley Arcade Shopping Village and Aspley Shopping Centre representing 436m2 or 9.2% of the gross lettable area. Efforts are being made to secure appropriate tenants for these tenancies in a challenging leasing environment. The weighted average lease expiry (or WALE) at the centres is now 4.52 years (excluding the Group's tavern operations). Notwithstanding vacancies, income from the combined centres has improved from the prior year due to annual rental rises.

Financial position and capital management

The Group's net asset backing per share of $1.38 as at 30 June 2023 increased by 2.2% during the year. This primarily reflected the net fair value adjustments and revaluation gains of $2.435 million after tax, as well as the strong operating performance of the Group's hotel operations and investment properties, partially offset by the increased issued capital attributable to shares issued under the Dividend Reinvestment Plan during FY23. Net tangible assets of $1.33 per share as at 30 June 2023 were up from $1.29 per share last year.

After payment of income taxes of $1.017 million and finance costs of $1.296 million, cash inflows of $4.890 million generated by the Group's operations were stable with the prior year. Cash outflows from investing activities of $2.742 million predominantly related to the Ashmore Tavern capital works programme and cash outflows from financing activities of $2.373 million included debt reduction of $1.860 million, lease liability repayments of $0.235 million and cash dividend payments of $0.235 million.

Net debt decreased from $29.601 million as at 30 June 2022 to $27.958 million at balance date and the Group's gearing ratio (net debt : total equity) of 44.6% as at 30 June 2023 was down from 51.3% last year. While finance costs have more than doubled due to interest rate rises, debt was comfortably serviced by interest cover (operating EBIT : interest) of 3.6 times in FY23.

The Group renegotiated commercial borrowing facilities during FY23, decreasing facility limits by $5.0 million which were surplus to requirements and at current interest rates, not deemed appropriate to maintain, extending expiry dates and achieving improved terms. Undrawn debt facilities of $5.832 million were available at balance date, providing both working capital and the ability to respond to further growth opportunities that may be identified.

The Board has declared an FY23 final dividend of 3.5 cents per share, fully franked at the Group's corporate tax rate of 25%. The final dividend is payable on 13 September 2023, with a Record Date of 1 September 2023. This brings total fully franked dividends in respect of FY23 to 7.0 cents per share, with shareholders having received a fully franked (at 25%) interim dividend of 3.5 cents per share on 15 March 2023.

The Dividend Reinvestment Plan will apply to the final dividend to maximise the Group's capacity to pursue further growth opportunities.

Outlook

In summary, the Group's hotel operations and investment properties have performed well and were significantly improved. With inflation and interest rates increasing sharply in the past 12 months, the Board is alive to potential market pressures in the coming year. However, this may also create opportunities and the Board remains optimistic about the Group's future prospects given the quality of its assets, the strength of its cash flows and the determination and capability of its experienced management team.

On behalf of the Board, I would like to thank our CEO, Suzanne Jacobi-Lee, who has capably overseen the Group's business operations, including the substantial upgrade to the Group's assets in recent years. Thank you to the Ashmore and Aspley staff who are the force behind our success. Finally, thanks also to our company secretary, Leni Stanley, our auditors, Pitcher Partners, our banking partners at National Australia Bank, my fellow directors and finally, our very supportive shareholders.

J M Ganim
CHAIRMAN


THE PLOUGH INN

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Corporate Directory

Directors	Joseph Michael Ganim *Non-executive Chairman* Gilbert De Luca *Non-executive Director* Murray Raymond Boyte *Independent Non-executive Director*
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, 24 November 2023
Principal registered office in Australia	c/- HopgoodGanim Lawyers Level 8, 1 Eagle Street Brisbane Qld 4000 Telephone: (07) 3024 0000
Principal place of business	Ashmore Tavern 161 Cotlew St Ashmore Qld 4214 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

Plough Inn

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 2023 (FY2023).

1. DIRECTORS

The following persons were directors of Eumundi Group Limited during the year and up to the date of this report:

J M Ganim (Chairman)

M R Boyte

G De Luca

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, predominantly in Queensland.

3. DIVIDENDS

On 24 February 2023, the board declared an interim dividend of 3.5 cents per share fully franked at 25% ($1,549,000) which was paid to shareholders on 15 March 2023 (2022: $1,453,000 unfranked).

On 25 August 2023, the board has declared a final dividend of 3.5 cents per share fully franked at 25% ($1,591,000) which will be paid to shareholders on 13 September 2023 (2022: $1,501,000 fully franked at 25%).

4. REVIEW OF OPERATIONS

In the year ended 30 June 2023, the Group has:

- completed the Ashmore Tavern works including kitchen and bathroom upgrade and bistro modifications at a total cost of $1,684,000, of which $576,000 had been recognised in FY2022, and car park repair and drainage works at a total cost of $492,000;
- invested in gaming room upgrades totalling $261,000 for Ashmore Tavern and Aspley Central Tavern, and hotel equipment upgrades at Aspley Central Tavern totalling $129,000;
- installed facial recognition technology at Ashmore Tavern and Aspley Central Tavern at a total cost of $24,000 to support the Group's strict anti-money laundering and gaming harm minimisation strategies;
- renegotiated an extension of commercial debt facilities to October 2024 on improved terms and conditions in 3QFY23; and
- Issued 2,563,226 new shares under the Dividend Reinvestment Plan in respect of the FY2022 final dividend and FY2023 interim dividend.

Market conditions

The Reserve Bank increased has interest rates 12 times since May 2022. Interest rates increased from 0.85% in June 2022 to 4.10% in July 2023 representing the highest cash rate since May 2012. Inflation for the 12 months to 30 June 2023 was at a rate of 6.3% per annum. The higher rates combined with significant increases in wages and energy costs have put substantial pressure on businesses and households.

Financial results

The Group recorded a profit after tax of $1,477,000 for the year ended 30 June 2023.

The FY2023 result includes a net loss on fair value adjustment of investment properties of $1,305,000 net of tax attributable to Aspley Arcade Shopping Village $593,000, The Plough Inn $427,000, and Court House Hotel $285,000. These fair value adjustments were caused by a softening of assessed capitalisation rates of between 0.50% and 0.62% attributable to interest rates and inflationary pressures impacting demand.

By comparison, the prior year's result included a gain on fair value adjustment of $4,085,000 net of tax comprising gains of $1,691,000 attributable to the Aspley Arcade Shopping Village, $1,616,000 for The Plough Inn and $778,000 for the Court House Hotel. Additionally, COVID-19 government subsidies of $11,000 net of tax were received in FY2022.

In the opinion of the Directors, it is appropriate to adjust for these items to allow shareholders a better understanding of the Group's' underlying operating profit.

Underlying operating profit after tax was $2,782,000 in FY2023 (down 4.9%), compared with $2,926,000 in the prior year.

Revenue from continuing operations of $30,113,000 represents an 8.8% increase compared with $27,684,000 last year.

Hotel revenues increased by 8.9% from $24,044,000 in FY2022 to $26,191,000 in the current year. This included gaming revenue of $11,326,000 representing an increase of $1,500,000, an uplift of 15.3% compared with the prior year result of $9,826,000.

Bar and bistro revenues increased by $372,000 to $4,948,000 with improved results at both venues.

Aspley Central Tavern achieved revenue growth of 12% while Ashmore achieved 7% growth despite disruption from kitchen expansion and amenities upgrade works in 2QFY23. Retail revenues remained steady.

Other revenues increased by $196,000 to $777,000 with higher commissions and rebates received in line with sales growth and gain on disposal of assets.

Employee benefits expense increased by 5.7% from $4,395,000 in FY2022 to $4,645,000 in FY2023. The increase was predominantly attributable to full operation of hotels during the year combined with award wage increases. Gaming machine taxes increased by 17.8% from $5,037,000 in FY2022 to $5,936,000 in the current year.

Interest rates increased from 2.21% to 5.41% during FY2023 and as a result financing costs increased by $743,000 from $695,000 in FY2022 to $1,438,000 despite a decrease in borrowings from $31,459,000 at 30 June 2022 to $29,599,000 at year end.

Other comprehensive gain net of tax of $3,740,000 in FY2023 related to the net fair value gain on revaluations of land and buildings at Ashmore Tavern $6,036,000 offset by a fair value loss on revaluation of the Aspley Shopping Centre $2,296,000, attributable to yield softening for retail assets. This compares with a revaluation gain of $6,081,000 net of tax in the previous year.

Cash flows

Net cash inflows from operating activities in FY2023 were $4,890,000 (FY2022 $4,889,000). Finance costs paid increased by $734,000 to $1,296,000 due to higher interest rates. Income tax paid increased by $614,000 to $1,017,000 due to an increase in the Group's tax instalment rate. A $219,000 FY2021 income tax refund was received in the FY2022 year.

Net cash outflows from investing activities of $2,742,000 comprised outflows of $55,000 in capital works and leasing costs for the Aspley Arcade Shopping Village and Aspley Shopping Centre, $2,507,000 in buildings, property, plant and equipment for Ashmore Tavern and Aspley Central Tavern and an inflow of $27,000 from proceeds from sale of plant and equipment.

Net cash outflows from Financing of $2,373,000 in FY2023 predominantly comprised $2,095,000 repayment of borrowings and lease liabilities, and cash dividend payments of $235,000, reflecting strong uptake by shareholders of the dividend reinvestment plan. Net cash inflows of $3,136,000 in the comparative reflects increased borrowings to acquire the Court House Hotel and subsequent partial repayment from operating cash flows, and payment of cash dividend payments totalling $131,000 during the year.

Financial position

Net assets at 30 June 2023 were $62,711,000, representing an increase of $4,972,000, up 8.6% from $57,739,000 at 30 June 2022. This represented net assets per share of $1.38 as at 30 June 2023, up 2.2% on the prior year (June 2022: $1.35 per share).

Total assets increased from $103,120,000 to $106,180,000, due to capital expenditure of $2,769,000 largely attributable to the Ashmore Tavern kitchen and bathroom works and the net gain on fair value revaluations of land and buildings of $4,987,000 ($3,740,000 net of tax) offset by the loss on fair value adjustment of investment properties of $1,740,000 ($1,305,000 net of tax), depreciation amortisation and expensed lease incentives.

Total liabilities decreased by $1,912,000 largely due to repayment of commercial borrowings of $1,860,000, and payment of prior year trade creditors relating to Ashmore Tavern capital works, offset by increased deferred tax liabilities $588,000 due predominantly to the revaluation of the Group's land and buildings and investment properties, increased lease liabilities $148,000 and income tax payable $125,000. The Group retained access to $5,401,000 in available undrawn commercial borrowings as at 30 June 2023.

Retained profits decreased by $1,573,000 following payment of the FY2022 final dividend of $1,501,000 and FY2023 interim dividend of $1,549,000, which was offset by FY2023 profit from operations of $1,477,000 (net of tax). Revaluation surpluses increased by $3,740,000 to $20,425,000 reflecting the fair value revaluation gain on land and buildings (net of tax). Contributed equity increased by $2,805,000 to $30,081,000 following the issue of 2,563,226 shares under the dividend reinvestment plan in respect of the FY2022 final dividend and FY2023 interim dividend. As at 30 June 2023, a total of 45,465,892 ordinary shares were on issue in the Company.

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 2023, the Group has entered into a contract for replacement of hotel point of sale hardware and software including implementation costs at a total cost of $259,000.

Other than the matters referred to above and the proposed final dividend in respect of FY2023 (refer to section 3 of this Directors' report), there are no other matters or circumstances that have arisen since 30 June 2023 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

The Group intends to pursue the strategy for its hotel operations of connecting with the local community, building relationships and becoming an employer of choice and providing service excellence and a consistent quality offering at a reasonable price to ensure growth through customer loyalty. The challenge in the coming year will be to maintain these standards while delivering operational efficiencies in the face of uncertain market conditions and rising costs. The main risks to this strategy include staff recruitment and retention, further interest rate rises, inflation and other cost pressures, regulatory risks and potential local competitive pressures. The Group intends to mitigate these risks through prudent operational and financial management.

The strategy for the Group's investment properties is to achieve full occupancy of remaining vacancies, securing long term, quality tenants and deliver a solid recurring income base. The main risks to the success of this strategy include further interest rate rises, and other cost pressures on current and prospective tenants and a competitive retail leasing environment.

The Group has robust operating cashflows and a strong capital base to withstand a deterioration in market conditions, should that occur, while having the ability to respond to 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 Non-executive Chairman LLB	Over 50 years' experience conducting complex corporate and commercial litigious matters. Extensive public and private company board experience. Non-executive director since 1989 and 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.
Murray Raymond Boyte Independent non-executive director BCA, MAICD, CMInstD, CA	Over 35 years' merchant banking and finance experience including corporate restructures, mergers and acquisitions. Extensive directorship and executive experience in transport, horticulture, financial services, investment, health services and property industries. Chairman of National Tyre and Wheel Limited since 2017, executive chairman of Eureka Group Holdings Limited since 2017, and non-executive director of Hillgrove Resources Limited since 2019. Non-executive director of Abano Healthcare Group (NZX) until December 2020. Non-executive director since 2021. Chairman of the Audit Committee.
Leni Pia Stanley Company Secretary CA BCom	Principal of a chartered accounting firm and has held similar positions with other companies. Company secretary since 2004.

10. INTERESTS OF DIRECTORS

Names of Directors	Ordinary Shares
J M Ganim	14,346,661
G De Luca	7,807,470
M R Boyte	-

The table above lists interests in the company held by the directors or entities controlled by the directors as at the date 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 2023, 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	11	11	2	2
M R Boyte	11	8	2	2
G De Luca	11	11	2	2

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

Aspley Central Tavern

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 2023 was $161,460 (2022: $160,730).

Relationship to performance

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

Year ended 30 June	2023	2022	2021	2020	2019
Profit (loss) after tax attributable to shareholders ($'000)	1,477	7,022	4,263	(1,022)	1,974
Total comprehensive income (loss) for the year ($'000)	5,217	13,103	8,576	(4,717)	2,533
Dividends paid ($'000)	3,050	1,453	-	1,882	2,431
Dividends paid per share	7.0¢	3.5¢	-	4.7¢	6.5¢
Net tangible asset backing per share	$1.33	$1.29	$1.02	$0.82	$0.99
Share price at end of year	$1.15	$1.09	$1.00	$0.79	$0.96

12. REMUNERATION REPORT (CONTINUED)

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of each director of the company and the other KMP of the Group for FY2023 are set out in the following table.

	Short term employee benefits			Post-employment benefits	Long Term Benefits	Share based payments options	Total	% Performance based
	Cash salary and fees[2]	Cash bonuses	Non-cash benefits	Superannuation	Long Service Leave[3]			
	$	$	$	$	$	$	$	%
2023								
Directors								
J M Ganim - Chairman	54,795	-	-	5,753	-	-	60,548	-
G De Luca - Director	45,662	-	-	4,794	-	-	50,456	-
M R Boyte - Director	45,662	-	-	4,794	-	-	50,456	-
Total	146,119	-	-	15,341	-	-	161,460	
Other key management personnel								
S M Jacobi-Lee - CEO [1, 2]	264,442	-	19,094	27,081	19,173	-	329,790	-
Total	264,442	-	19,094	27,081	19,173	-	329,790	
2022								
Directors								
J M Ganim - Chairman	54,795	-	-	5,479	-	-	60,274	-
G De Luca - Director	45,662	-	-	4,566	-	-	50,228	-
M R Boyte - Director	45,662	-	-	4,566	-	-	50,228	-
Total	146,119	-	-	14,611	-	-	160,730	
Other key management personnel								
S M Jacobi-Lee - CEO [1, 2]	231,522	-	-	21,000	4,406	21,000	277,928	-
Total	231,522	-	-	21,000	4,406	21,000	277,928	

[1] Ms S M Jacobi-Lee's salary increased from $210,000 plus super to $285,000 on 1 July 2022 inclusive of super, training and reimbursable expenses. Ms Jacobi-Lee receives a home office allowance of $1,250 per month, totalling $15,000 during FY2023 (2022: $12,000).

[2] Amounts disclosed for Ms S M Jacobi-Lee include leave entitlements of $29,791 accumulated during FY2023 (2022: $13,928 leave entitlements).

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 KMP in the executive group in the current or prior year.

The resolution to approve the remuneration report at the 2022 AGM received 92% "yes" votes. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

12. REMUNERATION REPORT (CONTINUED)

C. Service agreements

S M Jacobi-Lee (Chief Executive Officer)

Ms S M Jacobi-Lee receives a salary package of $285,000 p.a. including superannuation and expense allowances and six months' notice is required in the event of termination. The contract does not contain termination benefits.

D. Share-based compensation

During FY2022, the Group issued Ms S M Jacobi-Lee a discretionary bonus of 20,000 fully paid ordinary shares at the then current market price of $1.05 per share at a value of $21,000. No conditions were attached to the issue of these shares. No other share-based payments were granted, vested, or exercised during the current or prior year.

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 KMP of the Group, including their personally related parties, are set out below.

2023	Balance at start of year	Shares issued pursuant to DRP	Shares issued as compensation	Share market trades	Balance at end of year
Directors					
J M Ganim	13,458,918	872,246	-	15,497	14,346,661
G De Luca	7,333,359	474,111	-	-	7,807,470
M R Boyte	-	-	-	-	-
Other KMP					
S M Jacobi-Lee	46,437	3,007	-	-	49,444

F. Other transactions with key management personnel

There were no transactions with KMP or their related parties at any time during FY2023 (2022: nil).

There were no loans to KMP at any time during the current or prior financial year.

End of Remuneration Report

Aspley Central Tavern

Ashmore Tavern - Livin' Sportsman Charity Lunch

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 22 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 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 9 of this report.

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 in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

J M Ganim
DIRECTOR

Dated at Brisbane this 28th day of August 2023.

PITCHER PARTNERS

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
161 Cotlew Street
Ashmore QLD 4214

Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2023, 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
PITCHER PARTNERS

CMason
CHERYL MASON
Partner

Brisbane, Queensland
28 August 2023

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	2023	2022
		$000	$000
Revenue	4	30,113	27,684
Other income			
Net gain on fair value adjustment of investment properties	12	-	5,447
Total revenue and other income		30,113	33,131
Expenses			
Purchase of inventories		(8,694)	(8,403)
Change in inventories		3	(145)
Selling and promotional costs		(1,021)	(1,020)
Employee benefits expense		(4,645)	(4,395)
Depreciation and amortisation	5	(1,858)	(1,786)
Insurance		(205)	(205)
Rates and taxes		(127)	(65)
Electricity		(205)	(243)
Outgoings – investment properties		(643)	(585)
Gaming machine tax		(5,936)	(5,037)
Finance costs	5	(1,438)	(695)
Listing and corporate governance costs		(350)	(340)
Net loss on fair value adjustment of investment properties	12	(1,740)	-
COVID-19 Government subsidies		-	15
Other expenses		(1,291)	(1,092)
Total expenses		(28,150)	(23,996)
Profit before income tax		1,963	9,135
Income tax expense	6	(486)	(2,113)
Profit for the year attributable to shareholders		**1,477**	**7,022**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Fair value revaluation of land and buildings		4,987	8,108
Income tax on items of other comprehensive income	6(d)	(1,247)	(2,027)
Other comprehensive income for the year, net of tax		3,740	6,081
Total comprehensive income for the year attributable to shareholders		**5,217**	**13,103**
Earnings per share:		**Cents**	**Cents**
Basic & diluted earnings per share	29	3.33	16.74

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 2023

	Notes	2023	2022
		$000	$000
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	7	1,606	1,831
Trade and other receivables	8	224	222
Inventories	9	1,332	1,335
Other assets	10	348	486
TOTAL CURRENT ASSETS		3,510	3,874
NON-CURRENT ASSETS			
Receivables	8	2	5
Property, plant and equipment	11	53,900	48,723
Investment properties	12	46,349	48,150
Intangible assets	13	2,419	2,368
TOTAL NON-CURRENT ASSETS		102,670	99,246
TOTAL ASSETS		106,180	103,120
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	14	3,578	4,484
Lease liabilities	15	192	227
Provisions	16	586	588
Income tax payable		521	396
TOTAL CURRENT LIABILITIES		4,877	5,695
NON-CURRENT LIABILITIES			
Lease liabilities	15	407	224
Borrowings	17	29,564	31,432
Provisions	16	47	44
Deferred tax liability	6(c)	8,574	7,986
TOTAL NON-CURRENT LIABILITIES		38,592	39,686
TOTAL LIABILITIES		43,469	45,381
NET ASSETS		**62,711**	**57,739**
EQUITY			
Contributed equity	18(a)	30,081	27,276
Reserves	18(d)	20,425	16,685
Retained profits		12,205	13,778
TOTAL EQUITY		**62,711**	**57,739**

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 2023

	Notes	Contributed equity	Revaluation surplus	Retained profits	Total
		$000	$000	$000	$000
Balance at 1 July 2021		**25,938**	**10,604**	**8,209**	**44,751**
Profit for the year		-	-	7,022	7,022
Revaluation of land and buildings - gross	11	-	8,108	-	8,108
Income tax relating to components of other comprehensive income	6(d)	-	(2,027)	-	(2,027)
Total comprehensive income for the year		-	6,081	7,022	13,103
Dividends paid to shareholders		-	-	(1,453)	(1,453)
Contributions of equity net of transaction costs		1,338	-	-	1,338
Balance at 30 June 2022		**27,276**	**16,685**	**13,778**	**57,739**
Profit for the year		-	-	1,477	1,477
Revaluation of land and buildings - gross	11	-	4,987	-	4,987
Income tax relating to components of other comprehensive income	6(d)	-	(1,247)	-	(1,247)
Total comprehensive income for the year		-	3,740	1,477	5,217
Dividends paid to shareholders	19	-	-	(3,050)	(3,050)
Contributions of equity net of transaction costs		2,805	-	-	2,805
Balance at 30 June 2023		**30,081**	**20,425**	**12,205**	**62,711**

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 2023

	Notes	2023 $000	2022 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		32,820	29,843
Payments to suppliers and employees		(25,617)	(24,210)
Interest received		-	2
Finance costs		(1,296)	(562)
Income tax refund received		-	219
Income tax paid		(1,017)	(403)
Net cash inflows from operating activities	27	4,890	4,889
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of investment property	12	-	(6,379)
Payments for investment properties		(55)	(373)
Payments for property, plant & equipment		(2,714)	(910)
Proceeds from sale of plant and equipment		27	-
Net cash outflows used in investing activities		(2,742)	(7,662)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	10,000
Repayment of borrowings		(1,860)	(6,465)
Loan establishment costs		(30)	(29)
Repayment of lease liabilities		(235)	(231)
Share issue costs		(13)	(8)
Dividends paid		(235)	(131)
Net cash (outflows) inflows from financing activities		(2,373)	3,136
Net (decrease) increase in cash and cash equivalents		(225)	363
Cash and cash equivalents at beginning of year		1,831	1,468
Cash and cash equivalents at end of year	7	**1,606**	**1,831**

The above Consolidated Statement of Cash Flows is to be read in conjunction with the attached notes.

Notes to the Consolidated Financial Statements

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the consolidated financial statements are included in the relevant note to the financial statements.

(a) Basis of preparation

Eumundi Group Limited (the "Company") is a for-profit public company limited by shares and domiciled in Australia whose shares are publicly traded on the Australian Stock Exchange and trading under the symbol "EBG". The Company and its' subsidiaries (together referred to as the "Group") is primarily involved in the operation and ownership of hotels and the ownership of commercial real estate.

This financial report is a consolidated general purpose financial report which:

- Has been prepared in accordance with the requirements of the *Corporations Act 2001,* Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- Has been prepared on an historical cost basis, except for the revaluation to fair value for certain classes of assets and liabilities as described in the accounting policies;
- Is presented in Australian Dollars with all values rounded to the nearest thousand dollars ($'000) unless otherwise stated which is in accordance with *ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191;*
- Adopts all new and amended Accounting Standards and Interpretations issued by the AASB for reporting periods on or before 1 July 2022; and
- early adopts *AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates* which requires reporting entities to disclose material rather than significant accounting policy information.

Changes in Accounting Standards and regulatory requirements

From 1 July 2022, the Group had applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning 1 July 2022.

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2022 that have a material impact on the amounts recognised in prior periods or will affect the current or future periods.

(b) 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 2.

(c) Going concern

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 2023, the Group has $1,606,000 in cash and cash equivalents (2022: $1,831,000), net assets of $62,117,000 (2022: $57,739,000) and available undrawn commercial loan facilities of $5,401,000 (2022: $8,974,000). Profit before tax and fair value adjustments was $3,703,000 (2022: $3,688,000) and operating cash inflows were $4,890,000 (FY2022 inflows of $4,889,000). The Group uses non-current commercial borrowing facilities to manage fluctuations in cash flows. The net current liability position of $1,367,000 (2022: $1,821,000 net current liability) is due to the timing of end of year payments and receipts.

Measures are in place to manage the Group's ongoing operations which include, amongst others, continued monitoring of operating costs, further draw down of available facilities (refer to note 17), and availability of additional borrowing facilities negotiated with the Group's financier on favourable terms and conditions.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) 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 2023 and the results of all subsidiaries for the year then ended.

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 are consistent with those adopted by the Group.

(e) 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.

(f) 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 and investment properties are included within this level.

(g) Impairment of assets – non-financial assets

Other than goodwill and indefinite life intangibles, assets are reviewed for impairment at each reporting period 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.

(h) 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.

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) New accounting standards and interpretations issued but not operative as at 30 June 2023

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. None of these are expected to result in any material change to the Group's financial statements in the period of initial application. Other than the early adoption of AASB 2021-2 as stated above, the Group intends to apply the accounting standards and interpretations in the period commencing on or after their effective dates.

(j) General

This financial report was authorised for issue on 28 August 2023 in accordance with a resolution of the directors. The 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:

- 161 Cotlew St, Ashmore QLD 4214

Other places of business:

- Ashmore Tavern, Corner 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
- The Court House Hotel, 60 Murwillumbah Street, Murwillumbah NSW 2484

Registered office:

- Level 8, 1 Eagle Street, Brisbane Qld 4000

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Estimates and underlying assumptions are reviewed on an ongoing basis and are based on historical or professional experience, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

For the year ended 30 June 2023 the areas that involved a higher degree of judgement or complexity and may need material adjustment if estimates and assumptions made in the preparation of these financial statements are incorrect are discussed below.

Asset valuations

The Group has investment properties with a carrying amount of $46,349,000 (2022: $48,150,000), and land and buildings (included in property, plant and equipment) with a carrying amount of $51,546,000 (2022: $46,833,000) representing estimated fair value. A reconciliation of movements in the carrying value of these assets during the year is disclosed in notes 11 and 12. Losses recognised on the revaluation of investment properties in the period totalling $1,740,000 (2022: gain $5,447,000) are included in the Consolidated Statement of Comprehensive Income. Gains on the revaluation of land and buildings in the year totalling $4,987,000 (2022: gain of $8,108,000) are recognised in the revaluation reserve in equity, net of tax, in accordance with the accounting policy described in note 11(a).

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(f), 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.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

The carrying amounts in the current year are based upon external valuations and directors' valuation. The external valuation approach used for retail assets was the capitalisation of net income and discounted cash flow approach, and the valuation approach used for hotel assets was the capitalisation of net income and the direct comparison approach. The directors' valuation of The Plough Inn used the capitalisation of net income approach.

In the prior year the valuations were based on directors' valuations where the valuation approach used was the capitalisation of net income approach.

Method	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.
Direct comparison approach	Where an asset is valued, a direct comparison approach is used which is a procedure where a value is derived by comparing the asset being valued to similar asset that has been sold and adjusting the value for property specific attributes.
Capitalisation of net income method	This method involves assessing the total net income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital reversions.

The table below explains the key inputs used to measure fair value under the capitalisation of net income method described above.

Input	
Net market rent/ market EBITDA	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.

Plough Inn

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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 – The Plough Inn, Court House Hotel, Aspley Arcade Shopping Village, and land and buildings of the Aspley Shopping Centre (with a value determined by reference to the retail component as described in note 12) with a value derived from the capitalisation of net income and discounted cashflow approach.

Tavern assets – Ashmore Tavern land and buildings with a value derived from the capitalisation of net income method.

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

Category	Fair value hierarchy	2023 Independent valuations and directors' valuation		2022 Directors' valuations	
Method		Capitalisation of net income and discounted cash flow		Capitalisation of net income	
Retail assets	Level 3	Inputs used to measure fair value	Range of unobservable inputs	Inputs used to measure fair value	Range of unobservable inputs
		Adopted capitalisation rate	5.5%- 6.5%	Adopted capitalisation rate	5.5%
		Perpetual vacancy allowance	0.0% - 3.5%	Perpetual vacancy allowance	3.5%
		Net market rental (per sqm)	$342- $1,049	Net market rental (per sqm)	$325 - $1,007
		Adopted discount rate	7% - 8.25%	Adopted discount rate	n/a
		Terminal yield	6.5% - 6.75%	Terminal yield	n/a
Method		Capitalisation of net income		Capitalisation of net income	
Tavern assets	Level 3	Inputs used to measure fair value	Range of unobservable inputs	Inputs used to measure fair value	Range of unobservable inputs
		Adopted capitalisation rate	9.02%	Adopted capitalisation rate	9.0%
		Adopted market EBITDA	$3,427,000	Adopted market EBITDA	$3,111,000

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/ market EBITDA	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 income method and the adopted terminal yield is a significant input of the discounted cash flow method.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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.

3. SEGMENT INFORMATION

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 chief operating decision maker, who is responsible for allocating the resources and assessing the performance of the operating segments, has been identified as the chief executive officer.

Reportable Segment	Description of segment
Hotel operations	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	Owns and leases investment property assets to retail tenants.

2023	Hotel operations $000	Investment property operations $000	Total $000
Revenue			
Revenue from contracts with customers	25,414	-	25,414
Lease revenue	-	4,471	4,471
Other revenue	777	-	777
Total segment revenue	26,191	4,471	30,662
Interest revenue			-
Inter-segment revenue			(549)
Total revenue			30,113
Results			
Segment results	2,979	3,228	6,207
Finance expenses			(1,438)
Unallocated revenue less unallocated expenses			(1,066)
Fair value adjustment on investment properties			(1,740)
Profit before income tax			1,963
Income tax expense			(486)
Profit for the year			1,477
Assets			
Segment assets	34,843	71,192	106,035
Unallocated assets			145
Total assets			106,180
Depreciation and amortisation	1,310	599	1,909
Unallocated			(51)
Total depreciation and amortisation			1,858

3. SEGMENT INFORMATION (CONTINUED)

2022	**Hotel operations**	**Investment property operations**	**Total**
	$000	**$000**	**$000**
Revenue			
Revenue from contracts with customers	23,465	-	23,465
Lease revenue	-	4,160	4,160
Other revenue	579	-	579
Total segment revenue	24,044	4,160	28,204
Interest revenue			2
Inter-segment revenue			(522)
Total revenue			27,684
Results			
Segment results	2,212	3,103	5,315
Finance expenses			(693)
Unallocated revenue less unallocated expenses			(934)
Fair value adjustment on investment properties			5,447
Profit before income tax			9,135
Income tax expense			(2,113)
Profit for the year			7,022
Assets			
Segment assets	25,750	77,273	103,023
Unallocated assets			97
Total assets			103,120
Depreciation and amortisation	1,313	471	1,784
Unallocated			2
Total depreciation and amortisation			1,786

(a) Accounting policy

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. Inter-segment revenue relates to Aspley Central Tavern rent and outgoings.

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.

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.

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.

4. REVENUE

	2023	2022
Revenue from contracts with customers	**$000**	**$000**
At a point in time		
Sale of goods	14,088	13,640
Gaming revenue	11,326	9,826
Other revenue		
Commissions	337	300
Interest	-	2
Rebates	383	279
Gain on disposal of plant and equipment	57	-
	26,191	24,047
Lease revenue		
Rental income and recoverable outgoings from investment properties	3,922	3,637
Total revenue	30,113	27,684

(a) Disaggregation of revenue from contracts with customers

Revenue derived in Queensland $26,191,000 (2022: $24,047,000).

(b) Accounting policy

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 leased to external customers.

Revenue from contracts with customers

Sale of goods relates to on-premise food and liquor revenue and retail liquor. Revenue is recognised when the performance obligation to transfer control of the goods to the customer is satisfied at point of sale or delivery.

Gaming revenue is the net difference between gaming wins and losses measured by daily banking, 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 of services.

Revenue from rebates relates to purchase of nominated products in accordance with supplier contracts. Revenue is recognised at the time of product purchase.

Assets related to contracts with customers are disclosed in note 8. 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 and is classified as Lease revenue. 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.

5. EXPENSES

	2023	2022
Profit before income tax includes the following specific expenses:	**$000**	**$000**
Cost of goods sold	8,691	8,548
Depreciation		
- Buildings	1,116	958
- Plant and equipment	605	637
- Lease assets	188	189
Amortisation expense/(reversal)– intangibles	(51)	2
Depreciation and amortisation	1,858	1,786
Loss on disposal of plant and equipment	-	14
Finance costs		
- Amortisation of loan establishment costs	22	41
- Interest and finance charges paid/payable on borrowings	1,408	640
- Interest paid/payable on lease liabilities	8	14
Total finance costs	1,438	695
Superannuation expense	419	375
Expenses excluded from the measurement of lease liabilities:		
Short term leases	-	-

(a) Accounting policy

Retirement benefit obligations

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

Aspley Central Tavern

6. INCOME TAX

	2023	2022
	$000	$000
(a) Income tax expense		
Current tax expense	1,043	667
Deferred tax (benefit)/expense	(553)	1,619
Effect of change in tax rate	-	(174)
(Over)/under provision in prior years – deferred tax	(102)	38
Under/(over) provision in prior years – current tax	98	(37)
	486	(37)
(b) Numerical reconciliation of income tax to prima facie tax payable is as follows:		
Profit before income tax	1,963	9,135
Income tax at the Australian tax rate of 25.0% (2022: 25.0%)	491	2,284
Tax effect of amounts which are not deductible in calculating taxable income:		
Non-deductible/(non-taxable) items	(1)	2
Effect of change in tax rate	-	(174)
Under/(over) provision in prior years (current and deferred tax)	(4)	1
Income tax expense	486	2,113
(c) Deferred income tax at 30 June relates to the following:		
Investment properties	(2,976)	(3,320)
Property, plant and equipment	(6,318)	(5,277)
Lease liabilities	136	79
Lease assets	(134)	(75)
Employee benefits	147	147
Accrued expenses	140	28
Prepayments	(74)	(72)
Sundry items	6	5
Tax losses	499	499
Net deferred tax liabilities	(8,574)	(7,986)
Movement in deferred tax:		
At 1 July	(7,986)	(4,426)
Credited/(charged) to profit or loss	553	(1,619)
Effect of change in tax rate	-	174
Under/(over) provision in prior years	102	(38)
Offset of franking surplus from prior years	-	(52)
Credited to contributed equity	4	2
Charged to other comprehensive income	(1,247)	(2,027)
At 30 June	(8,574)	(7,986)
(d) Tax expense relating to items of other comprehensive income		
Tax expense on revaluation of land and buildings	1,247	2,027
(e) Amounts relating to items recognised directly in contributed equity		
Share issue costs	4	2
(f) Franking credits		
Franking credits available for subsequent financial years based on a tax rate of 25.0% (2022: 25.0%)	522	397

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.

6. INCOME TAX (CONTINUED)

(g) Accounting policy

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.

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.

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 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.

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.

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.

7. CASH & CASH EQUIVALENTS

	2023	2022
	$000	$000
Cash at bank and in hand	1,606	1,831

(a) Accounting policy

Cash and cash equivalents include 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.

8. TRADE AND OTHER RECEIVABLES

	2023	2022
	$000	$000
Current		
Receivables from contracts with customers	175	177
Other receivables	49	45
	224	222
Non-current		
Receivables from contracts with customers	2	5

(a) Accounting policy

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.

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 and take into account historical credit loss and forward looking economic conditions affecting the ability of customers to settle the receivables. No material impairment exists at balance date.

(b) 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 28(b) for more information on the risk management policy of the Group and the credit quality of the entity's trade and other receivables.

9. INVENTORIES

	2023	2022
	$000	$000
Finished goods – at cost	1,332	1,335

Inventories recognised as expense during the period ended 30 June 2023 amounted to $8,691,000 (2022: $8,548,000).

(a) Accounting policy

Inventories are stated at the lower of cost and net realisable value. Cost comprises cost of purchase after deducting trade discounts. 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.

10. OTHER CURRENT ASSETS

	2023 $000	2022 $000
Short term deposits	39	196
Prepayments	309	290
	348	486

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land At fair value $000	Buildings At fair value $000	Plant and equipment At cost $000	Lease assets At cost $000	Total $000
Year ended 30 June 2022					
Opening net book amount	10,200	28,100	1,741	663	40,704
Revaluation increment	800	7,308	-	-	8,108
Additions	-	1,216	321	-	1,537
Transfers	-	-	-	-	-
Disposals	-	(4)	(9)	-	(13)
Straight-line adjustments & lease incentives	-	171	-	-	171
Depreciation charge	-	(958)	(637)	(189)	(1,784)
Closing net book amount	11,000	35,833	1,416	474	48,723
At 1 July 2022					
Cost or fair value	11,000	35,833	3,068	942	50,843
Accumulated depreciation	-	-	(1,652)	(468)	(2,120)
Net book amount	11,000	35,833	1,416	474	48,723
Year ended 30 June 2023					
Opening net book amount	11,000	35,833	1,416	474	48,723
Revaluation increment	9,600	(4,613)	-	-	4,987
Additions	-	1,283	934	377	2,594
Transfers	-	54	(54)	-	-
Disposals	-	-	-	-	-
Straight-line adjustments & lease incentives	-	(495)	-	-	(495)
Depreciation charge	-	(1,116)	(605)	(188)	(1,909)
Closing net book amount	20,600	30,946	1,691	663	53,900
At 30 June 2023					
Cost or fair value	20,600	30,946	3,095	968	55,609
Accumulated depreciation	-	-	(1,404)	(305)	(1,709)
Net book amount	20,600	30,946	1,691	663	53,900

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Accounting policy

Land and buildings, which includes Ashmore Tavern and Aspley Shopping Centre, are shown at fair value, based upon periodic, but at least biennial, 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 lease assets, the shorter lease term as follows:

Buildings	5-40 years
Plant and equipment	2-10 years
Lease 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.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in 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.

Lease assets

Lease assets represents lease contracts in which the company is lessee of retail premises and gaming machines purchased utilising deferred payment terms.

At the commencement date of a lease (other than 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 asset and a lease liability representing its obligation to make lease payments.

Leases of 12 months or less and leases of low-value assets

Lease payments made in relation to leases of 12-months or less and leases of low value assets (for which a lease asset and a lease liability has not been recognised) are recognised as an expense on a straight-line basis over the lease term.

Real estate leases - Group as lessee

The Group leases premises for retail liquor stores. The leases typically run for periods of five years and can include an option for one or more additional lease terms. Options are exercisable only by the Group and not by the lessors. Lease payments are subject to annual price adjustments based on either fixed percentage increases or consumer price index related increases.

At the commencement date of a lease the Group recognises a lease asset representing its right to use the underlying assets and a lease liability representing its obligation to make lease payments.

Lease assets are initially recognised as lease assets within property, plant and equipment at cost, comprising the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date of the lease, less any lease incentives received, any initial direct costs incurred by the Group, and an estimate of costs to be incurred by the Group in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(a) Accounting policy (continued)

Subsequent to initial recognition, lease assets are measured at cost (adjusted for any remeasurement of the associated lease liability), less accumulated depreciation and any accumulated impairment loss.

Lease assets are depreciated over the shorter of the lease term and the estimated useful life of the underlying asset, consistent with the estimated consumption of the economic benefits embodied in the underlying asset.

(b) Valuation of land and buildings

Valuations of land and building assets are prepared as at balance date. 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 2.

(c) Non-current assets pledged as security

Refer to note 17(a) for information on assets pledged as security by the Group.

(d) Contractual obligations

Refer to note 24 for information on contractual obligations.

(e) 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:

	2023	2022
	$000	$000
Freehold land		
Cost or deemed cost	7,426	7,426
Net book amount	7,426	7,426
Buildings		
Cost or deemed cost	21,940	21,134
Accumulated depreciation	(4,457)	(4,414)
Net book amount	17,483	16,720

12. INVESTMENT PROPERTIES

	2023	2022
	$000	$000
At fair value		
At beginning of year	48,150	35,535
Acquisition of investment property	-	6,379
Capitalised expenditure	8	762
Straight-line rentals and lease incentives	(69)	27
Net gain (loss) from fair value adjustment	(1,740)	5,447
At end of year	46,349	48,150

(a) Accounting policy

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).

12. INVESTMENT PROPERTIES (CONTINUED)

(b) 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 2.

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

Property	Acquisition Date	Cost Including Additions*	Last Independent Valuation		Book Value 2023	Book Value 2022
		$000	Date	$000	$000	$000
Aspley Arcade Shopping Village	Jun 2007	16,133	June 2023	20,399	20,399	21,400
Plough Inn	Nov 2017	13,100	June 2023	18,300	18,750	19,250
Court House Hotel	Aug 2021	6,000	June 2023	7,200	7,200	7,500
					46,349	48,150

* *excluding acquisition costs*

(c) Acquisition

In the prior financial year, on 2 August 2021, the Group purchased the land and buildings of the Court House Hotel, Murwillumbah NSW, for $6,000,000 (being the purchase price) plus acquisition costs of $379,000. Acquisition costs included stamp duty, legal fees, commissions, and other ancillary costs.

(d) 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:

	2023	2022
	$000	$000
Within one year	3,760	3,769
Later than one year but not later than two years	3,563	3,825
Later than two years but not later than three years	3,489	3,637
Later than three years but not later than four years	3,304	3,510
Later than four years but not later than five years	3,048	3,324
Later than five years	11,865	14,633
Total	29,029	32,698

(e) Non-current assets pledged as security

Refer to note 17(b) for information on assets pledged as security by the Group.

(f) Contractual obligations

Refer to note 25 for information on contractual obligations.

Court House Hotel

13. INTANGIBLE ASSETS

	Hotel Licences $000	Gaming Authorities $000	Total $000
Year ended 30 June 2022			
Opening net book amount	55	2,315	2,370
Amortisation charge	(2)	-	(2)
Closing net book amount	53	2,315	2,368
At 1 July 2022			
Cost	104	2,315	2,419
Accumulated amortisation	(51)	-	(51)
Net book amount	53	2,315	2,368
Year ended 30 June 2023			
Opening net book amount	53	2,315	2,368
Amortisation reversed [1]	51	-	51
Closing net book amount	104	2,315	2,419
At 30 June 2023			
Cost	104	2,315	2,419
Accumulated amortisation	-	-	-
	104	2,315	2,419

[1] *During the FY2023 year the effective life of liquor licences was reviewed, and the asset life was determined to be infinite. Amortisation relating to prior periods was reversed.*

(a) Accounting policy

Hotel licences

Hotel licences never expire and have an infinite useful life and are carried at cost less impairment losses if any. The Group has not impaired its hotel licences.

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.

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 $2,315,000 representing 15 of the Group's 90 authorities which were acquired for Ashmore Tavern and Aspley Central Tavern since 2013.

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 2023, based on the most recent tender held on 10 May 2023, the sale price net of GST and 15% selling costs was $294,309 per authority, representing a net realisable value of $26,488,000 for the Group's 90 gaming authorities. (2022: $179,136 per authority based on the tender held 13 April 2022 representing a net realisable value of $16,122,000 for the Group's 90 gaming authorities).

14. TRADE AND OTHER PAYABLES

	2023	2022
	$000	$000
Current		
Trade payables	1,871	2,568
Other payables and accruals	1,707	1,916
	3,578	4,484

(a) Accounting policy

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.

15. LEASE LIABILITIES

	2023	2022
	$000	$000
Current	192	227
Non-current	407	224
Total lease liability	599	451
Opening balance - 1 July	451	668
Additions	375	-
Interest expense	8	14
Disposal of lease	-	-
Lease payments	(235)	(231)
Carrying amount – 30 June	599	451

(a) Accounting policy

Lease liabilities are initially recognised at the present value of the future lease payments (i.e., the lease payments that are unpaid at the commencement date of the lease). These lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined, or otherwise using the Group's incremental borrowing rate.

Subsequent to initial recognition, lease liabilities are measured at the present value of the remaining lease payments (i.e., the lease payments that are unpaid at the reporting date). Interest expense on lease liabilities is recognised in profit or loss (presented as a component of finance costs). Lease liabilities are remeasured to reflect changes to lease terms, changes to lease payments and any lease modifications not accounted for as separate leases.

Variable lease payments not included in the measurement of lease liabilities are recognised as an expense when incurred.

Ashmore Tavern

16. PROVISIONS

	2023	2022
	$000	$000
Current		
Employee benefits	586	588
Non-Current		
Make-Good Provisions	47	44

(a) Accounting policy

Employee benefits - 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.

Other long-term benefit obligations

The liabilities for long service 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.

17. BORROWINGS

	2023	2022
	$000	$000
Non-current		
Commercial loans – secured	29,564	31,432

(a) Accounting policy

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.

(b) Assets pledged as security

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

(i) Registered mortgage debenture over the assets and undertakings of the Group;

(ii) Unlimited fully interlocking guarantee by Eumundi Group Limited, Eumundi Property Group Pty Ltd and Eumundi Group Hotels Pty Ltd; and

(iii) First registered mortgage over the property, plant and equipment and investment properties of the Group.

As such all assets are pledged as security for borrowings.

17. BORROWINGS (CONTINUED)

(c) Financing arrangements

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

	2023	2022
Credit standby arrangements	**$000**	**$000**
Total facilities		
Bank overdraft	100	100
Bank guarantee facility	100	100
Direct debit facility	250	250
Commercial loan facilities	35,000	40,000
	35,450	40,450
Used at balance date		
Bank overdraft	-	-
Bank guarantee facility	19	17
Direct debit facility	-	-
Commercial loan facilities *	29,599	31,459
	29,618	31,476
Unused at balance date		
Bank overdraft	100	100
Bank guarantee facility	81	83
Direct debit facility	250	250
Commercial loan facilities	5,401	8,541
	5,832	8,974

** The amount recognised in the consolidated statement of financial position is net of discounts and other transaction costs plus interest accrual.*

On 16 May 2023, the Group renegotiated its commercial debt facilities, reducing the borrowings limit and extending the term of approved commercial bill facilities until 31 October 2024 on an interest only basis.

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 (2022: $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 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 pricing 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
2023	2022	2023	2022	2023	2022	
$000	$000	$000	$000	%	%	
5,000	10,000	-	10,000	5.25	1.89	31 October 2024
9,000	9,000	9,000	9,000	5.13	2.36	31 October 2024
10,000	10,000	9,599	1,459	5.14	3.35	31 October 2024
11,000	11,000	11,000	11,000	5.14	2.35	31 October 2024
35,000	40,000	29,599	31,459			

** Includes facility fee and margins*

18. CONTRIBUTED EQUITY

Share capital	2023 Number of shares	2022 Number of shares	2023 $000	2022 $000
Fully paid ordinary shares	45,465,892	42,902,666	30,081	27,276

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. Every holder of ordinary shares present at a meeting in person, or by proxy, is entitled to one vote per share. Ordinary shares have no par value and the company has an unlimited amount of authorised capital. Subject to legislative requirements, the directors control the issue of shares in the company.

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

(a) Movement in share capital

	Number of Shares	Average Issue Price	$000
Year ended 30 June 2022		$	
Opening amount	41,543,333		25,938
Shares issued under share-based payments	20,000	1.050	21
Shares issued under the DRP	1,339,333	0.988	1,323
Share issue costs (net of tax)	-		(6)
Balance at 30 June 2022	42,902,666		27,276
Year ended 30 June 2023			
Opening amount	42,902,666		27,276
Shares issued under the DRP	2,563,226	1.10	2,815
Share issue costs (net of tax)	-		(10)
Balance at 30 June 2023	**45,465,892**		**30,081**

(b) Options

As at 30 June 2023, there were no options to purchase ordinary shares in the parent entity (2022: Nil).

(c) 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 does not have a current on-market buy-back.

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 plus net debt.

The gearing ratios as at 30 June were as follows:	2023 $000	2022 $000
Total borrowings	29,564	31,432
Less: cash and cash equivalents	(1,606)	(1,831)
Net debt	27,958	29,601
Total equity	62,711	57,739
Total capital	90,669	87,340
Gearing ratios		
Net debt/equity	44.6%	51.3%
Net debt/total capital	30.8%	33.9%

Eumundi Group Limited has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 financial years.

18. CONTRIBUTED EQUITY (CONTINUED)

(d) Reserves

	2023	2022
	$000	$000
Land and building revaluation surplus	20,425	16,685
Movements in reserves:		
Land and building revaluation surplus		
Balance at the beginning of the year	16,685	10,604
Gain on revaluation of freehold land and buildings (net of tax) *	3,740	6,081
Balance at the end of the year	20,425	16,685

* *Gain before tax of $4,987,000 (2022: gain before tax of $8,108,000)*

(e) Nature and purpose of reserves

The land and building revaluation surplus is used to record increments and decrements on the revaluation of non-current assets, as described in note 11. Reserves 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.

19. DIVIDENDS

	2023	2022
Dividends paid to members during the financial year were as follows:	$000	$000
Final dividend of 3.5 cents per share fully franked at 25% paid on 13 September 2022 (2022: nil)	1,501	-
Interim dividend of 3.5 cents per share fully franked at 25% paid on 15 March 2023 (2021: 3.5 cents per share unfranked)	1,549	1,453
	3,050	1,453
Proposed final dividend of 3.5 cents per fully paid ordinary share fully franked (at 25%) not yet brought to account in the financial statements payable on 13 September 2023 (2022: 3.5 cents per share fully franked at 25%)	1,591	1,501

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.

The Court House Hotel Bottleshop

20. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:	2023 $000	2022 $000
Statement of financial position		
Non-current assets	37,865	37,985
Total assets	37,865	37,985
Current liabilities	521	396
Total liabilities	521	396
Shareholders' equity		
Issued capital	30,081	27,276
Retained earnings	7,263	10,313
	37,344	37,589
Profit for the year[1]	-	11,444
Total comprehensive income[1]	-	11,444

1 *During the prior year, previous years provisions for diminution of the parent entity's investment in a wholly owned subsidiary and loans to that subsidiary were reassessed resulting in a profit of $11,444,000.*

(b) Guarantees entered into by the parent entity

The parent entity has provided financial guarantees in respect of the Group's 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.

The Court House Hotel

21. RELATED PARTY INFORMATION

(a) Key management personnel remuneration

	2023	2022
	$	$
Short-term employee benefits	410,561	377,641
Non-cash benefits	19,094	-
Long-term benefits	19,173	4,406
Post-employment benefits	42,422	35,611
Share based payments	-	21,000
	491,250	438,658

For additional information refer to the remuneration table on page 6.

(b) Transactions with related parties

	2023	2022
	$	$
Dividends paid to key management personnel	1,483,193	703,748
Subscription for new ordinary shares by key management personnel as a result of the reinvestment of dividends	1,483,193	703,748

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

There were no other related party transactions in the current or prior year.

Ordinary shares held directly, indirectly or beneficially by key management personnel, including their personally related entities, are shown below

	2023	2022
	$	$
Balance at 1 July	20,838,714	20,107,055
Shares issued pursuant to DRP	1,349,364	711,659
Shares issued as compensation	-	20,000
Share market trades	15,497	-
Balance at 30 June	22,203,575	20,838,714

There were no other related party transactions in the current or prior year.

22. 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:

	2023	2022
	$	$
Audit and review of financial reports	80,000	77,000
Tax compliance services	13,320	7,200
	93,320	84,200

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.

23. CONTINGENT LIABILITIES

The Group has no material contingencies.

24. COMMITMENTS

As at 30 June 2023 the Group had a contractual obligation for the purchase of IT equipment for Ashmore Tavern and Aspley Central Tavern $259,000.

The Group had no other contractual obligations as 30 June 2023.

25. 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*	
			2023	2022
			$000	$000
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.*

26. CASHFLOW INFORMATION

(a) Reconciliation of profit for the year to net cash flow from operating activities

	2023	2022
	$000	$000
Profit for the year	1,477	7,022
Depreciation and amortisation	1,858	1,786
Amortisation of loan establishment cost	22	41
Share based payments	-	21
Interest on lease liabities	8	14
Straight-line rental adjustment	(222)	(255)
(Gain) loss on disposal of property, plant and equipment	(57)	14
Rent incentive	538	(251)
Net loss (gain) on fair value adjustment of investment properties	1,740	(5,447)
Changes in operating assets and liabilities (net of assets disposed):		
(Increase) decrease in:		
Trade and other receivables	1	(96)
Inventories	3	(145)
Other current assets	(42)	(22)
Increase (decrease) in:		
Trade and other payables	(18)	140
Accrued interest	112	78
Income tax payable	125	393
Deferred tax liability*	(656)	1,536
Employee benefits	(2)	57
Other provisions	3	3
Cash flows from operating activities	4,890	4,889

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

(b) Change in liabilities arising from financing activities

	Borrowings	Lease Liabilities
Balance at 1 July 2021	27,924	668
Net cash from /(used in) in financing activities	3,535	(231)
Other changes	-	14
Balance at 30 June 2022	31,459	451
Net cash used in financing activities	(1,860)	(235)
Other changes	-	383
Balance at 30 June 2023	**29,599**	**599**

26. CASHFLOW INFORMATION (CONTINUED)

(c) Non-cash investing and financing activities

Additions to the lease asset is disclosed in note 11. During the current year share issues were made under the company's DRP, as disclosed in note 18. There were no other non-cash financing and investing activities during the current or prior year.

27. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (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:	2023	2022
	$000	$000
Financial assets (at amortised cost)		
Cash and cash equivalents	1,606	1,831
Trade and other receivables	224	222
	1,830	2,053
Financial liabilities (at amortised cost)		
Trade and other payables	3,578	4,484
Borrowings	29,564	31,432
Lease liability	599	451
	33,741	36,367

Refer to note 17(b) for information on assets pledged as security by the Group.

(a) Market 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 2023		30 June 2022	
	Weighted average interest rate	Balance $000	Weighted average interest rate	Balance $000
Finance facilities	5.13%	29,599	2.21%	31,459

Sensitivity

At 30 June 2023, 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 $222,000 lower/higher (2022: change of 100 bps: $236,000 lower/ higher) as a result of a change in interest from borrowings. Weighted average interest rates exclude facility fees paid on undrawn facilities.

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

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

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

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

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

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

(c) Liquidity risk

The Group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. The Group has a voluntary working capital deficiency based on its capital management strategy of paying down debt with excess cash.

As at 30 June 2023, none of the Group's commercial loans are payable in the next 12 months (2022: nil).

Refinancing risk

Refinancing risk is the risk that the group will be unable to refinance its debt facilities as they mature, or will only be able to finance its debt facilities at unfavourable interest rates and credit market conditions (margin price risk)

The Group has several debt facilities with varying maturity dates to reduce the exposure to market conditions in any one period, and proactively manages renewal of maturing facilities to ensure renewal is achieved at competitive market terms.

(d) Liquidity risk (continued)

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 2022	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	4,484	-	-	-	4,484	4,484
Commercial loans	396	351	21,899	10,052	32,698	31,432
Lease liabilities	118	118	131	97	464	451
Total	4,998	469	22,030	10,149	37,646	36,367

At 30 June 2023	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	3,578	-	-	-	3,578	3,578
Commercial loans	1,136	766	30,350	-	32,252	29,564
Lease Liabilities	120	92	161	285	658	599
Total	4,834	858	30,511	285	36,488	33,741

27. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) 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.

28. EARNINGS PER SHARE

(a) Basic & diluted earnings per share

	2023	2022
Total basic & diluted earnings per share attributable to owners of the company	3.33¢	16.74¢

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

	Number of Shares	
	2023	2022
Weighted average number of ordinary shares used in calculating basic and diluted earnings per share	44,327,920	41,948,120

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.

Diluted earnings per share

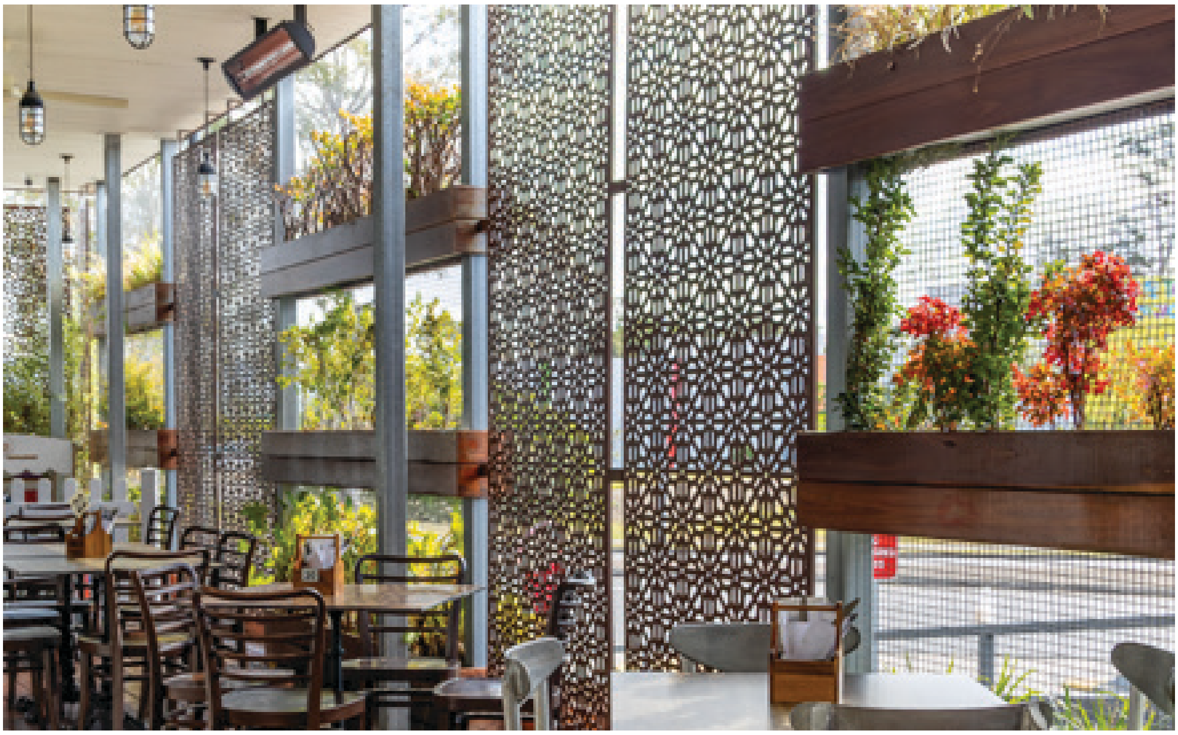
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been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

29. MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Subsequent to 30 June 2023, the Group has entered into a contract for replacement of hotel point of sale hardware and software including implementation costs at a total cost of $259,000.

Other than the matters referred to above and the proposed final dividend in respect of FY2023 (refer to section 3 of this Directors' report), there are no other matters or circumstances that have arisen since 30 June 2023 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.

Ashmore Tavern - Livin' Sportsman Charity Lunch



Aspley Central Tavern

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 2023 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 2023 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 28th day of August 2023.


THE
PLOUGH
INN

PITCHER PARTNERS

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

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eumundi Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, 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 2023 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.

PITCHER PARTNERS

Key Audit Matter	How our audit addressed the key audit matter
Valuation of Properties Held ***Note 11: Property, plant and equipment*** ***Note 12: Investment properties***	
At 30 June 2023 Eumundi Group Limited valued land and buildings recognised in property, plant and equipment at $51,546,000 and recognised investment properties valued at $46,349,000. These assets represent 92% of total assets of $106,180,000. The 30 June 2023 valuations for all properties were performed by independent expert valuers and the directors by applying a capitalisation approach valuation methodology. The capitalisation approach applies a capitalisation rate to net operating income or earnings. The valuation process requires that critical accounting estimates and judgements are made to determine unobservable key inputs and assumptions in the valuation process: • net market income or earnings; • capitalisation rates; • tenant agreements and terms in place; • future vacancy rates; and • incentives and rebates to be granted in future periods. The observable inputs used in the valuations are based on lease terms in place with current tenants. This is a key area of audit focus due to the size of the balances and critical estimates and judgements made.	Our audit procedures included amongst others: • Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the valuation process; • Assessing the competence and capabilities of the independent expert valuers and the directors; • Evaluating the valuation methodology adopted by the independent experts and the directors; • Testing the mathematical accuracy of the valuations; • Evaluating and testing on a sample basis the unobservable key inputs based on our knowledge of the property portfolio and published reports of industry commentators: - net market income or earnings; - capitalisation rates; - future vacancy rates - tenant lease terms; and - incentives and rebates to be granted in future periods; • Testing on a sample basis the observable inputs used in the valuations, being the current tenant data to supporting lease documentation. • Evaluating the changes in key inputs and assumptions in the external and directors' valuations Assessed the adequacy of the relevant disclosures in the financial report including the disclosure of observable and unobservable key inputs and assumptions disclosed within the critical accounting estimates and judgements note.

PITCHER PARTNERS

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 2023, 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.

PITCHER PARTNERS

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 5 to 7 of the directors' report for the year ended 30 June 2023. In our opinion, the Remuneration Report of Eumundi Group Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

Pitcher Partners

PITCHER PARTNERS

CMason

CHERYL MASON
Partner

Brisbane, Queensland
28 August 2023

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.

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Ashmore Tavern - Livin' Sportsman Charity Lunch

The shareholder information below was applicable as at 7 August 2023.

(a) Distribution of Equity Securities

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

Ordinary Shares	Shareholders
1 – 1,000	168
1,001 – 5,000	185
5,001 – 10,000	27
10,001 – 50,000	50
50,001 – 100,000	16
100,001 – 500,000	15
500,001 – 1,000,000	6
1,000,001 and over	12
	479

There are 53 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 Ltd	7,761,005	17.07
2.	SCMS Pty Ltd – SJ Shoobridge S/F Account	4,520,167	9.94
3.	JP Morgan Nominees Australia Pty Limited	3,631,656	7.99
4.	Gansons Pty Ltd	3,017,609	6.64
5.	Ganbros Pty Ltd	2,848,816	6.27
6.	Ganboys Pty Ltd	2,809,381	6.18
7.	Agpro Pty Ltd – Joe Ganim Super A/C	2,493,600	5.48
8.	Wilhelm Super Fund A/C	2,180,078	4.79
9.	Mrs Tracy Fraser – Tracy Fraser A/C	1,767,710	3.89
10.	Mrs Tracy Fraser	1,585,817	3.49
11.	National Nominees Limited	1,165,325	2.56
12.	Mr Peter Milton Ganim and Mr Paul Calile Ganim – Peter Ganim Super Fund	1,161,320	2.55
13.	Laicos Securities Pty Ltd – Fraser Family Super A/C	780,053	1.72
14.	Mr Paul Ganim and Mrs Alison Ganim – Paul Ganim Super A/C	733,817	1.81
15.	Ruminator Pty Ltd	730,000	1.61
16.	Keiser Investments Pty Ltd – Gann Family Retirement A/C	702,601	1.55
17.	Mr Joseph Michael Ganim	653,144	1.44
18.	KST Group Pty Ltd	568,554	1.25
19.	Rogand Superannuation Pty Ltd	433,861	0.95
20.	Caske Family Superannuation Pty Ltd	359,994	0.79
Total		**39,904,508**	**87.77**

(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]	11,822,550	26.00
Peter Milton Ganim [2]	8,475,760	21.44
Paul Calile Ganim [3]	8,685,033	20.91
Gilbert De Luca [4]	7,761,005	17.07
De Luca Group Superannuation Pty Ltd	7,761,005	17.07
Phoenix Portfolios Pty Ltd	3,694,509	9.69
Mrs Tracy Fraser	2,913,647	8.87
SCMS Pty Ltd – SJ Shoobridge S/F Account	4,000,000	9.63
Gansons Pty Ltd	2,599,999	6.58
Ganbros Pty Ltd	2,454,566	6.21
Ganboys Pty Ltd	2,548,124	6.13
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*

(e) Voting rights

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

(i) 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.

(ii) Options

There are no options issued by the Group.

Ashmore Tavern - Livin' Sportsman Charity Lunch

EUMUNDI GROUP LIMITED

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