



EUMUNDI GROUP

20 September 2013

Company Announcements Office  
Australian Securities Exchange  
SYDNEY NSW 2000

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**Appendix 4E – Preliminary Final Report for Year to 30 June 2013**

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On 29 August 2013 Eumundi Group Limited (ASX Code EBG) lodged its Appendix 4E – Preliminary Final Report for Year to 30 June 2013 with its Annual Report attached.

There was an error in the last sentence in Section 2.7 on page 1 of the Appendix 4E.

The sentence read “The net tangible asset backing per share has increased to 12.1 cents per share from 12.0 cents per share at the end of the prior period”. The statement relates to the financial year ended 30 June 2012.

The sentence should have read “The net tangible asset backing per share has decreased to 11.2 cents per share from 12.1 cents per share at the end of the prior period”.

The information relating to the net tangible asset backing contained in the full 2013 Annual Report is correct.

An Amended Appendix 4E and Full Annual Report to 30 June 2013 are attached to this announcement.

Eumundi Group Limited apologises for the error.

Yours faithfully

**Leni Stanley**  
Company Secretary

# Amended: Appendix 4E

## Preliminary Final Report

### Period ending on or after 30 June 2013

**EUMUNDI GROUP LIMITED**  
**ACN 010 947 476**

#### 1. Reporting Period

The financial information contained in this report is for the year ended 30 June 2013.

Comparative amounts, unless otherwise indicated, are for the year ended 30 June 2012.

#### 2. Results for Announcement to the Market

|     |   |  | (\$'000) |    | (\$'000)  |
|-----|---|--|----------|----|-----------|
| 2.1 | Revenues from ordinary activities   | up   | \$1,269  | to | \$20,631  |
| 2.2 | Profit (loss) from ordinary activities after tax attributable to members  | down   | \$1,463  | to | \$(1,285) |
| 2.3 | Net Profit (loss) for the period attributable to members  | down   | \$1,463  | to | \$(1,285) |
| 2.4 | Dividends   | It is not proposed to pay a dividend with respect to Ordinary Shares |          |    |           |
| 2.5 | Record date for determining entitlements to the final dividend  | Not Applicable   |          |    |           |
| 2.6 | In 2012/13, the group recorded a loss after tax of \$1,285,000 which is \$1,463,000 below the 2011/12 reported profit after tax of \$178,000. The current year result includes fair value decrements on revaluations of investment property of \$3,361,000. The prior year result included proceeds from insurance settlement of \$1,635,000 for the Home Hill property which was destroyed by fire, offsetting an impairment charge of \$1,446,000 attributable to the asset, and net loss on fair value adjustment of investment properties of \$1,188,000. |  |          |    |           |
| 2.7 | Net assets attributable to members of Eumundi Group Limited at 30 June 2013 were \$16,912,000, a decrease of \$781,000 from \$17,693,000 at 30 June 2012 attributable to profit for the year. The net tangible asset backing per share has decreased to 11.2 cents per share from 12.1 cents per share at the end of the prior period.  |  |          |    |           |

**3. Other Information**

Except for matters noted above, all disclosure requirements pursuant to ASX Listing Rule 4.3A are provided in the Company's Consolidated Financial Statements which accompany this report.

**4. This report is based on accounts to which one of the following applies:**

The accounts have been audited



The accounts are in the process of being audited



The accounts have been subject to review



The accounts have *not* yet been audited or reviewed.

**5. If the accounts have not yet been audited or subject to review and are likely to be subject to dispute or qualification, details are described below.**

Not applicable

**6. If the accounts have been audited or subject to review and are subject to dispute or qualification, details are described below.**

Not applicable



Joe Ganim  
Chairman  
29<sup>th</sup> August 2013

**EUMUNDI GROUP LIMITED** ABN 30 010 947 476  
**Annual report – 30 June 2013**

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## **Chairman's message**

It has been another challenging year for the group. We set out with a focus in the 2012-13 year to maintain income and improve assets, while looking for appropriate investment opportunities, and we adhered to that plan.

The retail leasing and property markets remained relatively quiet with some tentative activity attributable to continued lower interest rates tempered by lack of certainty caused by federal political instability.

We considered several freehold hotel acquisitions during the year – predominantly distressed assets - and rejected each where they failed to meet the criteria set by the board in terms of future development potential, reliable passing income, and identifiable revenue growth opportunities. In one case the offer we were prepared to make was not accepted.

We prudently maintained our balance sheet, and controlled our costs. Our result for the year was a loss of \$1,285 million after tax, predominantly due to the directors' decision to write-down the value of our Aspley Shopping Centre investment property on termination of a significant lease on the centre's tavern.

We were forced to take control of the venue as landlord in possession in March 2013. Through our hotel at Ashmore, we were in the fortunate position of drawing on the expertise of the management team to assist with the takeover, and which continues with supervision of day-to-day operations and administrative functions.

The takeover was achieved at short notice and not without its difficulties, but the venue is largely settled and we are seeing growth, particularly in the gaming room which is showing signs of reaching the performance levels that had been envisaged by the former lessee.

We remain confident that the highest and best use of these premises is as a tavern, and so have focussed our efforts on building all aspects of this business including gaming, bistro, bar and retail. Over coming months we will assess whether to secure a tenant for the premises on a long term lease, or run the venue ourselves, increasing our presence in the hotel industry and developing further our retail brand.

This experience provided an opportunity for our team to develop skills in taking over venues, skills that we had not previously had to call upon, and which will prove invaluable in future acquisitions of hotel properties.

## **Aspley**

Aspley Arcade and Aspley Central remains a combined very prime and coveted site. The combined property occupies a prominent position close to the intersection of Gympie Road, Robinson Road West and Gayford Streets with Gympie Road the major north-south arterial road linking the CBD with Brisbane's northern suburbs and the Bruce Highway.

As stated previously, this is a blue chip re-development site with very strong ability to sustain and grow income until the time comes when re-development or sale at an attractive price becomes inevitable.

The Aspley Hypermarket, situated immediately adjacent to our properties on Gayford St, was upgraded during the past year. Increased traffic flow to that centre is also benefiting ours, where we enjoy superior vehicular access, and ease of parking for customers of our retail tenants who are predominantly convenience traders.

Despite the risk that retail tenants approaching lease expiry might relocate to the newly refurbished centre, we are pleased to report that 7 tenants exercised their options through the year (including Ray White, Remax and Subway), two new tenants were secured adding new services to the centres mix, another tenant remains on a month to month basis while one of the 4 real estate agents left the centre.

Excluding the tavern and bottleshop tenancies which we are presently operating, 4 vacant retail shops remain across the combined centres representing 8.65% vacancy level. We are working with our agents, who have identified prospective tenants, to fill remaining vacancies, but in this tough retail climate, we are better than average.

Various works were undertaken at the Aspley centres during the year improving the presentation and the standard of common centre amenities, which will further assist leasing efforts.

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All in all, the Board remains happy with the performance of the Centres and of course the potential of the site is something that the Board feels sure the future will see significantly enhance the wealth and profitability of the company.

### **Bribie**

Bribie Harbour Shopping Centre continues to be a difficult property, with 6 vacant shops remaining, equating to 434 square metres or 10% of the centre.

We are committed to filling the Centre and all stops are out to achieve that, but Bribie is itself a difficult market.

Having regard for the physical location of the property, the configuration of the centre and the demographic of the catchment area, success of the centre will be determined by securing the right tenant mix, and maintaining appropriate rents. Securing additional health related uses (dentist, optician etc) will complement the existing medical centre, QML, physiotherapy and pharmacy tenants and will ensure the centre is a destination, increasing the attractiveness of the centre for retail and convenience uses.

While vacancy rates remain the same as last year, there has been activity in the centre. A lease on premises at the rear of the complex which had been vacant for more than a year was surrendered in January 2013. Meanwhile June 2013 saw the opening of a florist at the main entrance to the centre, improving the presentation and atmosphere at the centre. The business is reported to be trading beyond initial expectations, resulting in future stock orders being increased to meet local demand.

Other initiatives have been pursued in respect of this centre during the past year and as a result of these initiatives the board is more confident than ever that the coming year will see significant improvement in the tenancy mix and number.

### **Ashmore Tavern**

In recent years the Gold Coast economy has been adversely impacted by decreased tourism, from both domestic and international visitors, which in turn has seen reduced development activity and high unemployment. As the Australian dollar weakens, and once the political landscape settles we are confident that Gold Coast tourism will recover and in time return to former strength.

Local infrastructure projects are already underway and more planned in preparation for the 2018 Commonwealth Games, and this will boost employment and with it the local economy.

The Ashmore Tavern is a valuable and strategic asset. Situated on a significant 8,944 square metre allotment located on the busy roundabout intersection of Currumburra and Cotlew Streets, Ashmore, the site offers future development potential as well as a strong and improving Hotel income.

The Tavern's gaming room is expertly managed. We have an excellent team delivering unrivalled service accompanied by promotional activities and regular game upgrades to keep the room at the forefront. During the year, in addition to machine and game upgrades, the implementation of a gaming loyalty system in preparation for cashless gaming took place. These initiatives have been well received by patrons and so growth continues.

Since June 2013 five additional gaming authorities were acquired, increasing our room to the maximum number allowable. With new machines and a new local gaming link, these authorities will be operational by late September to keep the room in peak condition, and generating further revenue growth.

The Tavern's restaurant and bar have performed well in a very difficult market. Competition for restaurant patronage remains fierce, particularly from local clubs where unsustainably low price meals are offered by many. Food sales increased by 13% over the prior year and bar sales by 7.5% and we are starting to see customers moving between the gaming and restaurant which was not evident in prior years. We took a conscious decision to step away from heavily discounted meals in favour of reasonably priced quality meals, and this is starting to pay dividends.

A rejuvenation of the venue is considered necessary to deliver restaurant and bar growth in the coming years. We are presently working with renowned hotel architects to ensure that the Ashmore Tavern emerges, without overcapitalisation, as a destination venue while delivering much needed functional improvements to the kitchen and incorporating a family friendly area. By undertaking these

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improvements while the local economy is relatively quiet, the venue will be prepared for the growth that we are confident will come.

Retail liquor remains difficult and has been adversely impacted by road works once again, though to a far lesser degree. During the year liquor sales were bolstered by the commencement of the corporate division in September 2012, supplying stock to local restaurants and businesses. The corporate division is off to a good start in spite of the ongoing difficulties across the Gold Coast, and we are confident that this will be an area of growth in the coming year.

Tom Scherf and his team successfully met the challenge of the Publovers Tavern takeover at a time when operational staffing levels at Ashmore were structured for cost control, rather than for growth, and their efforts and commitment are greatly appreciated.

## **Debt**

Reduction of debt has continued to be a priority. Further repayment of borrowings of \$550,000 was achieved in the 2012-13 financial year assisted by reduced interest rates.

Tangible net asset backing per share fell to 11.2 cents as at June 2013, and this was again predominantly attributable to the directors' decision to write-down the value of the Aspley Shopping Centre property.

We remain well within the bank covenant requirements and while actively pursuing investment opportunities the board determined to surrender excess facility limits to reduce avoidable financing costs in the year ahead.

## **Future direction**

We will remain focussed on maintaining strong income, managing costs and diverting resources to improving our existing assets whilst at the same time looking for opportunities.

I would like to thank Tom Scherf, Kim Devine, Kristy Helmers, David Spackman and the dedicated and hardworking team at the Ashmore Tavern and also the staff at the Aspley Publovers Tavern. It has been a great effort by all and, on behalf of the board, I thank you for your contributions.

We have learned much over the past year which will see us well positioned to meet future opportunities as these arise and the business better resourced to be able to do so.

I am pleased to confirm Suzanne Jacobi-Lee's appointment as chief executive officer. While formally appointed to the role in June 2013, Suzanne capably assumed the vast majority of these responsibilities in May 2012. I have no doubt that we remain in good hands.

I would also like to take this opportunity to welcome Rhianna Mikkelsen who recently joined as chief financial officer.

Finally, I would like to thank my fellow directors for their accessibility and invaluable advice, our bankers for their ongoing support, and importantly I would like to once again thank all our loyal shareholders.



JM Ganim  
Chairman

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## Corporate directory

|   |   |
|---|---|
| <b>Directors</b>                                | Joseph Michael Ganim<br><i>Non-executive Chairman</i><br><br>Gilbert De Luca<br><br>Charles Russell McCart<br><br>Vernon Alan Wills |
| <b>Company secretary</b>                        | Leni Pia Stanley  |
| <b>Principal registered office in Australia</b> | c/- Hopgood Ganim Lawyers<br>Level 8, 1 Eagle Street<br>Brisbane Qld 4000<br>Telephone: (07) 3024 0000                              |
| <b>Principal place of business</b>              | Level 15, 10 Market Street<br>Brisbane Qld 4000<br>Telephone: (07) 3229 7222<br>Facsimile: (07) 3211 8222                           |
| <b>Share register</b>                           | c/- Computershare Registry Services Pty Limited<br>117 Victoria Street<br>West End Qld 4101<br>Telephone 1300 552 270               |
| <b>Auditor</b>                                  | Pitcher Partners<br>Level 30 Central Plaza One<br>345 Queen Street<br>Brisbane Qld 4000   |
| <b>Solicitors</b>                               | Hopgood Ganim Lawyers<br>Level 8, 1 Eagle Street<br>Brisbane Qld 4000<br>Telephone: (07) 3024 0000                                  |
| <b>Bankers</b>                                  | National Australia Bank<br>255 Adelaide Street<br>Brisbane Qld 4000   |
| <b>Stock exchange listing</b>                   | Eumundi Group Limited shares are listed on the<br>Australian Securities Exchange  |
| <b>Web site address</b>                         | <a href="http://www.eumundi-ltd.com.au">www.eumundi-ltd.com.au</a>  |

## 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 2013.

### 1. Directors

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

J M Ganim  
G De Luca  
V A Wills  
C R McCart

### 2. Principal activities

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

- (a) the operation of the Ashmore Tavern; and
- (b) the holding of investment properties

### 3. Dividends

No dividend was paid or declared by the group during or since the end of financial year ended 30 June 2013 (2012: \$nil).

### 4. Review of operations

#### Financial Results

Eumundi Group Limited recorded a loss after tax of \$1,285,000 for the year ended 30 June 2013 (2012: profit of \$178,000).

The current year profit includes a fair value decrement on revaluation of investment properties of \$3,361,000 (2012: decrement of \$1,188,000), primarily due to the write down in value attributed to a tavern lease in Aspley Shopping Centre which was terminated in March 2013.

Revenue of \$20,631,000 represents an increase of 6.5% compared to \$19,362,000 for the prior year.

Hotel operations for the group included the Aspley Shopping Centre tavern business operated as Landlord in Possession from early March 2013 until 30 June 2013. Hotel sales increased by 13% to \$11,549,000 in the current year from \$10,202,000 in 2012, while cost of sales of \$8,342,000 increased marginally when compared with the prior period (2012: \$7,306,000). Gaming revenue increased from \$3,851,000 to \$4,311,000 due to the Aspley tavern operation, Ashmore gaming upgrades and introduction of a gaming loyalty program.

Profit from investment properties of \$3,287,000 in the current year was \$559,000 below the profit of \$3,846,000 for the prior year due to termination of the tavern lease and periods of vacancy.

Other income of \$1,681,000 in the prior year included an amount of \$1,635,000 recognised in relation to settlement of an insurance claim on the loss by fire of the Home Hill investment property, offsetting impairment expense of \$1,446,000 recognised as a result of the destruction of the building.

Financing costs were \$2,162,000 in 2013 compared to \$2,678,000 in the previous year due to debt reductions of \$550,000 during the year and lower average interest rates during the current period as compared to the prior period average.

#### Financial Position

Net assets at 30 June 2013 were \$16,912,000, a decrease of 4.4% from \$17,693,000 at 30 June 2012 due to the write down of investment properties offset by the increased value of the Ashmore land and buildings.

Borrowings decreased from \$32,350,000 at 30 June 2012 to \$31,800,000 at 30 June 2013.

Net tangible asset backing was 11.2 cents per share at 30 June 2013 compared to 12.1 cents per share at 30 June 2012.

#### Dividends

The board consider that the capital growth of the company is essential and is committed to building the group's assets. Therefore it is not proposed to pay any dividends at this time.

### 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.

## 6. Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since 30 June 2013 that have significantly affected, or may significantly affect, the consolidated entity's operations in future financial years, the results of those operations in future financial years or the consolidated entity's state of affairs in future financial years.

## 7. Likely developments and expected results of operations

The group will continue to focus on improving existing assets and reducing debt levels, while continuing to search for appropriate investment opportunities that may exist in the current market where such investments will improve our asset portfolio.

## 8. Environmental regulation

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

## 9. Information on directors

### Joseph Michael Ganim – Non-executive chairman

Mr Ganim is a founding partner of Hopgood Ganim Lawyers, a leading Brisbane law firm and although now retired, consults to the firm. He is also a notary public. He graduated from the University of Queensland with a Bachelor of Laws degree in 1970, and is a solicitor of the Supreme Court of Queensland and the High Court of Australia. Mr Ganim joined the board as a non-executive director in 1989. Mr Ganim has served as a director of a number of ASX listed companies but in retirement from full time legal practice will retain only his position on the board of Eumundi as well as an advisory role to a number of large private companies.

#### *Special responsibilities:*

Member of the audit committee

### Gilbert De Luca – Non-executive director

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

#### *Special responsibilities:*

Member of the audit committee

### Vernon Alan Wills – Non-executive director

Mr Wills has an extensive background in areas of investment and finance in a broad range of industries including property, mining, IT and education, and is currently Executive Officer and Managing Director of Site Group Ltd. Mr Wills was previously Chair of Dark Blue Sea Ltd, Deputy Chair of Queensland government's Major Sports Facilities Authority, director of CITEC, Careers Australia Limited, Go-Talk Pty Ltd and Greg Norman Golf Foundation and served on the National Competition Policy – Queensland Liquor Review.

#### *Special responsibilities:*

Chairman of the audit committee

### Charles Russell McCart – Non-executive director

Mr McCart is Managing Director of Pacifica Developments and has over 30 years experience in all facets of property development in public companies such as AV Jennings and Mirvac, as well as his own private companies. Mr McCart holds a Bachelor of Business from QUT.

#### *Special responsibilities:*

Member of the audit committee

Except as noted above no director has been a director of another listed entity in the last 3 years.

## Interests of directors

| <i>Names of directors</i> | <i>Ordinary shares</i> | <i>Options</i> |
|---------------------------|------------------------|----------------|
| J M Ganim                 | 36,068,033             | -              |
| G De Luca                 | 20,190,436             | -              |
| V A Wills                 | -                      | -              |
| C R McCart                | -                      | -              |

## 10. Information on company secretary

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

## 11. Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2013, 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                | 3   | 2                 |
| G De Luca  | 11  | 11                | 3   | 2                 |
| V A Wills  | 11  | 11                | 3   | 3                 |
| C R McCart | 11  | 11                | 3   | 3                 |

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

## 12. Remuneration report

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

- A Principles used to determine the nature and amount of remuneration
- B Details of remuneration
- C Service agreements
- D Share-based compensation

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

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

#### Executives

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

The remuneration policy for executives and other senior employees in terms of cost, market competitiveness and the linking of remuneration to the financial and operational performance of the company is continually reviewed. Compensation in the form of cash bonuses is designed to reward key management personnel for meeting or exceeding financial and non-financial objectives. There are no fixed performance criteria. During the year the board assess the performance of individuals and where appropriate approve discretionary cash bonuses.

#### 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 company with the ability to attract and retain directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Non-executive director remuneration is determined within the aggregate directors' fee pool, which is periodically recommended for approval by shareholders. The latest determination was at an Annual General Meeting held on 24 November 2005 when shareholders approved an aggregate remuneration of \$250,000 per annum. The actual amount paid during the financial year ended 30 June 2013 was \$210,000 (2012: \$164,167).

#### Relationship to performance

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

|  | 2009    | 2010    | 2012  | 2012 | 2013    |
|--|---------|---------|-------|------|---------|
| Profit/(loss) after tax attributable to members (\$'000) | (4,183) | (3,482) | 1,854 | 178  | (1,285) |
| Dividends paid (\$'000)                                  | -       | -       | -     | -    | -       |
| Share price at end of year                               | 8¢      | 5¢      | 5¢    | 5.5¢ | 5¢      |

## 12. Remuneration report (cont)

### B. Details of remuneration

#### Amounts of remuneration

Details of the remuneration of each director of Eumundi Group Limited and each of the key management personnel of the company and the consolidated entity for the year ended 30 June 2013 are set out in the following tables.

|                                       | Short term employee benefits |              | Post-employment benefits | Long Term Benefits | Share based payments | Total   | % Performance based |
|---------------------------------------|------------------------------|--------------|--------------------------|--------------------|----------------------|---------|---------------------|
|                                       | Cash salary and fees*        | Cash bonuses | Non-cash benefits        | Super-annuation    | Long Service Leave   | Options |                     |
| 2013                                  | \$                           | \$           | \$                       | \$                 | \$                   | \$      | %                   |
| <b>Directors</b>                      |                              |              |                          |                    |                      |         |                     |
| J M Ganim                             | 55,046                       | -            | -                        | 4,954              | -                    | 60,000  | -                   |
| G De Luca                             | 45,872                       | -            | -                        | 4,128              | -                    | 50,000  | -                   |
| V A Wills                             | 50,000                       | -            | -                        | -                  | -                    | 50,000  | -                   |
| C R McCart <sup>(3)</sup>             | 50,000                       | -            | -                        | -                  | -                    | 50,000  | -                   |
| <b>Total</b>                          | 200,918                      | -            | -                        | 9,082              | -                    | 210,000 |                     |
| <b>Other key management personnel</b> |                              |              |                          |                    |                      |         |                     |
| L Stanley                             | 15,000                       | -            | -                        | -                  | -                    | 15,000  | -                   |
| S Jacobi-Lee <sup>(1)</sup>           | 175,966                      | 20,000       | 3,154                    | 14,036             | 6,048                | 219,204 | 9.1%                |
| R Mikkelsen <sup>(2)</sup>            | 2,293                        | -            | -                        | 189                | -                    | 2,482   | -                   |
| <b>Total</b>                          | 193,259                      | 20,000       | 3,154                    | 14,225             | 6,048                | 236,686 |                     |
| <b>2012</b>                           |                              |              |                          |                    |                      |         |                     |
| <b>Directors</b>                      |                              |              |                          |                    |                      |         |                     |
| J M Ganim                             | 55,046                       | -            | -                        | 4,954              | -                    | 60,000  | -                   |
| G De Luca                             | 45,872                       | -            | -                        | 4,128              | -                    | 50,000  | -                   |
| V A Wills                             | 50,000                       | -            | -                        | -                  | -                    | 50,000  | -                   |
| M B Peacock <sup>(4)</sup>            | 175,013                      | -            | 4,081                    | 13,200             | -                    | 192,294 | -                   |
| C R McCart <sup>(3)</sup>             | 4,167                        | -            | -                        | -                  | -                    | 4,167   | -                   |
| <b>Total</b>                          | 330,098                      | -            | 4,081                    | 22,282             | -                    | 356,461 |                     |
| <b>Other key management personnel</b> |                              |              |                          |                    |                      |         |                     |
| L Stanley                             | 15,000                       | -            | -                        | -                  | -                    | 15,000  | -                   |
| S Jacobi-Lee <sup>(1)</sup>           | 164,724                      | 10,000       | 1,272                    | 14,037             | 20,960               | 210,993 | 4.7%                |
| <b>Total</b>                          | 179,724                      | 10,000       | 1,272                    | 14,037             | 20,960               | 225,993 |                     |

\* Amounts disclosed include leave entitlement accrued during the year

(1) S Jacobi-Lee was appointed as chief executive officer on 21 June 2013, prior to that date she held the position of chief financial officer.

(2) R Mikkelsen was appointed as chief financial officer on 24 June 2013.

(3) C R McCart was appointed as non-executive director on 31 May 2012.

(4) M Peacock was appointed managing director on 2 September 2010, at which time he held the position of chief executive officer, and resigned as at 31 May 2012.

There were no other executives in the current or prior year.

Eumundi Group Limited's resolution put forward at the 2012 annual general meeting proposing that the remuneration report be adopted received 86% "yes" votes. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

**12. Remuneration report (cont)****C. Service agreements***L Stanley (company secretary)*

Ms Stanley is paid for company secretarial and accounting services through a partnership of which she is a member based on normal commercial terms and conditions. This agreement can be terminated by either party with 14 days notice.

*S Jacobi-Lee (chief executive officer)*

Ms Jacobi-Lee receives a salary package of \$191,800 pa inclusive of superannuation, and 3 months notice is required in the event of termination.

*R Mikkelsen (chief financial officer)*

Ms Mikkelsen receives a salary package of \$110,000 pa inclusive of superannuation, and subject to completing a 6 month probationary period, 3 months notice is required in the event of termination.

**D. Share-based compensation**

There have been no share based payment benefits, vested or exercised, or granted as compensation during the year (2012: nil).

**13. Shares under option**

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

**14. Shares issued on exercise of options**

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

**15. Insurance of officers**

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

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

**16. Proceedings on behalf of the company**

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

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

**17. Non-audit services**

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

Details of the amounts paid or payable to the auditor (Pitcher Partners - formerly named Johnston Rorke) for audit and non-audit services provided during the year are provided below.

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

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

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## Directors' report (continued)

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

|                              | Consolidated |        |
|------------------------------|--------------|--------|
|                              | 2013         | 2012   |
|                              | \$           | \$     |
| <b>Pitcher Partners</b>      |              |        |
| Taxation compliance services | 8,930        | 10,400 |

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

### 18. Rounding of amounts

This company is a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that class order 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 29<sup>th</sup> day of August 2013.



# PITCHER PARTNERS

ACCOUNTANTS • AUDITORS • ADVISORS

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Pitcher Partners is an association of  
independent firms  
Brisbane | Melbourne | Sydney | Perth | Adelaide

ROSS WALKER  
KEN OGDEN  
NIGEL FISCHER  
TERESA HOOPER  
MARK NICHOLSON  
PETER CAMENZULI  
JASON EVANS  
CHRIS BALL  
IAN JONES  
KYLIE LAMPRECHT  
NORMAN THURECHT  
BRETT HEADRICK  
WARWICK FACE  
NIGEL BATTERS

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

### Auditor's Independence Declaration

As lead auditor for the audit of Eumundi Group Limited for the year ended 30 June 2013, 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

RCN WALKER  
Partner

Brisbane, Queensland  
29 August 2013



**Consolidated Statement of Comprehensive Income**  
For the year ended 30 June 2013

|   | <b>Notes</b> | <b>2013<br/>\$'000</b> | <b>2012<br/>\$'000</b> |
|---|--------------|------------------------|------------------------|
| <b>Revenue from continuing operations</b>                                 | 5            | 20,631                 | 19,362                 |
| Other income  | 6            | -                      | 1,681                  |
| <b>Expenses</b>   |              |                        |                        |
| Purchase of inventories   |              | (8,028)                | (7,534)                |
| Change in inventories   |              | (314)                  | 228                    |
| Employee benefits expense   |              | (2,923)                | (2,812)                |
| Depreciation and amortisation   |              | (407)                  | (387)                  |
| Insurance   |              | (94)                   | (75)                   |
| Operating lease rentals   |              | (318)                  | (351)                  |
| Rates and taxes   |              | (98)                   | (99)                   |
| Outgoings – investment properties   |              | (1,013)                | (996)                  |
| Impairment of investment property – Home Hill (fire)                      | 16           | -                      | (1,446)                |
| Net loss on fair value adjustment - investment properties                 | 16           | (3,361)                | (1,188)                |
| Gaming machine tax  |              | (2,061)                | (1,805)                |
| Finance costs   |              | (2,162)                | (2,678)                |
| Other expenses  |              | (1,704)                | (1,665)                |
| Total expenses  | 7            | <u>(22,483)</u>        | <u>(20,808)</u>        |
| <b>Profit/(loss) before income tax</b>                                    |              | (1,852)                | 235                    |
| Income tax (expense)/benefit  | 8            | <u>567</u>             | <u>(57)</u>            |
| <b>Profit/(loss) for the year</b>   |              | <b><u>(1,285)</u></b>  | <b><u>178</u></b>      |
| <b>Other comprehensive income</b>   |              |                        |                        |
| <i>Items that may be reclassified subsequently to profit or loss</i>      |              |                        |                        |
| Fair value losses on available-for-sale financial assets                  |              | (6)                    | (7)                    |
| Transfers to profit and loss  |              | 9                      | -                      |
| Income tax on items of other comprehensive income                         |              | <u>2</u>               | <u>2</u>               |
| Other comprehensive income for the period, net of tax                     |              | <u>5</u>               | <u>(5)</u>             |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |              |                        |                        |
| Fair value revaluation of land and buildings                              |              | 712                    | -                      |
| Income tax on items of other comprehensive income                         |              | <u>(213)</u>           | <u>-</u>               |
| Other comprehensive income for the period, net of tax                     |              | <u>499</u>             | <u>-</u>               |
| <b>Total comprehensive income for the year</b>                            |              | <b><u>(781)</u></b>    | <b><u>173</u></b>      |
| <b>Earnings per share:</b>  |              | <b>Cents</b>           | <b>Cents</b>           |
| Basic & diluted earnings/(loss) per share                                 | 34           | (0.9)                  | 0.12                   |

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 2013

|                                     | Notes | 2013<br>\$'000 | 2012<br>\$'000 |
|-------------------------------------|-------|----------------|----------------|
| <b>ASSETS</b>                       |       |                |                |
| CURRENT ASSETS                      |       |                |                |
| Cash and cash equivalents           | 9     | 972            | 684            |
| Trade and other receivables         | 10    | 395            | 100            |
| Inventories                         | 11    | 1,592          | 1,278          |
| Available-for-sale financial assets | 12    | -              | 8              |
| Held-to-maturity investments        | 13    | 36             | 40             |
| Other assets                        | 14    | 362            | 248            |
| TOTAL CURRENT ASSETS                |       | 3,357          | 2,358          |
| NON-CURRENT ASSETS                  |       |                |                |
| Property, plant and equipment       | 15    | 9,917          | 8,892          |
| Investment properties               | 16    | 36,650         | 39,900         |
| Held-to-maturity investments        | 17    | 22             | 53             |
| Deferred tax assets                 | 18    | 886            | 442            |
| Intangible assets                   | 19    | 72             | 74             |
| TOTAL NON-CURRENT ASSETS            |       | 47,547         | 49,361         |
| TOTAL ASSETS                        |       | 50,904         | 51,719         |
| <b>LIABILITIES</b>                  |       |                |                |
| CURRENT LIABILITIES                 |       |                |                |
| Trade and other payables            | 20    | 1,945          | 1,488          |
| Borrowings                          | 21    | -              | 870            |
| Income tax payable                  |       | 66             | 114            |
| Provisions                          | 22    | 242            | 204            |
| TOTAL CURRENT LIABILITIES           |       | 2,253          | 2,676          |
| NON-CURRENT LIABILITIES             |       |                |                |
| Borrowings                          | 23    | 31,739         | 31,350         |
| TOTAL NON-CURRENT LIABILITIES       |       | 31,739         | 31,350         |
| TOTAL LIABILITIES                   |       | 33,992         | 34,026         |
| <b>NET ASSETS</b>                   |       | 16,912         | 17,693         |
| <b>EQUITY</b>                       |       |                |                |
| Contributed equity                  | 24    | 11,038         | 11,038         |
| Reserves                            | 25    | 3,558          | 3,054          |
| Retained profits                    | 25    | 2,316          | 3,601          |
| <b>TOTAL EQUITY</b>                 |       | 16,912         | 17,693         |

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 2013

|  | Notes | Contributed equity<br>\$'000 | Revaluation surplus<br>\$'000 | Retained earnings<br>\$'000 | Total<br>\$'000 |
|--|-------|------------------------------|-------------------------------|-----------------------------|-----------------|
| <b>Balance at 1 July 2011</b>  |       | 11,038                       | 3,059                         | 3,423                       | 17,520          |
| Profit for the year  |       | -                            | -                             | 178                         | 178             |
| Changes in fair value of available-for-sale financial assets – gross | 12    | -                            | (7)                           | -                           | (7)             |
| Income tax relating to components of other comprehensive income      | 8     | -                            | 2                             | -                           | 2               |
| Total comprehensive income for the period                            |       | -                            | (5)                           | 178                         | 173             |
| <b>Balance at 30 June 2012</b>                                       |       | 11,038                       | 3,054                         | 3,601                       | 17,693          |
| Profit for the year  |       | -                            | -                             | (1,285)                     | (1,285)         |
| Changes in fair value of available-for-sale financial assets – gross | 12    | -                            | (6)                           | -                           | (6)             |
| Transfers to profit & loss   |       | -                            | 9                             | -                           | 9               |
| Revaluation of land and buildings - gross                            |       | -                            | 712                           | -                           | 712             |
| Income tax relating to components of other comprehensive income      | 8     | -                            | (211)                         | -                           | (211)           |
| Total comprehensive income for the period                            |       | -                            | 504                           | (1,285)                     | (781)           |
| <b>Balance at 30 June 2013</b>                                       |       | 11,038                       | 3,558                         | 2,316                       | 16,912          |

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 2013

|   | Notes | 2013<br>\$'000 | 2012<br>\$'000 |
|---|-------|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                 |       |                |                |
| Receipts from customers                                     |       | 22,456         | 23,685         |
| Payments to suppliers and employees                         |       | (18,762)       | (17,265)       |
| Interest received   |       | 59             | 36             |
| Finance costs   |       | (2,093)        | (2,670)        |
| Income tax paid   |       | (139)          | (12)           |
| Income tax refunds received                                 |       | -              | 36             |
| Receipts from other debtors                                 |       | -              | 150            |
| <b>Net cash inflows from operating activities</b>           | 32    | <u>1,521</u>   | <u>3,960</u>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                 |       |                |                |
| Loan to third party   |       | (428)          | -              |
| Payments for investment properties                          |       | -              | (66)           |
| Payments for property, plant & equipment                    |       | (290)          | (247)          |
| Receipts from held-to-maturity investments                  |       | 35             | -              |
| <b>Net cash outflows from investing activities</b>          |       | <u>(683)</u>   | <u>(313)</u>   |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                 |       |                |                |
| Proceeds from borrowings                                    |       | 2,400          | 700            |
| Repayment of borrowings                                     |       | (2,950)        | (4,600)        |
| <b>Net cash outflows from financing activities</b>          |       | <u>(550)</u>   | <u>(3,900)</u> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |       | 288            | (253)          |
| Cash and cash equivalents at beginning of year              |       | <u>684</u>     | <u>937</u>     |
| <b>Cash and cash equivalents at end of year</b>             | 9     | <u>972</u>     | <u>684</u>     |

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

**1. Summary of significant accounting policies**

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements relate to the consolidated entity of Eumundi Group Limited and its subsidiaries. Limited financial information for the parent entity, however, is disclosed in note 26. It has been prepared on the same basis as the consolidated financial statements, as set out below.

**(a) Basis of preparation**

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

*Compliance with IFRS's*

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

*Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities (including derivative instruments) at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

*Critical accounting estimates*

The preparation of 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 3.

*Changes in Accounting Standards and Regulatory requirements*

There are a number of new and amended Accounting Standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2012. 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 mandatory new and amended Accounting Standards adopted, other than the amendments to AASB101 Presentation of Financial Statements, effective 1 July 2012 which now requires the statement of comprehensive income to show the items of comprehensive income grouped into those that are not permitted to be reclassified to profit or loss in a future period and those that may have to be reclassified if certain conditions are met.

**(b) Principles of consolidation***(i) Subsidiaries*

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eumundi Group Limited ("company" or "parent entity") as at 30 June 2013 and the results of all subsidiaries for the year then ended. Eumundi Group Limited and its subsidiaries together are referred to in the financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

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

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

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

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

Investments in subsidiaries are accounted for at cost in the separate financial statements of Eumundi Group Limited.

**1. Summary of significant accounting policies (continued)****(b) Principles of consolidation (continued)***(ii) Changes in ownership interests*

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

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

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

**(c) Segment reporting**

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

**(d) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, and amounts collected on behalf of third parties.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be measured reliably. Risks and rewards of ownership are considered passed to the buyer at the time of delivery of the goods to the customer.

Rental income from operating leases is recognised in income on a straight-line basis over the lease term.

Revenue from gaming machines is recognised on the basis of daily takings net of jackpot liability movement.

Interest revenue is recognised as the interest accrues (using the effective interest rate method).

**1. Summary of significant accounting policies (continued)****(e) Income tax**

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

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

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

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.

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

*Tax consolidation legislation*

Eumundi Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

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

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

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in note 8.

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

**1. Summary of significant accounting policies (continued)****(f) Leases**

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the assets useful life or over the shorter of the assets useful life or the lease term if there is no reasonable certainty that the lessee will obtain ownership at the end of the lease term.

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

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

**(g) Business combinations**

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

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

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

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

**(h) Impairment of assets**

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

**(i) Cash and cash equivalents**

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



**1. Summary of significant accounting policies (continued)****(j) Trade and other receivables**

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts. Trade and other receivables, excluding the amounts owing by Foster's Group Limited and subsidiaries, are due for settlement no more than 30 days from the date of recognition.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in profit or loss.

**(k) Inventories**

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

**(l) Investments and other financial assets**

The group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired.

The group holds no financial assets at fair value through profit or loss.

*(i) Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the period end, which are classified as non-current assets.

*(ii) Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the group's management has the positive intention and ability to hold to maturity.

*(iii) Available-for-sale financial assets*

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the period end.

Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method. Gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in profit or loss in the period in which they arise. Gains and losses arising from changes in the fair value of securities classified as available-for-sale are recognised in other comprehensive income. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss as gains and losses from investment securities.

The group assesses at each period end whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on the financial asset previously recognised in profit or loss is reclassified from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

**1. Summary of significant accounting policies (continued)**

**(m) Fair value estimation**

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the period end date. The quoted market price used for financial assets held by the group is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values.

**(n) Property, plant and equipment**

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

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

Increases in the carrying amounts arising on revaluation of land and buildings are recognised, net of tax, in other comprehensive income and accumulated in reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit or loss. Decreases that reverse previous increases of the same asset are first recognised in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based upon the asset's original cost, net of tax, is reclassified from the property, plant and equipment revaluation surplus to retained earnings.

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 certain leased plant and equipment, the shorter lease term as follows:

|                     |            |
|---------------------|------------|
| Buildings           | 40 years   |
| Plant and equipment | 3-10 years |

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

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

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

**(o) Investment property**

Investment property, principally comprising freehold retail buildings, is held for long-term rental yields and is not occupied by the group. Investment property is 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).

**1. Summary of significant accounting policies (continued)****(p) Intangible assets***(i) Hotel licences*

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

*(ii) Gaming licences*

Gaming licences have an infinite useful life and are carried at cost less any impairment losses. Intangible assets with an indefinite useful life are reviewed annually for any indications of impairment and impairment losses are accounted for in accordance with accounting policy 1(h).

**(q) Trade and other payables**

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

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

**(r) Employee benefits***(i) Short-term obligations*

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

*(ii) Other long-term benefit obligations*

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is 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 on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

*(iii) Retirement benefit obligations*

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

**(s) Borrowings**

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

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

**(t) Contributed equity**

Ordinary shares are classified as equity.

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

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

**1. Summary of significant accounting policies (continued)**

**(u) Earnings per share**

*(i) Basic earnings per share*

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

*(ii) Diluted earnings per share*

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

**(v) Dividends**

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

**(w) Financial guarantee contracts**

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of the amount determined in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets and the amount initially recognised less cumulative amortisation, where appropriate.

The fair value of financial guarantees is determined as the present value of the difference in net cash flows between the contractual payments under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries or associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

**(x) 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.

**(y) Rounding of amounts**

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 financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

**(z) New accounting standards and interpretations**

Relevant accounting standards and interpretations that have recently been issued or amended but are not yet effective and have not been adopted for the year are as follows:

| <b>Standard/Interpretation</b>  | <b>Application date of standard</b> | <b>Application date for the Group</b> |
|---|-------------------------------------|---------------------------------------|
| AASB 9 <i>Financial Instruments – revised</i> and consequential amendments to other accounting standards resulting from its issue | 1 Jan 2015                          | 1 Jul 2015                            |
| AASB 10 <i>Consolidated Financial Statements</i> (including AASB2012-10 amendments)   | 1 Jan 2013                          | 1 Jul 2013                            |
| AASB 11 <i>Joint Arrangements</i>   | 1 Jan 2013                          | 1 Jul 2013                            |
| AASB 12 <i>Disclosure of Interests in Other Entities</i>  | 1 Jan 2013                          | 1 Jul 2013                            |
| AASB 127 <i>Separate Financial Statements - revised</i>   | 1 Jan 2013                          | 1 Jul 2013                            |
| AASB 128 <i>Investments in Associates and Joint Ventures - revised</i>  | 1 Jan 2013                          | 1 Jul 2013                            |
| AASB 13 <i>Fair Value Measurement</i>   | 1 Jan 2013                          | 1 Jul 2013                            |

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 1. Summary of significant accounting policies (continued)

#### (z) New accounting standards and interpretation (continued)

| Standard/Interpretation  | Application date of standard | Application date for the Group |
|--|------------------------------|--------------------------------|
| AASB 2011-4 <i>Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements</i> | 1 Jul 2013                   | 1 Jul 2013                     |
| AASB 119 <i>Employee Benefits – revised</i>  | 1 Jan 2013                   | 1 Jul 2013                     |
| AASB 2012-2 <i>Amendments to Australian Accounting Standards – Disclosures - Offsetting Financial Assets and Financial Liabilities</i> | 1 Jan 2013                   | 1 Jul 2013                     |
| AASB 2012-3 <i>Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities</i>               | 1 Jan 2014                   | 1 Jul 2014                     |
| AASB 2012-5 <i>Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle</i>                      | 1 Jan 2013                   | 1 Jul 2013                     |
| AASB 2013-3 <i>Amendments to AASB136 – Recoverable Amount Disclosures for Non-Financial Assets</i>                                     | 1 Jan 2014                   | 1 Jul 2014                     |
| AASB 2013-4 <i>Amendments to Australian Accounting Standards – Novation of Derivative and Continuation of Hedge Accounting</i>         | 1 Jan 2014                   | 1 Jul 2014                     |
| Interpretation 21 <i>Levies</i>  | 1 Jan 2014                   | 1 Jul 2014                     |

The Directors anticipate that the adoption of these Standards and Interpretations in future years may have the following impacts:

AASB 9 – This revised standard provides guidance on the classification and measurement of financial assets, which is the first phase of a multi-phase project to replace AASB 139 *Financial Instruments: Recognition and Measurement*. Under the new guidance, a financial asset is to be measured at amortised cost only if it is held within a business model whose objective is to collect contractual cash flows and the contractual terms of the asset give rise on specified dates to cash flows that are payments solely of principal and interest (on the principal amount outstanding). All other financial assets are to be measured at fair value. Changes in the fair value of investments in equity securities that are not part of a trading activity may be reported directly in equity, but upon realisation those accumulated changes in value are not recycled to the profit or loss. Changes in the fair value of all other financial assets carried at fair value are reported in the profit or loss. There will be no impact to the Group as held-to-maturity assets will have been settled in full at the time this standard takes effect.

In the second phase of the replacement project, the revised standard incorporates amended requirements for the classification and measurement of financial liabilities. The new requirements pertain to liabilities at fair value through profit or loss, whereby the portion of the change in fair value related to changes in the entity's own credit risk is presented in other comprehensive income rather than profit or loss. There will be no impact on the Group's accounting for financial liabilities, as the Group does not have any liabilities at fair value through profit or loss.

AASB 10, AASB 11, AASB 12, AASB 127 and AASB 128 – These new and revised standards are a suite of five standards dealing with consolidation, joint venture arrangements and related disclosures. The main features are –

- AASB 10 – Introduces a new control model and replaces parts of AASB 127 *Consolidated and Separate Financial Statements*. The new model broadens the situations when an entity is considered to be controlled and is likely to lead to more entities being consolidated.
- AASB 11 – Replaces AASB131 *Interests in Joint Ventures* and uses the principle of control from AASB 10 to define joint control. It also removes the option to account for jointly controlled entities using proportionate consolidation.
- AASB 12 – Requires disclosure of information pertaining to an entity's interests in subsidiaries, joint arrangement, associates and structures entities, including significant judgements and assumptions.
- AASB 127 – This amended standard deals only with separate financial statements, with the consolidated financial statement requirements having moved to AASB 10. It carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications.
- AASB 128 – Only limited amendments have been made to this standard including accounting for associates and joint ventures held for sale and changes in interests held in associates and joint ventures.

There will be no impact on the Group as all subsidiaries are fully owned, there are no joint ventures and no other arrangements exist which would meet the criteria of control.

**1. Summary of significant accounting policies (continued)**

AASB 13 – The new standard replaces the fair value measurement guidance contained in the various standards. It provides guidance on how to determine fair value by defining fair value and providing a framework for measurement, but does not change when an entity is required to determine fair value. It also expands the disclosures required when fair value is used, by introducing a fair value hierarchy similar to that required for disclosures pertaining to financial instruments. The application of the standard is not expected to have a significant impact upon the group, as it does not change the way fair value is derived for the Group's assets and liabilities carried at fair value, and the majority of proposed disclosures around fair value measurement are already being made in the Group's annual financial report.

AASB 2011-4 – This amendment proposes the removal of individual key management personnel (KMP) disclosure requirements from AASB124. This is to eliminate replication with the *Corporations Act 2001* and achieve consistency with the international equivalent standard. The KMP disclosures will be reduced as a result of these amendments, but there will be no impact on the amounts recognised in the financial statements.

AASB 119 – These amendments introduce various modifications including changes to the measurement of defined benefit plans, change in the timing for recognition of termination benefits and amends the definition of short-term and other long-term employee benefits. The initial application of the standard by the Group is unlikely to result in material adjustments.

AASB 2012-2 and AASB 2012-3 – The amendments to AASB132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the balance sheet. The amendments to AASB 7 increase the disclosure about offset positions, including the gross position and the nature of the arrangements. There will be no impact to the Group as it does not have agreements involving legally enforceable right to set-off financial assets and financial liabilities.

AASB 2012-5 – These amendments introduce various changes to AASBs. The main changes deal with comparative disclosure requirements on a change in accounting policy or correction of error. Therefore there is not expected to be any impact on the Group arising from the initial application of this standard.

AASB 2013-3 – These amendments introduce additional disclosure requirements where the recoverable amount of impaired assets is based on fair value less cost of disposal. There will be no impact on the Group's disclosures as the Group does not determine the recoverable amounts of impaired asset using fair value less cost of disposal.

AASB 2013-4 – These amendments to AASB139 permit the continuation of hedge accounting in circumstances where a derivative, which has been designated as a hedging instrument, is novated from one counterparty to a central counterparty as a consequence of laws or regulations. There will be no impact on the Group as it does not hold hedging instruments.

Interpretation 21 – This interpretation clarifies the circumstances which a liability to pay a levy imposed by a government, other than for income taxes and fines/breaches imposed for breaches of legislation, should be recognised, and whether that liability should be recognised in full at a specific date or progressively over a period of time. The proposed requirements under interpretation 21 are consistent with those already applied by the Group, and accordingly the application of this interpretation is not expected to have an impact on the Group.

**(aa) General**

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

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

Principal places of business:

- Ashmore Tavern, Cnr of Cotlew St and Currumburra Rd, Ashmore Qld 4214
- Level 15, 10 Market Street, Brisbane Qld 4000

Registered office:

Level 8, 1 Eagle Street, Brisbane Qld 4000

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 2. Financial risk management

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

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

The group holds the following financial instruments:

|                                     | <b>Consolidated</b> |               |
|-------------------------------------|---------------------|---------------|
|                                     | <b>2013</b>         | <b>2012</b>   |
|                                     | <b>\$'000</b>       | <b>\$'000</b> |
| <b>Financial assets</b>             |                     |               |
| Cash and cash equivalents*          | 972                 | 684           |
| Trade and other receivables*        | 395                 | 100           |
| Held-to-maturity investments        | 58                  | 93            |
| Available-for-sale financial assets | -                   | 8             |
|                                     | <u>1,425</u>        | <u>885</u>    |
| <b>Financial liabilities</b>        |                     |               |
| Trade and other payables**          | 1,945               | 1,488         |
| Borrowings**                        | 31,739              | 32,220        |
|                                     | <u>33,684</u>       | <u>33,708</u> |

\*Loans and receivables category

\*\* Financial liabilities at amortised cost category

Refer to note 23(a) for information on assets pledged as security by the group.

#### (a) Market risk

##### *Currency risk*

The group has no exposure to currency risk.

##### *Price risk*

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

##### *Interest rate risk*

The group's interest rate risk primarily arises from long term borrowings. 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.

As at the end of each reporting period, the group had the following variable rate borrowings outstanding:

|               | <b>30 June 2013</b>                   |                       | <b>30 June 2012</b>                   |                       |
|---------------|---------------------------------------|-----------------------|---------------------------------------|-----------------------|
|               | <b>Weighted average interest rate</b> | <b>Balance \$'000</b> | <b>Weighted average interest rate</b> | <b>Balance \$'000</b> |
| Bills payable | 5.95%                                 | 31,739                | 6.50%                                 | 32,220                |

##### *Sensitivity*

At 30 June 2013, 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 (2012 – change of 100 bps: \$226,000 lower/ higher), mainly as a result of a change in interest expense from borrowings.

**2. Financial risk management (continued)**

**(b) Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks as well as credit exposures to 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 losses.

The group extends credit only to recognised, creditworthy third parties. In addition, receivable balances are monitored on a continual basis. The group's exposure to bad debts is not significant.

At balance date, the group had exposure to a lease debtor in the amount of \$275,000 of which \$137,500 has been received since 30 June 2013 and the balance due on 31 October 2013. The full amount of the remaining receivable is secured by guarantees.

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 and Westpac Banking Corporation.

**(c) Liquidity risk**

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

As at 30 June 2013, no amount of the group's debt will be payable in the next 12 months (2012: 3.1%).

*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.

| <b>At 30 June 2013</b>   | <b>Less than 6 months</b> | <b>6-12 months</b> | <b>Between 1-2 years</b> | <b>Total contractual cash flows</b> | <b>Carrying amount</b> |
|--------------------------|---------------------------|--------------------|--------------------------|-------------------------------------|------------------------|
| <b>Non-derivatives</b>   | <b>\$'000s</b>            | <b>\$'000s</b>     | <b>\$'000s</b>           | <b>\$'000s</b>                      | <b>\$'000s</b>         |
| Trade and other payables | 1,945                     | -                  | -                        | 1,945                               | 1,945                  |
| Commercial bills         | 946                       | 946                | 32,219                   | 34,111                              | 31,739                 |
| <b>Total</b>             | <b>2,891</b>              | <b>946</b>         | <b>32,219</b>            | <b>36,056</b>                       | <b>33,684</b>          |

  

| <b>At 30 June 2012</b>   | <b>Less than 6 months</b> | <b>6-12 months</b> | <b>Between 1-2 years</b> | <b>Total contractual cash flows</b> | <b>Carrying amount</b> |
|--------------------------|---------------------------|--------------------|--------------------------|-------------------------------------|------------------------|
| <b>Non-derivatives</b>   | <b>\$'000s</b>            | <b>\$'000s</b>     | <b>\$'000s</b>           | <b>\$'000s</b>                      | <b>\$'000s</b>         |
| Trade and other payables | 1,488                     | -                  | -                        | 1,488                               | 1,488                  |
| Commercial bills         | 1,286                     | 1,269              | 31,781                   | 34,336                              | 32,220                 |
| <b>Total</b>             | <b>2,774</b>              | <b>1,269</b>       | <b>31,781</b>            | <b>35,824</b>                       | <b>33,708</b>          |

**(d) Fair Value Estimation**

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

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



**3. Critical accounting estimates and judgements**

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

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

The group has investment properties with a carrying amount of \$36,650,000 (2012: \$39,900,000), and land and buildings (included in property, plant & equipment) with a carrying amount of \$8,860,000 (2012: \$8,260,000) representing estimated fair value. These carrying amounts are based upon either independent valuations or on directors' valuations.

The fair value is the price at which the property could be exchanged between knowledgeable willing parties, in an arm's length transaction. A "willing seller" is not a forced seller prepared to sell at any price. Best evidence of fair value is given by current prices in an active market for similar property in the same location and condition.

In determining the fair value of investment properties the capitalisation rate of net market income method and discounting of future cash flows to their present value has been used. These approaches require assumptions and judgement in relation to the future receipt of contractual rentals, expected future market rentals, void periods, maintenance requirements, property capitalisation rate or estimated yield and make reference to market evidence of transaction prices for similar properties. If such prices are not available then the fair market of investment properties is determined using assumptions that are mainly based on market conditions existing at each balance date. These assumptions include:

- weighted average capitalisation rates of 9.35% (2012: 9.07%).
- weighted average perpetual vacancy rates of 5% (2012: 5.14%).
- weighted average lease term based upon gross leased area of 5.3 years (2012: 5.7 years).

The fair value of land and buildings has been determined as part of the overall assessment of the value of the Tavern operation as a going concern using a capitalisation of estimated maintainable earnings (using a yield of 11.00% (2012: 11.00%) in conjunction with recent market sales.

**4. Segment information****Description of segments**

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

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

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

**Reportable segments***Hotel operations*

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

*Investment property operations*

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

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 4. Segment information (continued)

#### Basis of accounting for purposes of reporting by operating segments

##### *Accounting policies adopted*

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

##### *Inter-segment transactions*

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

##### *Segment assets and liabilities*

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

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

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

##### *Unallocated items*

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

|  | Hotel<br>operations | Investment<br>Property | Total   |
|--|---------------------|------------------------|---------|
| 2013   | \$'000              | \$'000                 | \$'000  |
| <b>Revenue</b>                                 |                     |                        |         |
| Total sales revenue                            | 15,860              | 4,300                  | 20,160  |
| Other revenue                                  | 412                 | -                      | 412     |
| Total segment revenue                          | 16,272              | 4,300                  | 20,572  |
| Interest revenue                               |                     |                        | 59      |
| Total revenue                                  |                     |                        | 20,631  |
| <b>Results</b>                                 |                     |                        |         |
| Segment results                                | 963                 | 3,287                  | 4,250   |
| Finance expenses                               |                     |                        | (2,162) |
| Unallocated revenue less unallocated expenses  |                     |                        | (579)   |
| Fair value adjustment on investment properties |                     |                        | (3,361) |
| Loss before income tax                         |                     |                        | (1,852) |
| Income tax expense                             |                     |                        | 567     |
| Loss for the year                              |                     |                        | (1,285) |
| <b>Assets</b>                                  |                     |                        |         |
| Segment assets                                 | 12,617              | 36,960                 | 49,577  |
| Tax asset                                      |                     |                        | 886     |
| Unallocated assets                             |                     |                        | 441     |
| Total assets                                   |                     |                        | 50,904  |
| Depreciation and amortisation                  | 401                 | -                      | 401     |
| Unallocated                                    |                     |                        | 6       |
| Total depreciation and amortisation            |                     |                        | 407     |

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 4. Segment information (continued)

|  | Hotel<br>operations | Investment<br>Property | Total   |
|--|---------------------|------------------------|---------|
|  | \$'000              | \$'000                 | \$'000  |
| <b>2012</b>  |                     |                        |         |
| <b>Revenue</b>                                       |                     |                        |         |
| Total sales revenue                                  | 14,054              | 4,842                  | 18,896  |
| Other revenue  | 428                 | -                      | 428     |
| Total segment revenue                                | 14,482              | 4,842                  | 19,324  |
| Insurance claim – Home Hill (fire)                   |                     |                        | 1,635   |
| Gain on disposal available-for-sale financial assets |                     |                        | 46      |
| Interest revenue                                     |                     |                        | 38      |
| Total revenue  |                     |                        | 21,043  |
| <b>Results</b>                                       |                     |                        |         |
| Segment results                                      | 806                 | 3,846                  | 4,652   |
| Finance expenses                                     |                     |                        | (2,678) |
| Unallocated revenue less unallocated expenses        |                     |                        | (740)   |
| Fair value adjustment on investment properties       |                     |                        | (1,188) |
| Insurance Claim Home Hill                            |                     |                        | 1,635   |
| Impairment Home Hill                                 |                     |                        | (1,446) |
| Loss before income tax                               |                     |                        | 235     |
| Income tax expense                                   |                     |                        | (57)    |
| Loss for the year                                    |                     |                        | 178     |
| <b>Assets</b>  |                     |                        |         |
| Segment assets                                       | 10,839              | 40,100                 | 50,939  |
| Tax asset  |                     |                        | 442     |
| Unallocated assets                                   |                     |                        | 338     |
| Total assets   |                     |                        | 51,719  |
| Depreciation and amortisation                        | 378                 | -                      | 378     |
| Unallocated  |                     |                        | 9       |
| Total depreciation and amortisation                  |                     |                        | 387     |

### 5. Revenue

|   | 2013<br>\$'000 | 2012<br>\$'000 |
|---|----------------|----------------|
| Sale of goods   | 11,549         | 10,202         |
| Gaming revenue  | 4,311          | 3,851          |
| Rental income and recoveries from investment properties | 4,300          | 4,842          |
|   | 20,160         | 18,895         |
| Interest  | 59             | 38             |
| Commissions   | 230            | 199            |
| Other   | 182            | 230            |
| Total revenue   | 20,631         | 19,362         |

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 6. Other income

|   | 2013<br>\$'000 | 2012<br>\$'000 |
|---|----------------|----------------|
| Insurance claim - Home Hill (fire)*                     | -              | 1,635          |
| Gain on disposal of available-for-sale financial assets | -              | 46             |
|   | <u>-</u>       | <u>1,681</u>   |

\*In December 2011 the Home Hill Property was destroyed by fire. Insurance settlement of \$1,635,000 was received for property damage and loss of income (refer note 16).

### 7. Expenses

Profit/(loss) before income tax includes the following specific expenses:

|  |              |              |
|--|--------------|--------------|
| Cost of goods sold                               | 8,342        | 7,306        |
| Depreciation                                     |              |              |
| - Buildings                                      | 112          | 109          |
| - Plant and equipment                            | 293          | 276          |
| Total depreciation                               | <u>405</u>   | <u>385</u>   |
| Amortisation – intangibles                       | 2            | 2            |
| Finance costs                                    |              |              |
| - Amortisation of loan establishment costs       | -            | 16           |
| - Interest and finance charges paid/payable      | 2,162        | 2,662        |
|  | <u>2,162</u> | <u>2,678</u> |
| Operating lease rentals – minimum lease payments | 318          | 351          |
| Defined contribution superannuation expense      | 218          | 211          |

### 8. Income tax

#### (a) Income tax expense/(benefit)

|              |              |           |
|--------------|--------------|-----------|
| Current tax  | 284          | 504       |
| Deferred tax | (851)        | (447)     |
|              | <u>(567)</u> | <u>57</u> |

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

|   |                |             |
|---|----------------|-------------|
| Profit/(loss) before income tax - continuing operations                                 | <u>(1,852)</u> | <u>235</u>  |
| Income tax at the Australian tax rate of 30% (2012: 30%)                                | (556)          | 70          |
| Tax effect of amounts which are not deductible/(taxable) in calculating taxable income: |                |             |
| Non-deductible items  | <u>(11)</u>    | <u>(13)</u> |
| Income tax expense/(benefit)  | <u>(567)</u>   | <u>57</u>   |

**Notes to the financial statements**

For the year ended 30 June 2013

(continued)

**8. Income tax (continued)****(c) Deferred income tax at 30 June relates to the following:**

|                               | <b>2013<br/>\$'000</b> | <b>2012<br/>\$'000</b> |
|-------------------------------|------------------------|------------------------|
| Investment properties         | 1,881                  | 1,058                  |
| Property, plant and equipment | (1,177)                | (992)                  |
| Employee benefits             | 73                     | 61                     |
| Accrued expenses              | 20                     | 20                     |
| Sundry items                  | 28                     | 40                     |
| Tax losses                    | 61                     | 255                    |
| Net deferred tax assets       | <u>886</u>             | <u>442</u>             |

## Movement in deferred tax:

|  |              |              |
|--|--------------|--------------|
| At 1 July                                      | 442          | 379          |
| Charged to profit or loss                      | 849          | 447          |
| Charged/credited to other comprehensive income | (211)        | 2            |
| Tax losses utilised                            | <u>(194)</u> | <u>(386)</u> |
| At 30 June                                     | <u>886</u>   | <u>442</u>   |

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

|  |              |            |
|--|--------------|------------|
| Gain on revaluation of land and buildings                  | (213)        | -          |
| Loss on revaluation of available for sale financial assets | <u>2</u>     | <u>(2)</u> |
|  | <u>(211)</u> | <u>(2)</u> |

**(f) Tax consolidation legislation**

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

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

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

**(g) Franking credits**

|  | <b>2013<br/>\$'000</b> | <b>2012<br/>\$'000</b> |
|--|------------------------|------------------------|
| Franking credits available for subsequent financial years based on a tax rate of 30% (2012: 30%) | <u>891</u>             | <u>798</u>             |

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.

**Notes to the financial statements**

For the year ended 30 June 2013

(continued)

**9. Cash and cash equivalents**

|                          | <b>2013</b><br><b>\$'000</b> | <b>2012</b><br><b>\$'000</b> |
|--------------------------|------------------------------|------------------------------|
| Cash at bank and in hand | 972                          | 684                          |

The group's exposure to interest rate risk is discussed in note 2.

**10. Trade and other receivables**

|                   |            |            |
|-------------------|------------|------------|
| Trade receivables | 308        | 74         |
| Other receivables | 87         | 26         |
|                   | <u>395</u> | <u>100</u> |

**Impaired trade receivables**

The group has no impaired receivables as at 30 June 2013 (2012: \$nil).

**Past due but not impaired**

An amount of \$275,000 receivable from a tenant is past due but not considered impaired as at 30 June 2013. This amount is backed by guarantees as described in note 2(b). There are no other significant receivables of the Group that are past due but not impaired.

**Fair value and credit risk**

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk is the carrying amount of receivables mentioned above. Refer to note 2 for more information on the risk management policy of the group and the credit quality of the entity's trade receivables.

**11. Inventories**

|                                  |              |              |
|----------------------------------|--------------|--------------|
| Finished goods – at cost         | 1,392        | 1,078        |
| Land held for resale (Home Hill) | 200          | 200          |
|                                  | <u>1,592</u> | <u>1,278</u> |

Inventories recognised as expense during the period ended 30 June 2013 amounted to \$8,342,000 (2012: \$7,306,000).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2013 amounted to \$Nil (2012: \$Nil).

**12. Current assets – Available-for-sale financial assets**

|  |          |          |
|--|----------|----------|
| Shares in listed companies – at fair value | -        | 8        |
| At beginning of year                       | 8        | -        |
| Shares acquired/(disposed)                 | (2)      | 15       |
| Net loss on fair value adjustment          | (6)      | (7)      |
| At end of year                             | <u>-</u> | <u>8</u> |

**13. Current assets – Held-to-maturity investments**

|              |           |           |
|--------------|-----------|-----------|
| Vendor notes | <u>36</u> | <u>40</u> |
|--------------|-----------|-----------|

**14. Other current assets**

|                     |            |            |
|---------------------|------------|------------|
| Short term deposits | 44         | 45         |
| Prepayments         | 318        | 194        |
| Deferred costs      | -          | 9          |
|                     | <u>362</u> | <u>248</u> |

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 15. Property, plant and equipment

|  | Freehold<br>land<br>\$'000 | Buildings<br>\$'000 | Plant and<br>equipment<br>\$'000 | Total<br>\$'000 |
|--|----------------------------|---------------------|----------------------------------|-----------------|
| <b>At 30 June 2011</b>                 |                            |                     |                                  |                 |
| Cost or fair value                     | 4,350                      | 4,000               | 1,436                            | 9,786           |
| Accumulated depreciation               | -                          | -                   | (756)                            | (756)           |
| Net book amount                        | 4,350                      | 4,000               | 680                              | 9,030           |
| <b>Year ended 30 June 2012</b>         |                            |                     |                                  |                 |
| Opening net book amount                | 4,350                      | 4,000               | 680                              | 9,030           |
| Additions                              | -                          | 19                  | 228                              | 247             |
| Depreciation charge                    | -                          | (109)               | (276)                            | (385)           |
| Closing net book amount                | 4,350                      | 3,910               | 632                              | 8,892           |
| <b>At 30 June 2012</b>                 |                            |                     |                                  |                 |
| Cost or fair value                     | 4,350                      | 4,019               | 1,383                            | 9,752           |
| Accumulated depreciation               | -                          | (109)               | (751)                            | (860)           |
| Net book amount                        | 4,350                      | 3,910               | 632                              | 8,892           |
| <b>Year ended 30 June 2013</b>         |                            |                     |                                  |                 |
| Opening net book amount                | 4,350                      | 3,910               | 632                              | 8,892           |
| Revaluation increment                  | 310                        | 402                 | -                                | 712             |
| Additions                              | -                          | -                   | 290                              | 290             |
| Assets acquired on settlement of loan* | -                          | -                   | 428                              | 428             |
| Depreciation charge                    | -                          | (112)               | (293)                            | (405)           |
| Closing net book amount                | 4,660                      | 4,200               | 1,057                            | 9,917           |
| <b>At 30 June 2013</b>                 |                            |                     |                                  |                 |
| Cost or fair value                     | 4,660                      | 4,200               | 1,662                            | 10,522          |
| Accumulated depreciation               | -                          | -                   | (605)                            | (605)           |
| Net book amount                        | 4,660                      | 4,200               | 1,057                            | 9,917           |

\* In November 2012 a loan was extended to a Lessee to fund gaming machine upgrades and capital improvements in respect of their Aspley Shopping Centre tenancy. On 6 March 2013, the lease was terminated due to breach, and the group took possession of assets held as security for the debt.

#### (a) Valuation of land and buildings

The basis of valuation of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition.

The June 2013 valuation of land and buildings is based upon directors' assessment resulting in a revaluation increment of \$712,000 based on an independent valuation by a member of the Australian Property Institute for bank security purposes carried out in January 2013.

The June 2012 valuation of land and buildings was based upon directors' assessment.

For further details of factors considered in assessing the fair value refer note 3.

#### (b) Non-Current assets pledged as security

Refer to note 23(a) for information on assets pledged as security by the group.

#### (c) Carrying amounts that would have been recognised if land and buildings were stated at cost

If freehold land and buildings were stated on the historical cost basis, the amounts would be as follows:

|                          | 2013<br>\$'000 | 2012<br>\$'000 |
|--------------------------|----------------|----------------|
| <b>Freehold land</b>     |                |                |
| Cost                     | 3,026          | 3,026          |
| Accumulated depreciation | -              | -              |
| Net book amount          | 3,026          | 3,026          |
| <b>Buildings</b>         |                |                |
| Cost                     | 1,895          | 1,895          |
| Accumulated depreciation | (367)          | (323)          |

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| Net book amount                     | 1,518         | 1,572         |
| <b>16. Investment properties</b>    | <b>2013</b>   | <b>2012</b>   |
|                                     | <b>\$'000</b> | <b>\$'000</b> |
| <b>At fair value</b>                |               |               |
| At beginning of year                | 39,900        | 42,440        |
| Capitalised subsequent expenditure  | -             | 66            |
| Straight line rentals               | 111           | 228           |
| Net loss from fair value adjustment | (3,361)       | (1,188)       |
| Impairment of Home Hill due to fire | -             | (1,446)       |
| Transfer land asset to inventory    | -             | (200)         |
| At end of year                      | 36,650        | 39,900        |

### (a) Valuation basis

The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases.

The 30 June 2013 fair value assessment for Bribie Harbour Shopping Village was based upon an independent valuation made by a member of the Australian Property Institute. The 30 June 2013 fair value assessment for Aspley Shopping Centre and Aspley Arcade Shopping Centre were based on directors' internal valuation.

The 30 June 2012 fair value assessment for Aspley Shopping Centre and Aspley Arcade Shopping Centre were based on an independent valuation made by a member of the Australian Property Institute. The 30 June 2012 fair value assessment for Bribie Harbour Shopping Village was based upon director's internal valuation.

In arriving at fair value, the directors considered the most recent independent valuations of the properties, market enquiries, other contracts and recent prices for similar properties; and capitalised income projections based upon the property's net market income. For factors considered in assessing the fair value refer to note 3.

| Property                           | Acquisit-<br>ion Date | Cost<br>Including<br>Additions* | Last Independent<br>Valuation |          | Book Value       |                  |
|------------------------------------|-----------------------|---------------------------------|-------------------------------|----------|------------------|------------------|
|                                    |                       |                                 | Date                          | \$'000's | 2013<br>\$'000's | 2012<br>\$'000's |
| Aspley Shopping Centre             | Mar 2004              | 17,362                          | May 2012                      | 16,900   | 14,350           | 16,900           |
| Bribie Harbour Shopping<br>Village | Nov 2005              | 16,459                          | Jun 2013                      | 10,500   | 10,500           | 11,200           |
| Aspley Arcade Shopping<br>Centre   | Jun 2007              | 13,000                          | Feb 2012                      | 11,800   | 11,800           | 11,800           |
|                                    |                       |                                 |                               |          | 36,650           | 39,900           |

\* excluding acquisition costs

In March 2013, the Group terminated a lease with a hotel tenant at the Aspley Shopping Centre and operated the business as mortgagee in possession. The fair value decrement on directors' valuation of \$2,550,000 has been recognised to reflect the change in rent and other conditions following the termination of the previous lease.

### (b) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property or for repairs maintenance or enhancement in 2013. (2012: Nil)

### (c) Leasing arrangements

The investment properties are leased to tenants under long-term operating leases with rentals payable monthly. Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:

|   | <b>2013</b>   | <b>2012</b>   |
|---|---------------|---------------|
|   | <b>\$'000</b> | <b>\$'000</b> |
| Within one year                                   | 3,156         | 3,753         |
| Later than one year but not later than five years | 9,923         | 10,482        |
| Later than five years                             | 5,230         | 6,037         |
| Total   | 18,309        | 20,272        |

### (d) Non-current assets pledged as security

Refer to note 23(a) for information on assets pledged as security by the group.



## Notes to the financial statements

For the year ended 30 June 2013

(continued)

| <b>16. Investment Properties (continued)</b>   | <b>2013<br/>\$'000</b> | <b>2012<br/>\$'000</b> |
|--|------------------------|------------------------|
| <b>(e) Amounts recognised in profit or loss for investment properties</b>  |                        |                        |
| Rental income and recoveries from investment properties  | 4,300                  | 4,842                  |
| Direct operating expenses from properties that generated rental income   | (1,013)                | (996)                  |
|  | <u>3,287</u>           | <u>3,846</u>           |
| <b>17. Non-current assets – Held-to-maturity investments</b>   |                        |                        |
| Vendor notes   | <u>22</u>              | <u>53</u>              |
| <b>18. Deferred tax assets</b>   |                        |                        |
| Net deferred tax assets (note 8)   | <u>886</u>             | <u>442</u>             |
| <b>19. Intangible assets</b>   |                        |                        |
| Hotel licences at cost   | 104                    | 104                    |
| Accumulated amortisation   | (32)                   | (30)                   |
| Net book amount  | <u>72</u>              | <u>74</u>              |
| <b>20. Trade and other payables</b>  |                        |                        |
| Trade payables   | 1,355                  | 1,012                  |
| Other payables and accruals  | 590                    | 476                    |
|  | <u>1,945</u>           | <u>1,488</u>           |
| <b>21. Current liabilities – Borrowings</b>  |                        |                        |
| Commercial bills - secured   | <u>-</u>               | <u>870</u>             |
| Refer to note 23 for details regarding financing arrangements.   |                        |                        |
| <b>22. Current liabilities – Provisions</b>  |                        |                        |
| Employee benefits  | <u>242</u>             | <u>204</u>             |
| <b>23. Non-current liabilities – Borrowings</b>  |                        |                        |
| Commercial bills – secured   | <u>31,739</u>          | <u>31,350</u>          |
| <b>(a) Assets pledged as security</b>  |                        |                        |
| Bank overdraft and commercial bills 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.   |                        |                        |

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 23. Non-current liabilities – Borrowings (continued)

#### (b) Financing arrangements

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

| Credit standby arrangements | 2013<br>\$'000 | 2012<br>\$'000 |
|-----------------------------|----------------|----------------|
| Total facilities            |                |                |
| Bank overdraft              | 100            | 100            |
| Finance lease liabilities   | 400            | 400            |
| Commercial bill facility**  | 33,000         | 39,265         |
|                             | <u>33,500</u>  | <u>39,765</u>  |
| Used at balance date        |                |                |
| Bank overdraft              | -              | -              |
| Finance lease liabilities   | -              | -              |
| Commercial bill facility *  | 31,800         | 32,350         |
|                             | <u>31,800</u>  | <u>32,350</u>  |
| Unused at balance date      |                |                |
| Bank overdraft              | 100            | 100            |
| Finance lease liabilities   | 400            | 400            |
| Commercial bill facility    | 1,200          | 6,915          |
|                             | <u>1,700</u>   | <u>7,415</u>   |

\* 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.

#### 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 (2012: \$100,000). The interest rate is variable and is based on prevailing market rates. This facility is subject to annual review, may be drawn down at any time and may be terminated by the bank without notice.

#### Commercial bills

The facilities are subject to annual review. Interest is at variable rates. All the commercial bills expire on 31 January 2015. Further details are outlined below.

| Amount drawn<br>(Face Value) |                | Interest rate |           | Repayment terms                                  |
|------------------------------|----------------|---------------|-----------|--|
| 2013<br>\$'000               | 2012<br>\$'000 | 2013<br>%     | 2012<br>% |  |
| 12,250                       | 12,000         | 5.95          | 6.5       | Interest only until expiry                       |
| 12,550                       | 12,000         | 5.95          | 6.5       | Interest only until expiry                       |
| 3,500                        | 2,800          | 5.95          | 6.5       | Interest only until expiry                       |
| 3,500                        | -              | 5.95          | 6.6       | Interest only until expiry                       |
| -                            | 2,600          | -             | 6.5       | Quarterly amortisation of \$250,000 until expiry |
| <u>31,800</u>                | <u>32,350</u>  |               |           |  |

#### Finance lease liabilities

The group has a lease finance facility of \$400,000 (2012: \$400,000) which may only be used to finance plant and equipment. Where applicable, the leases are repayable in fixed monthly instalments of principal and interest over the term of the respective leases.

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

| 24. | Contributed equity | 2013<br>Number of<br>shares | 2012<br>Number of<br>shares | 2013<br>\$'000 | 2012<br>\$'000 |
|-----|--------------------|-----------------------------|-----------------------------|----------------|----------------|
|-----|--------------------|-----------------------------|-----------------------------|----------------|----------------|

### Share capital

|                            |             |             |        |        |
|----------------------------|-------------|-------------|--------|--------|
| Fully paid ordinary shares | 141,949,690 | 141,949,690 | 11,038 | 11,038 |
|----------------------------|-------------|-------------|--------|--------|

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly the parent does not have authorised capital or par value in respect of its issued shares.

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

### Movements in share capital

There was no movement in share capital in the 2012 and 2013 financial years.

### Options

As at 30 June 2013, there were no options to purchase ordinary shares in the parent entity (2012: Nil).

### Capital risk management

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

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

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

The gearing ratios as at 30 June 2013 and 30 June 2012 were as follows:

|                                 | 2013<br>\$'000 | 2012<br>\$'000 |
|---------------------------------|----------------|----------------|
| Total borrowings                | 33,684         | 33,708         |
| Less: cash and cash equivalents | (972)          | (684)          |
| Net debt                        | 32,712         | 33,024         |
| Total equity                    | 16,912         | 17,693         |
| Total capital                   | 49,624         | 50,717         |
| Gearing ratio                   | 65.92%         | 65.11%         |

Eumundi Group Limited has complied with the financial covenants of its borrowing facilities during the 2013 and 2012 financial years.

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 25. Reserves and retained profits

#### (a) Reserves

|   | 2013<br>\$'000 | 2012<br>\$'000 |
|---|----------------|----------------|
| Available-for-sale asset revaluation deficit      | -              | (5)            |
| Property, plant and equipment revaluation surplus | 3,558          | 3,059          |
|   | <u>3,558</u>   | <u>3,054</u>   |

#### *Movements in reserves:*

##### *Property, plant and equipment revaluation surplus*

|   |              |              |
|---|--------------|--------------|
| Balance at the beginning of the year                              | 3,059        | 3,059        |
| Gain on revaluation of freehold land and buildings (net of tax) * | 499          | -            |
| Balance at the end of the year                                    | <u>3,558</u> | <u>3,059</u> |

\* Gross gain before tax - \$712,000 (2012: \$Nil)

##### *Available-for-sale asset revaluation deficit*

|  |          |            |
|--|----------|------------|
| Balance at the beginning of the year                       | (5)      | -          |
| Change in fair value of unlisted securities (net of tax) * | (4)      | (5)        |
| Transfer to profit and loss                                | 9        | -          |
| Balance at the end of the year                             | <u>-</u> | <u>(5)</u> |

\* Gross loss before tax - (\$6,000) (2012: \$(7,000))

#### (b) Retained profits

|  |              |              |
|--|--------------|--------------|
| Retained profits at the beginning of the year                    | 3,601        | 3,423        |
| Profit/(loss) for the year attributable to owners of the company | (1,285)      | 178          |
| Retained profits at the end of the year                          | <u>2,316</u> | <u>3,601</u> |

#### (c) Nature and purpose of reserves

##### (i) Property, plant and equipment revaluation surplus

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

##### (ii) Available-for-sale asset revaluation surplus

Changes in the fair value of investments, such as equities, classified as available-for-sale financial assets, are taken to the available-for-sale assets revaluation surplus, as described in note 1(l). Amounts are recognised in profit or loss when the associated assets are sold or impaired.

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**Notes to the financial statements**

For the year ended 30 June 2013

(continued)

**26. Parent entity financial information****(a) Summary financial information**

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

|  | <b>2013<br/>\$'000</b> | <b>2012<br/>\$'000</b> |
|--|------------------------|------------------------|
| <b>Balance sheet</b>                   |                        |                        |
| Current assets                         | -                      | -                      |
| Total assets                           | 11,640                 | 14,720                 |
| Current liabilities                    | 66                     | 114                    |
| Total liabilities                      | 66                     | 3,064                  |
| <i>Shareholders equity</i>             |                        |                        |
| Issued capital                         | 11,038                 | 11,038                 |
| Retained earnings/(accumulated losses) | 536                    | 618                    |
|  | <u>11,574</u>          | <u>11,656</u>          |
| Profit / (loss) for the year           | <u>(82)</u>            | <u>284</u>             |
| Total comprehensive income             | <u>(82)</u>            | <u>284</u>             |

**(b) Guarantees entered into by the parent entity**

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

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

**(c) Contingent assets and liabilities of the parent entity**

The individual parent entity had no contingent assets or liabilities

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

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

**27. Key management personnel disclosures****(a) Key management personnel compensation**

|                              | <b>2013<br/>\$</b> | <b>2012<br/>\$</b> |
|------------------------------|--------------------|--------------------|
| Short-term employee benefits | 417,331            | 525,175            |
| Long-term benefits           | 6,048              | 20,960             |
| Post-employment benefits     | 23,307             | 36,319             |
|                              | <u>446,686</u>     | <u>582,454</u>     |

**(b) Equity instrument disclosures relating to key management personnel****(i) Options provided as remuneration and shares issued on exercise of such options**

There have been no share based payment compensation benefits granted, vested or exercised during the year (2012: nil).

**(ii) Option holdings**

There were no options over ordinary shares in the parent entity held by key management personnel during, or at the end of, the year (2012: nil).

**(iii) Share holdings**

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 27. Key management personnel disclosures (continued)

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

|                                       | Balance at start<br>of year<br>or date of<br>appointment | Balance on<br>appointment or<br>resignation | Net change<br>other | Balance at end<br>of year |
|---------------------------------------|--|---|---------------------|---------------------------|
| <b>2013</b>                           |  |   |                     |                           |
| <b>Directors</b>                      |  |   |                     |                           |
| J M Ganim                             | 37,350,833   | -   | -                   | 37,350,833                |
| G De Luca                             | 20,437,836   | -   | -                   | 20,437,836                |
| V A Wills                             | -  | -   | -                   | -                         |
| C R McCart <sup>(3)</sup>             | -  | -   | -                   | -                         |
| <b>Other key management personnel</b> |  |   |                     |                           |
| L Stanley                             | -  | -   | -                   | -                         |
| S Jacobi-Lee <sup>(1)</sup>           | -  | -   | -                   | -                         |
| R Mikkelsen <sup>(2)</sup>            | -  | -   | -                   | -                         |
| <b>2012</b>                           |  |   |                     |                           |
| <b>Directors</b>                      |  |   |                     |                           |
| J M Ganim                             | 37,350,833   | -   | -                   | 37,350,833                |
| G De Luca                             | 20,437,836   | -   | -                   | 20,437,836                |
| V A Wills                             | -  | -   | -                   | -                         |
| M Peacock <sup>(4)</sup>              | 1,184,838  | (1,184,838)                                 | -                   | -                         |
| C R McCart <sup>(3)</sup>             | -  | -   | -                   | -                         |
| <b>Other key management personnel</b> |  |   |                     |                           |
| L Stanley                             | -  | -   | -                   | -                         |
| S Jacobi-Lee <sup>(1)</sup>           | -  | -   | -                   | -                         |

<sup>(1)</sup> S. Jacobi-Lee was appointed chief executive officer on 21 June 2013 prior to that date she was chief financial officer.

<sup>(2)</sup> R Mikkelsen was appointed chief financial officer on 24 June 2013.

<sup>(3)</sup> C R McCart was appointed non-executive director on 31 May 2012.

<sup>(4)</sup> M Peacock resigned as managing director on 31 May 2012.

#### (c) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year (2012: \$nil).

### 28. 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, its related practices and non-related audit firms:

|                                       | 2013<br>\$    | 2012<br>\$    |
|---------------------------------------|---------------|---------------|
| Audit and review of financial reports | 58,500        | 58,500        |
| Tax compliance services               | 8,930         | 10,400        |
|                                       | <u>67,430</u> | <u>68,900</u> |

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.

### 29. Contingent liabilities

In the prior year the group received a letter of demand from the owner of a property damaged as a result of the fire which destroyed the group's Home Hill property. In the unlikely event that this claim is successful, the group is appropriately insured.

The Group has no other material contingencies.

## Notes to the financial statements

For the year ended 30 June 2013

(continued)

### 30. Commitments

#### Operating leases

The group leases an office and certain retail premises under non-cancellable operating leases expiring within two to five years.

|   | 2013<br>\$'000 | 2012<br>\$'000 |
|---|----------------|----------------|
| Commitments for minimum lease payments under non-cancellable operating leases are payable as follows: |                |                |
| Within one year   | 192            | 239            |
| Later than one year but not later than five years   | 658            | 779            |
| Greater than five years   | 9              | 109            |
|   | <u>859</u>     | <u>1,127</u>   |

### 31. 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<br>incorporation | Class of<br>shares | Equity Holding* |      |
|-----------------------------------|-----------------------------|--------------------|-----------------|------|
|                                   |                             |                    | 2013            | 2012 |
| 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.

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

|   | 2013<br>\$'000 | 2012<br>\$'000 |
|---|----------------|----------------|
| Profit / (loss) for the year  | (1,285)        | 178            |
| Depreciation and amortisation   | 407            | 387            |
| Straight line rental adjustment                                       | (111)          | (228)          |
| Impairment of investment property – Home Hill                         | -              | 1,446          |
| Net loss on fair value adjustment of investment properties            | 3,361          | 1,188          |
| (Gain)/loss on disposal of available-for-sale financial asset         | 14             | (46)           |
| Other   | 68             | 2              |
| Changes in operating assets and liabilities (net of assets disposed): |                |                |
| (Increase)/decrease in:   |                |                |
| Trade receivables   | (234)          | 760            |
| Other receivables   | (61)           | 185            |
| Inventories   | (314)          | 228            |
| Other current assets  | (114)          | 139            |
| Increase/(decrease) in:   |                |                |
| Trade and other payables  | 457            | (386)          |
| Income tax payable  | (48)           | 142            |
| Deferred tax asset/liability*   | (657)          | (61)           |
| Employee benefits   | 38             | 26             |
| Cash flows from operating activities                                  | <u>1,521</u>   | <u>3,960</u>   |

\* net of amounts recognised directly in equity

### 33. Non-cash investing and financing activities

During the year \$428,000 of property, plant and equipment was acquired in settlement of a portion of the loan receivable from a former tenant. The initial cash outflow, representing the funding provided to the tenant under the funding agreement, is shown as a separate cash outflow from investing activities in the statement of cash flows.

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**Notes to the financial statements**

For the year ended 30 June 2013

(continued)

**34. Earnings per share**

| <b>(a) Basic &amp; diluted earnings per share</b>   | <b>2013</b>             | <b>2012</b> |
|---|-------------------------|-------------|
| Total basic & diluted earnings per share attributable to owners of the company  | (0.9)¢                  | 0.12¢       |
| <b>(b) Weighted average number of shares used as the denominator</b>  | <b>Number of shares</b> |             |
|   | <b>2013</b>             | <b>2012</b> |
| Weighted average number of ordinary shares used in calculating basic earnings per share                                 | 141,949,690             | 141,949,690 |
| Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share | 141,949,690             | 141,949,690 |
| There are no dilutive potential ordinary shares.  |                         |             |

**35. Events Subsequent to Balance Date**

Subsequent to balance date the group increased the number of gaming authorities held at Ashmore Tavern to the maximum allowable by acquiring five additional gaming authorities at a cost of \$477,000.

No other matter of circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect, the Company's operations, the results of those operations or the Company's state of affairs in subsequent financial years.



**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 2013 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 non-executive chairman being a person who for an interim period pending the appointment of a replacement chief executive officer is one of a number of people who together are primarily and directly responsible to the directors for the general and overall management of the company and chief financial officer for the financial year ended 30 June 2013 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 29<sup>th</sup> day of August, 2013.



PITCHER PARTNERS

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CHRIS BALL  
IAN JONES  
KYLIE LAMPRECHT  
NORMAN THURECHT  
BRETT HEADRICK  
WARWICK FACE  
NIGEL BATTERS

## Independent Auditor's Report to the Members of Eumundi Group Limited

### Report on the Financial Report

We have audited the accompanying financial report of Eumundi Group Limited, which comprises the consolidated statement of financial position as at 30 June 2013, 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 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 year's end or from time to time during the financial year.

#### *Directors' Responsibility 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 Note 1(a), the directors also state, in accordance with Accounting Standard AASB101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial report that gives a true and fair view 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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

#### *Independence*

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

*Opinion*

In our opinion:

- a) the financial report of Eumundi Group Limited is in accordance with the *Corporations Act 2001*, including:
  - i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and
  - ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- b) the consolidated financial report also complies with International Financial Reporting Standards as disclosed in Note 1(a).

*Report on the Remuneration Report*

We have audited the Remuneration Report included on pages 9 to 11 of the directors' report for the year ended 30 June 2013. 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.

*Opinion*

In our opinion the Remuneration Report of Eumundi Group Limited for the year ended 30 June 2013 complies with Section 300A of the *Corporations Act 2001*.

PITCHER PARTNERS



RCN Walker  
Partner

Brisbane, Queensland  
29 August 2013

## Corporate governance statement

This statement and information identified therein is available on the company's website at [www.eumundi-ltd.com.au](http://www.eumundi-ltd.com.au) under the *Company policies and charters* section.

### Introduction

The board has embraced the principles and recommendations of the ASX Corporate Governance Council ('ASX recommendations') and has corporate governance practices in keeping with today's shareholder expectations, but tailored to suit the company given its size and scope of operations.

These practices, which are outlined in this statement, have been in place for a number of years. To assist with adherence to the practices the board has a committee responsible for auditing and risk management and has documented a number of policy statements and charters including:

- Board charter
- Audit and risk committee charter
- Code of conduct
- Director's ethics policy
- Diversity policy.

These documents, together with other relevant information on corporate governance including the ASX recommendations, have been made available on the company's website: [www.eumundi-ltd.com.au](http://www.eumundi-ltd.com.au).

The board is committed to a philosophy of prudent business management designed to create long-term shareholder wealth. They believe the establishment of, and adherence to, sound corporate governance practices can assist in this process although some areas of the ASX recommendations are considered not necessarily appropriate for the company at this time given its size and scope of operations.

In this statement the board outlines the practices it has introduced and how, and the extent to which, they follow the ASX recommendations.

### PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Companies should establish and disclose the respective roles of board and management.

*Recommendation 1.1: Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.*

The board has overall responsibility for the good governance of the company and is accountable to shareholders for the company's performance. The board is responsible for:

- charting the direction, strategies and financial objectives for the group and monitoring the implementation of those policies, strategies and financial objectives;
- monitoring compliance with regulatory compliance and ethical standards;
- ensuring the group has documented policies in place with respect to corporate governance principles and best practice that are commensurate with its operations;
- appointing and reviewing the performance of the managing director; and
- appointing and reviewing the performance of material advisers or external managers.

In performing these responsibilities the board acts at all times in a manner designed to create and continue to build sustainable value for shareholders and in accordance with the duties and obligations imposed upon them by the Constitution and by law.

In addition to the matters expressly required by law to be approved by the board, powers specifically reserved for the Board are as follows:

- appointment of the chief executive officer and determination of his or her employment terms and conditions (including remuneration);
- appointment of direct reports to the chief executive officer;
- any matters in excess of discretions that may have, from time to time, been delegated to the chief executive officer and material advisers or external managers in relation to credit transactions, market risk limits and expenditure; and
- approvals of each of the following:
  - The strategic plan at least annually;
  - The budget and strategic plan, at least annually;
  - The remuneration and conditions of service including financial incentives for any executive directors, at least annually;
  - Significant changes to organisational structure and the appointment of such senior officers as the board may determine;
  - The acquisition, establishment, disposal or cessation of any significant business or assets of the group;
  - The issue of any shares, options, equity instruments or other securities in the group;
  - Any public statements which reflect significant issues of the group's policy or strategy;
  - Any changes to the discretions delegated from the board; and
  - The terms of all significant agreements.

The Board has a specific responsibility to:

- Monitor and assess management's performance in achieving any strategies and budgets approved by the board;
- Set criteria for, and evaluate at least annually, the performance of the chief executive officer;
- Set criteria for, and evaluate at least annually, the performance of material advisers or external managers;
- Clarify the respective roles and responsibilities of board members and management;
- Clarify the respective roles of board members and management; and
- Review on a regular and continuing basis:
  - Executive and succession planning (in particular for the chief executive officer); and
  - Executive development activities.

Within this context a board charter has been established, detailing the philosophy, values and functions of the Board. This charter is published on the company's website.

The board recognises that in a small dynamic organisation like the company with a very small board and compressed management structure, the relationships among directors, and particularly the relationship between the board and management, cannot be fully regulated in the interests of the company's on-going performance. Compliance with this recommendation therefore must also be considered in the context of this structure lending itself to often daily contact between members of the board and management and between board members themselves.

Presently one of the duties of the Board includes self appraisal and critical analysis of performance where acting in areas of executive capacity

*Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives.*

The chairman undertakes an informal assessment of executive management from time to time. The board's principal benchmark is the company's financial performance year-on-year and compared to similar organisations. For the chief executive officer, performance objectives are discussed in conjunction with successes and failures rather than taking place at specified assessment times.

## **PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE**

Companies should have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

*Recommendation 2.1: A majority of the board should be independent directors.*

In the 2013 year the company did not comply fully with this recommendation. The group is committed to having a board whose members have the capacity to act independently of management, and have the collective skills necessary to optimise the long-term financial performance of the group.

The group has developed criteria for determining the independence of its board members. A director is considered to be independent if he or she:

- Is not a substantial securityholder of Eumundi Group Limited or of a company holding more than 5% of Eumundi's voting securities, or an officer of or directly or indirectly associated with a securityholder holding more than 5% of the group's voting securities;
- Is not and has not within the last three years been an employee of the group;
- Is not a principal of a material supplier or customer of the group, or an officer of, or directly or indirectly associated with, a significant supplier or customer;
- Has no material contractual relationship with the group or any of its associates other than as a director of the group; or
- Has no other interest or relationship that could interfere with the director's ability to act in the best interests of the group and independently of management.

In this context, the board considers that any director-related business relationship that is or is likely in the future to be more than 10% of the director-related business's revenue to be material. All directors are required to act in the best interest of Eumundi at all times.

At the present time the board is comprised of four non-executive directors, two of whom are independent directors. For each director, his qualifications, experience, special responsibilities, term in office and attendances at board meetings are detailed in the directors' report. The board believes it brings a wealth of relevant practical experience to the company and they all have a significant vested interest in ensuring proper governance.

The board members would be regarded as independent other than their interest as significant company shareholders. It is believed that this substantial shareholding actually provides directors with a strong incentive to ensure that their judgement is not clouded in board deliberations, as the outcome (indirectly) impacts on them as much as, or even more than most other shareholders.

With this and other circumstances in mind the board distinguishes between the concept of independence and the issues of conflict of interest or material personal interests that may arise from time-to-time. Whenever there is an actual or potential conflict of interest or material personal interest, the board's policies and procedures ensure that:

- the interest is fully disclosed and the disclosure is recorded; and
- the relevant director is excluded from all considerations of the matter by the board, unless the other directors unanimously otherwise decide.

If considered warranted, the board may resolve to obtain independent professional advice about the execution of board responsibilities at the company's expense. Where appropriate such advice is shared with the other directors.

Given the specialised nature of the hotel and property/other investments industry, it is not easy for a company of this size to find suitably qualified person(s) to appoint to the board who comply fully with the independence test.

*Recommendation 2.2: The chairperson should be an independent director.*

The board considers that, at the present time, the company's interests are best served by having Mr J.M. Ganim, as its chairman. Mr Ganim has a substantial interest in the company's shares but is not an executive of the company and for the reasons outlined in *Recommendation 2.1* that shareholding may be seen as beneficial to the interests of all shareholders.

Ultimately shareholders will determine if the current mix of directors and the position of chairperson is unacceptable.

*Recommendation 2.3: The roles of chairperson and chief executive officer should not be exercised by the same individual.*

In the 2013 year the company did not comply fully with this recommendation. Mr Ganim assisted with these matters (in conjunction with all directors) to allow the group time to assess its organisational structure prior to the appointment of Ms Jacobi-Lee as Chief Executive Officer in June 2013.

*Recommendation 2.4: The board should establish a nomination committee.*

It is reasonable for a small size board like the company's to be accountable for their own appointments and reappointments. The full board performs the functions of a nomination committee and regularly reviews board membership. This includes an assessment of the necessary and desirable competencies of directors, board succession plans, evaluation of the board's performance and consideration of appointments and removals. Whilst directors are not appointed for specific terms, their periods in office are regularly reviewed.

When a director vacancy occurs, the board identifies the particular skills, experience and expertise that will best complement board effectiveness, and then undertakes a process to identify candidates who can meet those criteria. The board then appoints the most suitable candidate who must stand for election at the next annual general meeting of the company. Nomination of existing directors for reappointment is not automatic and is contingent of their past performance, contribution to the company and the current and future needs of the board and the company. The board is aware of the advantages of board renewal and succession planning.

Notices of meeting for the election of directors comply with the ASX Corporate Governance Council's best practice recommendations.

*Recommendation 2.5: Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.*

The chairman undertakes an informal review of individual board member performance from time to time together with an assessment of external managers. The board's principal benchmark is the company's financial performance year-on-year and compared to similar organisations.

For the board itself, a "whole of board" informal evaluation process has been adopted.

### **PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING**

Companies should actively promote ethical and responsible decision-making.

*Recommendation 3.1: Establish a code of conduct to guide the directors, the chief executive officer (or equivalent), the chief financial officer (or equivalent) and any other key executives as to:*

- 3.1.1 The practices necessary to maintain confidence in the company's integrity;*
- 3.1.2 The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and*
- 3.1.3 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.*

The board supports the requirement for directors and employees to observe the high standards of behaviour and business ethics that already exist in the company through practices and policies ingrained over time. All directors, managers and employees are expected to act with integrity, striving at all times to enhance the reputation and performance of the company.

The company has a formal corporate ethics policy for directors, setting out the obligations of the board in relation to trading in the company's shares, continuous disclosure, fiduciary duties, related party transactions, integrity of accounts and risk management. The code of conduct addresses trading in the company's shares as well as other ethical issues and responsibilities and whereby this covers directors, all employees and significant external managers.

Employees are encouraged and participate in appropriate training programs covering such areas as workplace health and safety and programs peculiar to the company's activities. The code of conduct is made available to all employees and is permanently on display in each workplace.

The board has written guidelines, set out in the corporate ethics policy and code of conduct that restrict dealings by all directors and employees in the company's shares and provides an understanding of insider trading and issues relative to price-sensitive information.

The company's policy regarding dealings by directors and employees in the company's shares is that they should never engage in short term trading. They should not enter into transactions when they are in possession of price sensitive information not yet released by the company to the market, or a period of twenty-one (21) days prior to release by the company of half yearly and annual reports, or such shorter period as may be approved of by the board. Other periods when directors and employees cannot trade in shares include the period two (2) business days after the release of half yearly and annual reports to the market and three (3) business days after the release of price sensitive information.

The corporate ethics policy for directors and the code of conduct are available on the company's website.

*Recommendation 3.2 – Entities should establish a diversity policy and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and the progress in achieving them.*

The company values diversity and recognises the benefits it can bring to an organisation's ability to achieve its goals. Accordingly the company has developed a diversity policy, a copy of which can be found on the company's website. This policy outlines the company's diversity objectives in relation to gender, age, cultural background and ethnicity.

It is the company's policy to support female representation at senior leadership and Board levels.

The board receives a report on an annual basis that provides the following information:

|                            | 2013                     |      |       | 2012                     |      |       |
|----------------------------|--------------------------|------|-------|--------------------------|------|-------|
|                            | Female<br>No of<br>staff | %    | Total | Female<br>No of<br>staff | %    | Total |
| Total employees*           | 18                       | 36%  | 50    | 22                       | 49%  | 45    |
| Total full time employees* | 6                        | 25%  | 24    | 5                        | 20%  | 20    |
| Supervisors & managers*    | 5                        | 24%  | 21    | 4                        | 25%  | 16    |
| Key management personnel** | 3                        | 100% | 3     | 2                        | 100% | 2     |
| Directors                  | 0                        | 0%   | 4     | 0                        | 0%   | 4     |

\*excluding directors & key management personnel

\*\* excluding directors

The board will endeavour to improve the diversity of the board at any time nominations are required to fill board positions.

#### **PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

*Recommendation 4.1: The board should establish an audit committee.*

The company has an audit and risk management committee and the number of meetings of the committee held during the 2013 year is set out in the Directors' Report.

*Recommendation 4.2: Structure the audit committee so that it:*

- *consists only of non-executive directors;*
- *consists of a majority of independent directors;*
- *is chaired by an independent chair, who is not chair of the board; and*
- *has at least three members.*

In 2013 the committee comprised Mr. V.A. Wills (chairman), Mr. J.M. Ganim, Mr G. De Luca and Mr C.R. McCart. Audit committee meetings are attended, by invitation, by the engagement partner (or their nominee) from the company's external auditor and such other senior staff or professional people as may be appropriate from time to time.

*Recommendation 4.3: The Audit committee should have a formal charter.*

The committee operates under formal terms of reference (charter) approved by the board, which is reviewed annually. The board charter encompasses the role and responsibilities relating to audit matters along the lines set out in the ASX guidelines.

The external auditor, Pitcher Partners, has declared its independence to the board and has confirmed that the audit partner will be rotated in accordance with the Corporations Act and relevant independence requirements. The committee has examined material provided by the external auditor and is satisfied that the standards for auditor independence and associated issues are complied with.

On account of the small size of the board this charter also extends to risk management and compliance. The audit and risk management committee charter is available on the company's website.

#### **PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE**

Companies should promote timely and balanced disclosure of all material matters concerning the company.

*Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX listing rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.*

The company has a written disclosure policy contained within the directors' corporate ethics policy titled *the Company's Obligation of Disclosure* that complies with the recommendation. This policy ensures that the company complies not only with its obligations at law and under the ASX listing rules, but with best practice as it has evolved in recent years.

The company secretary has been designated as the person responsible for communications with the ASX including to ensure compliance with the continuous disclosure requirements in the listing rules and overseeing information going to the ASX, shareholders and other interested parties. All key announcements are vetted by the company's legal advisors prior to announcement. All announcements are transmitted to the board and the external auditor's designated audit partner upon release. The matter of continuous disclosure is a permanent item on the agenda for all board meetings.

Authority to speak about the company's affairs to the media, brokers, analysts or investors is restricted to the chairman.

All directors have obligations outlined in the directors' corporate ethics policy to keep the company promptly informed of any personal or related interests in securities trading and contracts relevant to securities. The company, in turn, promptly reports such trading to the ASX.

All announcements made to the ASX by the company are also published on the company's website.

## **PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS**

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

*Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.*

A board approved general communications strategy has been designed and implemented to not only comply with the ASX guidelines, but to generate and foster a long-term close association with shareholders and investors.

The company aims to keep shareholders informed of the company's performance and all major developments in an ongoing manner. Information is communicated to shareholders through:

- the Annual Report which is distributed to all shareholders (unless specifically requested otherwise);
- other correspondence regarding matters impacting on shareholders as required; and
- for matters of importance attempts at direct contact being made with majority shareholders by telephone.

All documents that are released publicly are made available on the company's website. A notice inviting shareholders to use this website has been circulated with the Annual Report since the 2002 year.

Shareholders are also encouraged to participate in the Annual General Meeting to ensure a high level of accountability and identification with the company's strategies and goals.

## **PRINCIPLE 7: RECOGNISE AND MANAGE RISK**

Companies should establish a sound system of risk oversight and management and internal control.

*Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.*

The company places a high priority on risk management and identification throughout the group's operations and regularly reviews its adequacy. A risk control program has been developed which includes legislative compliance. On account of the small size of the board the functions of audit committee and risk management committee are combined and operate under the same audit and risk management committee charter.

*Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and to report to it on whether those risks are being managed effectively.*

The company adopts a rigorous approach to understanding and proactively managing the risks Eumundi faces in its business. Eumundi recognises taking business decisions which entail calculated risks and managing these risks within sensible tolerances is fundamental to creating long term value for securityholders and meeting commitments to Eumundi's employees, tenants, customers, business partners, consultants and the communities in which it does business.

The company's system of risk management is integrated with its day-to-day business processes and functional responsibilities. Management is responsible for the design and implementation of the risk management framework and for adapting it to changes in the business and the external environment in which Eumundi operates. Business units are responsible for integrating the risk management framework within their business processes and systems.

The board is responsible for satisfying itself that management has in place a sound system for the management and ongoing control of material business risks. The board is assisted in this function by the audit and risk committee. The ongoing monitoring of risks is by executive management is achieved through regular reports and briefings from the business units. Material risks to forecast and budget are incorporated into these reports and highlight issues that may either require immediate attention or have the potential to cause material negative impacts.

*Recommendation 7.3: The Board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management & internal control, and that the system is operating effectively in all material respects in relation to financial reporting risks.*

This is a standing board requirement and such written confirmations have been received.

The board acknowledges that it is responsible for the overall internal control framework, but recognises that no cost-effective system will preclude the possibility of errors, mistakes and irregularities.

For these reasons, and in view of its size, the company relies on its management, under the control of the board, to perform internal audit functions. This is done in regular consultation with, but independent of, the external auditor. The executive managers attend all board meetings and meetings of the audit and risk management committee and provide appropriate reports.



## **PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY**

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is clear.

*Recommendation 8.1: The board should establish a remuneration committee.*

Given the size of the company and the number of directors on the board, it is not practical to establish a separate remuneration committee. It is reasonable that the board be accountable for setting their own remuneration and that of senior executives where the above formal remuneration policy is available to shareholders.

*Recommendation 8.2: Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.*

The board comprises four non-executive directors. Remuneration is set out in the relevant section of the Annual Report. Details of the nature and amount of each element of the remuneration of each director of the company and the key management personnel of the company are disclosed in the relevant section of the Annual Report. As outlined in the remuneration policy there is no retirement benefit scheme for directors other than payment of statutory superannuation.

## Shareholder information

The shareholder information below was applicable as at 21 August 2013.

### A. Distribution of Equity Securities

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

| Ordinary Shares  |     |
|------------------|-----|
| 1 – 1,000        | 129 |
| 1,001 – 5,000    | 460 |
| 5,001 – 10,000   | 230 |
| 10,001 – 100,000 | 211 |
| 100,001 and over | 102 |
| <b>1,132</b>     |     |

There are 720 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 Fund                              | 20,190,436         | 14.22        |
| 2. Ganboys Pty Ltd  | 11,316,855         | 7.97         |
| 3. Natpac Financial Services Pty Ltd - Robert Blann Superfund     | 11,151,582         | 7.86         |
| 4. Ganbros Pty Ltd  | 10,685,991         | 7.53         |
| 5. Gansons Pty Ltd  | 9,506,663          | 6.70         |
| 6. Mrs. Tracy Fraser  | 6,563,910          | 4.62         |
| 7. Wilhelm Super Fund Account                                     | 4,157,224          | 2.93         |
| 8. Swandcliffe Pty Ltd  | 4,062,757          | 2.86         |
| 9. Archer Management Pty Ltd – Archer Super Fund                  | 3,498,608          | 2.46         |
| 10. Torryburn Super Fund  | 2,860,000          | 2.01         |
| 11. Mr. J M Ganim   | 2,652,800          | 1.87         |
| 12. Atkone Pty Ltd  | 2,168,731          | 1.53         |
| 13. Ruminator Pty Ltd   | 2,168,731          | 1.53         |
| 14. Caske Family Superannuation Pty Ltd – Caske Family Super Fund | 2,000,000          | 1.41         |
| 15. Phillips Consolidated Pty Ltd – Phillips Family Super Fund    | 1,981,264          | 1.40         |
| 16. Keiser Shipping and Transport Pty Ltd                         | 1,935,199          | 1.36         |
| 17. Agpro Pty Ltd – Joe Ganim Super Fund                          | 1,905,724          | 1.34         |
| 18. Atkins Steelcraft Pty Ltd                                     | 1,822,000          | 1.28         |
| 19. Jalsea Pty Ltd  | 1,777,519          | 1.25         |
| 20. Miek Pty Ltd – The Tutt Super Fund Account                    | 1,450,863          | 1.02         |
| Total   | <b>103,856,857</b> | <b>73.16</b> |

### C. Substantial holders

Substantial holders in the company are set out below:

|  | Number held | Percentage |
|--|-------------|------------|
| De Luca Group Superannuation Fund                          | 20,190,436  | 14.22      |
| Ganbros Pty Ltd  | 11,316,855  | 7.97       |
| Natpac Financial Services Pty Ltd - Robert Blann Superfund | 11,151,582  | 7.86       |
| Ganboys Pty Ltd  | 10,685,991  | 7.53       |
| Gansons Pty Ltd  | 9,506,663   | 6.70       |

### D. Voting rights

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

#### a) Ordinary Shares

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

#### b) Options

No voting rights.