

Appendix 4D

Half-year report Period ended 31 December 2015

Name of entity

Eumundi Group Limited

ABN or equivalent company reference

30 010 947 476

Half- year ended ('current reporting period')

31 December 2015 (previous reporting period 31 December 2014)

Results for announcement to the market

					\$A 000's
Revenues and other income from ordinary activities	Down	12.7%	to	\$11,710	
Represented by:					
Revenues from continuing ordinary activities	Down	3.4%	to	\$11,710	
Other income – gain on fair value adjustment*	Down	100%	to	\$nil	
Profit from ordinary activities after tax attributable to members (excluding fair value adjustments)*	Down	13.9%	to	\$679	
Net profit for the period attributable to members	Down	59.8%	to	\$679	

Dividends

On 24 February 2016 the board declared a fully franked interim dividend of 0.22 cents per share (\$755,000 in total). The Record Date of the interim dividend is 4 March 2016 and the dividend will be paid on 15 March 2016. The Eumundi Group Limited Dividend Reinvestment Plan will apply in relation to the dividend. The last date for receipt of an election notice to participate in the DRP will be Tuesday 8 March 2016. A cap of 6.6 cents per share will apply to the DRP issue price.

Discussion and analysis of results

Eumundi Group Limited ("the Company") has delivered a net profit after tax of \$0.679 million (\$0.991 million profit before tax) for the half-year ended 31 December 2015 compared with a profit of \$1.691 million after tax (\$2.380 million profit before tax) for the corresponding period in 2014.

The prior half-year profit included a fair value gain on revaluation of investment properties of \$1.289 million (\$902,000 net of tax) compared with \$nil in the current period. The underlying profit in the previous corresponding period excluding fair value increments was \$0.789 million.*

Revenue and other income from ordinary activities decreased by 12.7% to \$11.710 million from \$13.412 million in the corresponding period in 2014.

Revenue from continuing ordinary activities of \$11.710 million represents a decrease of \$0.413 million compared with the corresponding period last year. However, excluding \$0.508 million revenue in the prior corresponding period attributable to rental income and recoverable outgoings for Bribie Harbour Shopping Village (sold in February 2015), the revenue from continuing activities of \$11.170 million represented an increase of \$0.095 million on the adjusted revenue of \$11.615 million in the December 2014 half-year.

Discussion and analysis of results (continued)

Renovations of the Aspley Central Tavern which commenced in March 2015 were completed in mid-August at which time the venue recommenced full trading. The Group's gaming revenues increased by \$0.529 million and food and on-premise beverage revenues increased by \$0.194 million (14%) across the combined businesses over the prior corresponding half year, while retail liquor sales declined by \$0.398 million (8%) due to increasingly competitive market conditions.

Total expenses from continuing operations for the half-year decreased by 2.8% to \$10.719 from \$11.032 million in the corresponding period.

Finance costs were reduced by \$0.410 million due to the significantly decreased debt level. Cost of goods sold of \$4.425 million declined due to lower retail sales and decreased margins offset by higher on-premise food and beverage sales. Outgoings on investment properties in the prior corresponding half-year included costs relating to the Bribie Harbour Shopping Village. Gaming machine tax of \$1.840 million increased as a result of the higher level of gaming turnover. Employee benefits expenses of \$1.993 million included staff recruitment and training costs on reopening the Aspley Central Tavern, higher staffing levels attributable to extended trading hours at Ashmore Tavern, and recognition of employee sick leave entitlement provision.

Debt was reduced by \$0.349 million during the half-year and at 31 December 2015 the Company had commercial bills with a face value of \$9.35 million and access to undrawn commercial bill facilities of a further \$6.65 million.


Subsequent events

Capital works to improve the Ashmore Tavern liquor barn are being undertaken in February 2016 at a cost of approximately \$0.250 million. Liquor barn operations are closed for a period of one month while works are completed.

	2015	2014
NTA BACKING		
<i>Net tangible asset backing per ordinary security</i>	8.3c	8.7c

Statement

This report is based on accounts which have been subject to review.

Sign here: 

Date: 24 February 2016

Print name: Leni Stanley

EUMUNDI GROUP LIMITED

ABN 30 010 947 476

INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2015**

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Eumundi Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Your directors present their report on Eumundi Group Limited ("the Company") and the entities it controlled at the end of and during the six months ended 31 December 2015.

Directors

The following persons were directors of the Company during the whole of the half-year and up to the date of this report, unless otherwise stated:

J M Ganim
G De Luca
V A Wills

Dividends

On 24 February 2016 the board declared a fully franked interim dividend of 0.22 cents per share (\$755,000 in total) which will be paid to shareholders on 15 March 2016.

Review of Operations

In the six months ended 31 December 2015, the Company:

- recorded a profit after tax of \$679,000. The prior half-year profit after tax of \$1,691,000 included a fair value gain on revaluation of investment properties of \$902,000 net of tax;
- reduced debt by \$349,000 with the ability to redraw for future acquisitions/capital works as and when required; and
- completed renovations of the Aspley Central Tavern in August 2015 at which time the venue recommenced full trading.

Significant After Balance Date Events

Other than the proposed interim dividend in respect of the period ended 31 December 2015 referred to above, there are no other matters or circumstances that have arisen since the end of the half-year, that have significantly affected, or may significantly affect, the operations of the Company, the results of those operations or the state of affairs of the Company in future financial years.

Auditor's Independence Declaration

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

Rounding

The Company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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



J M Ganim
Director

Dated this 24th day of February 2016



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WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

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

Auditor's Independence Declaration

As lead auditor for the review of Eumundi Group Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

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

PITCHER PARTNERS

NIGEL BATTERS
Partner

Brisbane, Queensland
24 February 2016

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Notes	31 Dec 15 \$'000	30 Jun 15 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		1,414	1,449
Trade and other receivables		248	211
Inventories		1,650	1,447
Other assets		391	395
Total current assets		<u>3,703</u>	<u>3,502</u>
Non-current assets			
Property, plant and equipment	3	25,099	24,857
Investment properties	4	12,589	12,600
Intangible assets		546	547
Total non-current assets		<u>38,234</u>	<u>38,004</u>
Total assets		<u>41,937</u>	<u>41,506</u>
LIABILITIES			
Current liabilities			
Trade and other payables		2,480	2,229
Income tax payable		239	247
Provisions		349	306
Total current liabilities		<u>3,068</u>	<u>2,782</u>
Non-current liabilities			
Borrowings	5	9,330	9,679
Deferred tax liabilities		350	419
Total non-current liabilities		<u>9,680</u>	<u>10,098</u>
Total liabilities		<u>12,748</u>	<u>12,880</u>
Net assets		<u>29,189</u>	<u>28,626</u>
EQUITY			
Contributed equity	6	20,061	19,192
Reserves		3,704	3,704
Retained profits		5,424	5,730
Total equity		<u>29,189</u>	<u>28,626</u>

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

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	31 Dec 15 \$'000	31 Dec 14 \$'000
Revenue			
Sale of goods		6,445	6,649
Gaming revenue		3,763	3,234
Rental income and recoverable outgoings		1,225	1,969
Other		277	271
		11,710	12,123
Other income			
Net gain on fair value adjustment - investment properties	4	-	1,289
		11,710	13,412
Expenses			
Purchase of inventories		(4,628)	(4,563)
Change in inventories		203	(127)
Employee benefits expense		(1,974)	(1,814)
Depreciation and amortisation		(417)	(388)
Insurance		(49)	(46)
Operating lease rentals		(169)	(180)
Rates and taxes		(55)	(48)
Outgoings – investment properties		(408)	(619)
Gaming machine tax		(1,840)	(1,527)
Finance costs		(182)	(592)
Other expenses		(1,200)	(1,128)
Total expenses		(10,719)	(11,032)
Profit before income tax		991	2,380
Income tax expense		(312)	(689)
Profit for the half-year		679	1,691
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Fair value revaluations of land and buildings		-	324
Income tax expense on items of other comprehensive income		-	(97)
Other comprehensive income for the period, net of tax		-	227
Total comprehensive income for the half-year		679	1,918
Earnings per share for profit attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share (cents per share)		0.20¢	0.54¢

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

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Contributed equity	Revaluation surplus	Retained earnings	Total
Notes	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2014	18,572	3,347	4,063	25,982
Profit for the period	-	-	1,691	1,691
Other comprehensive income – net of tax	-	227	-	227
Total comprehensive income for the period	-	227	1,691	1,918
Transactions with owners in their capacity as owners				
Contributions of equity net of transaction costs and tax	-	-	-	-
Balance at 31 December 2014	18,572	3,574	5,754	27,900
Balance at 1 July 2015	19,192	3,704	5,730	28,626
Profit for the period	-	-	679	679
Total comprehensive income for the period	-	-	679	679
Dividend paid to shareholders	-	-	(985)	(985)
Contributions of equity net of transaction costs and tax	869	-	-	869
Balance at 31 December 2015	20,061	3,704	5,424	29,189

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

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015**

	Notes	31 Dec 15 \$'000	31 Dec 14 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		12,621	13,440
Payments to suppliers and employees		(10,851)	(11,315)
Interest received		6	13
Finance costs		(182)	(576)
Income tax paid		(470)	(194)
Net cash provided by operating activities		1,124	1,368
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for investment properties		-	(66)
Payments for property, plant and equipment	3	(694)	(93)
Net cash used in investing activities		(694)	(159)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		-	2,650
Repayment of borrowings		(349)	(3,850)
Dividend paid		(116)	-
Net cash used in financing activities		(465)	(1,200)
Net increase in cash and cash equivalents		(35)	9
Cash and cash equivalents at beginning of the reporting period		1,449	1,401
Cash and cash equivalents at end of the reporting period		1,414	1,410

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

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF INTERIM REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2015 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures that the interim financial statements and notes also comply with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2015 and any public announcements made by Eumundi Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted in the preparation of the consolidated interim financial statements are consistent with those adopted in the Group's annual financial report for the year ended 30 June 2015. The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period. There was no material impact on the financial report as a result of the adoption of these standards.

2. SEGMENT INFORMATION

Reportable segments

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

Investment Properties - The investment properties segment owns and leases investment property assets to retail tenants.

Half-year to 31 Dec 2015	Hotel Operations \$'000	Investment Properties \$'000	Total \$'000
Revenue			
Sales to external customers	10,208	1,225	11,433
Other revenue	271	-	271
Total segment revenue	10,479	1,225	11,704
Other revenue			6
			11,710
Results			
Segment results	716*	817	1,533
Unallocated revenue less unallocated expenses			(542)
Fair value adjustment on investment properties			-
Profit before income tax			991
Income tax expense			(312)
Profit for the half-year			679

*Aspley Central Tavern renovations were completed in August 2015 at which time full trading recommenced. Costs were incurred during renovations.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (continued)

	Hotel Operations \$'000	Investment Properties \$'000	Total \$'000
Half-year to 31 Dec 2014			
Revenue			
Sales to external customers	9,884	1,969*	11,853
Other revenue	257	-	257
Total segment revenue	10,141	1,969	12,110
Other revenue/income			13
			12,123
Results			
Segment results	898	1,350	2,248
Unallocated revenue less unallocated expenses			(1,157)
Fair value adjustment on investment properties			1,289
Profit before income tax			2,380
Income tax expense			(689)
Profit for the half-year			1,691

*Investment property revenue for the half-year to 31 December 2014 includes Bribie Harbour Shopping Village which was sold in February 2015.

3. PROPERTY, PLANT AND EQUIPMENT

The basis of valuation of land and buildings is fair value being the price that would be received to sell the assets in an orderly transaction between market participants at balance date, based upon current prices in an active market for similar properties in the same location and condition.

The December 2015 valuations of Ashmore Tavern (\$8,385,000) and Aspley Shopping Centre (\$15,482,000) land and buildings were based upon the directors' internal valuation. In arriving at fair value, the directors considered whether there were any changes to the significant inputs into the last independent valuations of the properties performed in May 2015 and February 2015 respectively.

Building additions of \$278,000 for the Aspley Central Tavern renovations were recognised during the half year.

Movement in property, plant and equipment for the half-year is as follows:

	Freehold land \$'000	Buildings \$'000	Plant and equipment \$'000	Total \$'000
Period ended 31 December 2014				
Opening net book amount	8,400	14,746	1,057	24,217
Revaluation increment / (decrement)	-	324	-	324
Additions	-	6	87	93
Straight line rentals	-	(33)	-	(33)
Depreciation charge	-	(193)	(194)	(387)
Closing net book amount	8,400	14,850	964	24,214
Period ended 31 December 2015				
Opening net book amount	8,350	15,469	1,038	24,857
Additions	-	278	416	694
Depreciation charge	-	(194)	(222)	(416)
Straight line rentals	-	(36)	-	(36)
Closing net book amount	8,350	15,517	1,232	25,099

At 31 December 2015 the Group had committed to spend \$250,000 on planned capital works for the Ashmore Tavern liquor barn. The works will be completed in February 2016.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS

4. INVESTMENT PROPERTIES

Overall movement in investment properties was as follows:

	2015	2014
	\$'000	\$'000
At 30 June	12,600	24,400
Capitalised subsequent expenditure	-	6
Straight-line rentals	(11)	55
Net gain from fair value adjustment	-	1,289
Transfer to non-current asset held for sale	-	(13,150)
At 31 December	12,589	12,600

The basis of valuation of investment properties is fair value being the price that would be received to sell the properties in an orderly transaction between market participants at balance date, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The table below summarises the adopted fair values for each investment property as at balance date.

Investment Property	Acquisition Date	Cost Including Additions	Last Independent Valuation		Book Value December	
			Date	\$'000	2015	2014
			Date	\$'000	\$'000	\$'000
Aspley Arcade Shopping Village	Jun 2007	13,000	Feb 2014	12,600	12,589	12,600
					12,589	12,600

The December 2015 fair value assessment for Aspley Arcade Shopping Village was based on directors' internal valuation.

In arriving at fair value, the Directors considered whether there were any changes to the last independent valuation and determined the fair value of each property using capitalised income projections based on the relevant property's net market income.

5. FINANCE FACILITIES

Details of the facilities drawn at 31 December 2015 are outlined below.

Amount Drawn (Face Value)*		Repayment Terms
31 Dec 15 \$'000	30 Jun 15 \$'000	
2,600	2,600	Interest only until expiry
2,200	2,400	Interest only until expiry
2,150	2,300	Interest only until expiry
2,400	2,400	Interest only until expiry
9,350	9,700	

* Used at balance date comprises the face value of bills drawn. The amount recognised in the statement of financial position is net of discounts and other transaction costs.

As at 31 December 2015 the Group retained unrestricted access to commercial bill facilities of \$16,000,000 of which \$6,650,000 was undrawn. Commercial bill facilities expire on 31 March 2017.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS

6. CONTRIBUTED EQUITY

Movements in share capital	No. of Shares	Issue Price (cents per share)	\$'000
Balance at 31 December 2014	<u>315,443,579</u>		<u>18,572</u>
Balance at 30 June 2015	328,464,734		19,192
Shares issued under DRP	<u>14,764,380</u>	5.89	<u>869</u>
Balance at 31 December 2015	<u>343,229,114</u>		<u>20,061</u>

There was no movement in share capital in the December 2014 half-year.

7. DIVIDENDS

Dividends paid to members during the half-year were as follows:

	2015 \$'000	2014 \$'000
Final fully franked (at 30%) dividend of 0.3 cents per fully paid ordinary share paid on 19 October 2015 (2014: nil)	<u>985</u>	<u>-</u>
Proposed interim fully franked (at 30%) dividend of 0.22 cents per fully paid ordinary share payable on 15 March 2016 but not recognised as a liability (2014: 0.2 cents per share)	<u>755</u>	<u>631</u>

8. SUBSEQUENT EVENTS

There are no other matters or events that have arisen since 31 December 2015 not otherwise disclosed in the above notes that have significantly affected, or may significantly affect the consolidated entity's operations in future financial years or the results of those operations in future financial years or the state of affairs in future financial years.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO THE FINANCIAL STATEMENTS

In the opinion of the directors the accompanying financial statements and notes:

- (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

- (a) the financial statements and notes are in accordance with the *Corporations Act 2001*; and
- (b) there are reasonable grounds to believe that Eumundi Group Limited will be able to pay its debts as and when they become due and payable.

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



J M Ganim
Director

Dated this 24th day of February 2016



PITCHER PARTNERS

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COLE WILKINSON
SIMON CHUN

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Eumundi Group Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eumundi Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eumundi Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eumundi Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) giving a true and fair view of company's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PITCHER PARTNERS



NIGEL BATTERS
Partner

Brisbane, Queensland
24 February 2016