



EUMUNDI GROUP

# 2021 ANNUAL REPORT



EUMUNDI GROUP LIMITED

ABN 30 010 947 476

## Corporate Directory

|   |   |
|---|---|
| <b>Directors</b>                                | Joseph Michael Ganim<br><i>Non-executive Chairman</i><br><br>Gilbert De Luca<br><br>Murray Raymond Boyte  |
| <b>Chief Executive Officer</b>                  | Suzanne Marie Jacobi-Lee  |
| <b>Company Secretary</b>                        | Leni Pia Stanley  |
| <b>Notice of annual general meeting</b>         | The annual general meeting of Eumundi Group Limited will be held:<br><br><b>at</b> HopgoodGanim Lawyers<br>Level 7, 1 Eagle Street<br>Brisbane Qld 4000<br><br><b>time</b> 11:00am<br><br><b>date</b> Friday 19th November 2021 |
| <b>Principal registered office in Australia</b> | c/- HopgoodGanim Lawyers<br>Level 8, 1 Eagle Street<br>Brisbane Qld 4000<br>Telephone: (07) 3024 0000   |
| <b>Principal place of business</b>              | Ashmore Tavern<br>161 Cotlew St<br>Ashmore Qld 4214<br>Telephone: (07) 3229 7222  |
| <b>Share registry</b>                           | Computershare Registry Services Pty Ltd<br>Level 1, 200 Mary St<br>Brisbane Qld 4000<br>Telephone 1300 552 270  |
| <b>Auditor</b>                                  | Pitcher Partners<br>Level 38, Central Plaza One<br>345 Queen Street<br>Brisbane Qld 4000  |
| <b>Solicitors</b>                               | HopgoodGanim Lawyers<br>Level 8, 1 Eagle Street<br>Brisbane Qld 4000  |
| <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 Australian Securities Exchange (ASX code: EBG)   |
| <b>Web site address</b>                         | <a href="http://www.eumundigroup.com.au">www.eumundigroup.com.au</a>  |

## Table of Contents

### Corporate Directory

|  |    |
|--|----|
| Chairman's Message                             | 2  |
| Directors' Report                              | 7  |
| Auditor's Independence Declaration             | 15 |
| Consolidated Statement of Comprehensive Income | 16 |
| Consolidated Statement of Financial Position   | 17 |
| Consolidated Statement of Changes in Equity    | 18 |
| Consolidated Statement of Cash Flows           | 19 |
| Notes to the Financial Statements              | 20 |
| Directors' Declaration                         | 48 |
| Independent Auditor's Report                   | 49 |
| Shareholder Information                        | 53 |





## Chairman's Message

Eumundi Group Limited (the "Group") is pleased to report a statutory net profit after tax of \$4,263,000 for the 2021 financial year ("FY2021") representing earnings per share of 10.26 cents. The result included fair value adjustment on investment properties of \$1,769,000 net of tax. Profit for the year before these fair value adjustments was \$2,494,000 net of tax.

Total comprehensive profit for the year was \$8,576,000, which includes fair value adjustment of land and buildings of \$4,313,000 net of tax.

FY2021 contrasts to the prior year when COVID-19 first swept the globe. In FY2020, mandated government COVID-19 closures of our hotel businesses and the provision of rent relief to affected lessees of the Group's investment properties substantially impacted our financial performance. The FY2020 result was a statutory net loss after tax of \$1,022,000, while land and building assets were devalued by \$3,695,000 resulting in a net comprehensive loss of \$4,717,000.

Going into FY2021, the long-term outlook remained uncertain. Experts predicted the housing market would fall once government support was withdrawn and businesses would be unable to remain solvent. Melbourne residents endured protracted lockdowns while Government authorities continued to battle fresh COVID-19 outbreaks. Consumer confidence was low.

In South-east Queensland, more and more businesses vacated CBD offices and a high number of professionals and administrative employees stayed working from home.

Queensland's border remained closed to southern states until November 2020, further reducing tourist activity at a time when international borders were expected to remain closed indefinitely.

The Queensland economy defied predictions and performed strongly during the first six months of FY2021, supported by JobKeeper and JobSeeker relief payments and record low interest rates. Nonetheless, it was apparent that Australia would continue to feel the impact for years to come, and our businesses would need to adapt to the new environment.

Social distancing restrictions became the new normal when the Group re-commenced full operating hours at both hotels in July 2021, highlighting how significantly ongoing capacity limits would constrain hotel revenues.

The Ashmore Tavern in particular was impacted by capacity limits in early FY2021, suffering a 50% reduction in bistro and bar capacity and a 40% reduction in gaming capacity - only 28 of the Ashmore Tavern's 45 gaming machines were usable in the venue's small lounge.

The Group responded by taking the strategic decision to proceed with the major planned capital works at the Ashmore Tavern at the earliest opportunity to maintain and improve revenue streams, building for the future.

Upon completion in the second half of FY2021, the Ashmore Tavern facilities included: two additional covered dining deck areas providing capacity for 100-130 people, an additional indoor dining area providing capacity for 40-60 people; an upgrade and extension and



modification of the bistro deck accommodating 60-80 people, enabling the Atrium deck to be used every day of the year; and an upgrade/expansion of the sport bar smoking area which provided much needed capacity.

An upgrade to the front entry was also completed, incorporating the replacement of the main entry stairs and installation of landscaping. This work substantially transformed the main entrance to the tavern and improved safety through well illuminated, wide, level stairs with handrails. Given the potential ramifications of COVID-19 exposure, state-of-the-art temperature sensing CCTV cameras were installed at each main entry to reduce the likelihood of individuals with a fever entering the venue.

The former 114m<sup>2</sup> gaming lounge, accessible only by stairs, was replaced with a significantly larger 202m<sup>2</sup> bespoke gaming lounge accommodating the venue's 45 gaming machines with full-service bar, lounge, TAB and KENO self-service terminals, cash redemption terminal with ticket-in ticket -out, private toilet facilities and a dedicated smoking area. The area has capacity for an additional five gaming machines if, in the future, legislation changes to increase venue limits.

Hotel revenue was constrained during the year-long capital works programme due to the reduction of the operational gaming fleet, lower overall patron capacity and the required closure of the drive through liquor outlet.

Despite these challenges, revenue growth was achieved through FY2021 as each new stage of the project was completed and the venue's capacity increased. Pre-renovation food and beverage sales immediately doubled,

while gaming increased by 10% on pre-COVID-19 levels. Drive-through liquor sales are still recovering as the customer base is re-established after the prolonged closure.

The substantial investment has transformed the Ashmore Tavern, creating a vibrant, modern venue providing a high standard of bar, bistro, and gaming entertainment, on par with the Gold Coast's best. Designed by leading hospitality architects, BPSN, the redevelopment was delivered by Ashley Cooper Construction Pty Ltd, who received the *Gold Coast Master Builders - Housing and Construction award - 'Retail Facilities up to \$5 million'* in July 2021 for their excellent work on this project.

Ashmore Tavern retail liquor operations performed well, with post COVID-19 sales growth offsetting the decline from the closure of the underperforming Broadbeach retail liquor store in August 2020 and erosion of sales to embattled restaurants through the corporate sales division.

Aspley Central Tavern benefitted from the works previously undertaken in the FY2020 year and suffered far less disruption in FY2021 from social distancing limits.

Prior to re-opening in early July 2020, after the COVID-19 closure, approval was received to extend the venue's trading hours in line with its local competitors. Additionally, the recently expanded gaming lounge already complied with social distancing criteria and the venue's 42 gaming machines remained available to customers. This proved invaluable when gaming first recommenced on 6 July 2020, while the closest competitor remained closed for a further two weeks.



In April 2021, the Group acquired another three gaming authorities, bringing the total at Aspley Central Tavern to 45 - the maximum number presently allowed under Queensland legislation. These authorities were put in use when we acquired new machines in May 2021. As with the Ashmore Tavern, the Aspley Central Tavern's gaming room has been designed to accommodate 50 machines comfortably should a change in legislation occur in the future. A TAB self-service terminal and a cash redemption terminal with ticket-in ticket-out were also installed during the year.

Despite three Queensland State Government mandated COVID-19 closures, and the additional operating costs of COVID-19 compliance, the Aspley Central Tavern improved its profitability, benefiting from an uplift in customer activity at the Group's adjoining Aspley Shopping Centre.

Leasing conditions at the Group's Aspley Shopping Centre and Aspley Arcade Shopping Village remained difficult, reflecting the prevailing economic uncertainty. This resulted in the overall vacancy rate at the centres increasing in FY2021, despite the major site upgrade completed a year earlier.

Nonetheless, the Group's concerted leasing efforts achieved some success with existing tenants as well as new tenants, especially in the second half of the financial year.

Ray White relocated from the Aspley Arcade Shopping Village and expanded into 454m<sup>2</sup> premises in Aspley Shopping Centre for a 10-year term. QScan expanded its footprint from 133m<sup>2</sup> to 276m<sup>2</sup> and extended its tenure by an additional 10 years.

Fitstop Gym, City Cave, and Souly Olive Coffee have recently been welcomed into the Group's shopping centres as new tenants.

As a result of our efforts, I am pleased to report that vacancy rates at the centres have decreased from 29.9% as at 30 June 2020 to 16.7% as at 30 June 2021, while weighted average lease expiry ("WALE") has increased from 3.28 years to 5.29 years over the same period.

The continued shift away from CBD and Westfield style shopping centres due to COVID-19, has delivered positive outcomes for inner-suburban, strip-style shopping centres such as ours. Subsequent to 30 June 2021, two additional leases have been finalised with new tenants, further improving the WALE and vacancy rates, and other leases are under active negotiation.

Independent valuations as at 30 June 2021 reflected the strong performance of each of the Group's shopping centres and hotels, attributing a gain on fair value adjustment of \$1,769,000 net of tax for investment properties and a gain on fair value adjustment of \$4,313,000 net of tax for land and buildings.

At an operating level, excluding net gains on fair value adjustment of land, buildings and investment properties, the Group's net profit after tax increased by 378% to \$2,494,000 in FY2021, compared with \$522,000 last year.

The Group's net tangible asset backing per share as at 30 June 2021 of 102.0 cents compared with 82.7 cents last year. The substantial improvement mainly reflects the total fair value adjustments on revaluation of land, buildings and investment property assets of \$6,082,000 after tax, offset by the acquisition of additional gaming licences for Aspley Central Tavern of \$568,000 (which are considered to be intangible assets for accounting purposes).



Cash flows from operations in FY2021 of \$6,277,000 represented a substantial lift on last year's inflow of \$1,160,000, predominantly due to increased cash inflows from on premise hotel operations, as well as lower tax payments, the receipt of an income tax refund of \$402,000 and reduced finance costs.

Net debt decreased from \$27,131,000 as at 30 June 2020 to \$26,417,000 at balance date, notwithstanding the major capital works programme undertaken during the year. The net debt reduction was achieved as a result of the significantly improved cash flows from operations. The Group's gearing ratio (net debt to total equity) of 59.0% has decreased from 75.0% last year, and debt was comfortably serviced by interest cover of 7.72 times.

Subsequent to 30 June 2021, the Group successfully completed the acquisition of the land and buildings of the Courthouse Hotel at Murwillumbah, NSW in August 2021.

The hotel business will be owned and operated by former Dixon Hospitality stakeholder, Michael Dixon, under the Athena Hospitality Group banner, for an initial term of 15 years with four further options of 10 years each. The lease is a triple net lease, with all outgoings and the costs of capital supported by a three-month bank guarantee and directors' guarantees.

The purchase has been funded through a mixture of the Group's unused existing facilities and new approved facilities from its bankers, the NAB. Total borrowings for the Group post acquisition are less than \$34,000,000 with further undrawn facilities of \$6,000,000 providing both working capital and the ability to respond to further growth opportunities that may be identified.

The Courthouse Hotel acquisition meets the Group's stated objectives of targeting blue chip assets with substantial capital growth potential, minimal management involvement by the Group and solid income backed by tenants of substance and proven capability. This strategic acquisition ideally complements Eumundi's impressive hotel portfolio and is expected to make a net contribution of approximately \$260,000 to the pre-tax result of the Group in the first year of ownership.

The threat of COVID-19 at present is as real as it was in FY2020, with hotels and restaurants being the first to close when a community transmission occurs. So far in the new financial year, the Group's Ashmore Tavern and Aspley Central Tavern on premise businesses have closed for a combined period of 11 days and 12 days respectively as a result of two forced shutdowns.

The continued uncertainty brings with it a significant threat to our business as hospitality staff, predominantly casual employees, seek more reliable and stable income. However, adversity breeds experience and knowledge. Accordingly, we feel confident that both management and the Board are fully and better equipped to meet any "left field" occurrences, with the adaptability required to succeed notwithstanding these challenges.

At the time of writing, most borders are closed between states. The growing number of COVID-19 cases reported daily in NSW remains concerning with the risk of transmission into Queensland. Immunisation is touted as the key, but stocks are limited, and Governments are flagging ambitious vaccination targets before restrictions are eased.



It is impossible to know what the coming year holds. However, we remain optimistic for the future given the quality of the Group's assets, the strength of our business and the improvements we have made throughout the year.

Serious consideration has been given by the Board as to whether or not a dividend should be declared. Whilst a partly franked dividend could be declared, if there are serious COVID-19 closures over the balance of the financial year, hindsight would dictate that decision inappropriate and with escalating cases in New South Wales and history showing breakouts can happen when not expected, the Board has decided that a cautious approach be taken now.

Accordingly, whilst the Board will closely monitor the situation with a view to reinstating dividends at the earliest opportunity, we feel that now is not the time to do so with confidence.

This year saw the resignation from the Board of Vern Wills, whose workload outside the Group required him to dedicate more time and effort to other business interests. We thank him sincerely for a long and valuable contribution to the Group.

We are very pleased to welcome to the Board, Murray Boyte, a very experienced and respected businessman and ASX company director. Murray's resume is extensive and we look forward to his added expertise and knowledge to assist with the expansion and performance of the Group.

The Board would like to thank all of the Group's staff for their dedication and efforts during a challenging but significant year of progress for the Group. Special thanks to our CEO, Suzanne Jacobi-Lee, who has overseen the overall business of the Group, as well as significant additional protocols required to comply with the COVID-19 restrictions and sometimes changing Government requirements. Thank you in particular to the Ashmore and Aspley staff and management teams who are the force behind our success. Finally, thanks also to our company secretary, Leni Stanley, our auditors, Pitcher Partners, our banking partners at National Australia Bank and last but not least, our very supportive shareholders.

**J M Ganim**  
CHAIRMAN

## Directors' Report

Your directors present their report on the consolidated entity (referred hereafter as the Group) consisting of Eumundi Group Limited and its controlled entities for the year ended 30 June 2021 (FY2021).

### 1. DIRECTORS

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

J M Ganim (Chairman)  
M R Boyte (appointed 1 March 2021)  
G De Luca  
V A Wills (resigned 1 March 2021)

### 2. PRINCIPAL ACTIVITIES

During the year the principal activities of the Group remained unchanged and consisted of the operation of the Ashmore and Aspley Central Taverns and the holding of investment properties.

### 3. DIVIDENDS

No interim dividend was declared in respect of 1HFY2021 (2020: \$953,000 (interim dividend of 2.35 cents per share 50% franked at 27.5%)).

Out of an abundance of caution, the Board has determined not to declare a final dividend in respect of the FY2021 result.

### 4. REVIEW OF OPERATIONS

The Group continued its major capital works programme to enhance its assets to improve future returns. This included:

#### *Ashmore Tavern*

- completion of enclosed atrium bistro deck in July 2020 at a cost of \$431,000 of which \$152,000 was recognised as at 30 June 2020;
- completion of front entry upgrade at a cost of \$245,000 and sports bar dining deck at a cost of \$208,000 in September 2020;
- completion of gaming lounge, garden bistro and deck, and sports bar smoking deck upgrade in March 2021 at a cost of \$2,014,000;
- upgrade of gaming equipment at a total cost of \$160,000 in December 2020 and June 2021;
- upgrade of audio visual and security systems throughout the venue including installation of temperature sensing cameras at a total cost of \$201,000. Works were undertaken progressively with each stage of the capital works program and completed in March 2021; and
- advanced detailed design for major kitchen expansion which is scheduled to commence in February 2022 and complete early in June 2022 with an expected construction cost of \$1,000,000.

#### *Aspley Central Tavern*

- completion of designated smoking area for the gaming room at a cost of \$54,000 in August 2020;
- upgrade of security systems including installation of temperature sensing cameras at a cost of \$28,000 in December 2020;
- upgrade of gaming equipment at a cost of \$120,000 in December 2020; and
- acquisition of three gaming authorities at a cost of \$567,000 in April 2021 and three new gaming machines at a cost of \$61,000 in May 2021.

#### *Aspley Shopping Centre and Aspley Arcade Shopping Village*

- capital contributions of \$773,000 in respect of new leases at the Aspley investment properties.

### COVID-19

It is not feasible to quantify precisely the impact of the pandemic and associated government enforced preventative measures on the Group's results as the effects, both positive and negative, and measures undertaken to manage the situation are interrelated and cannot be measured in isolation.

## 4. REVIEW OF OPERATIONS (CONTINUED)

### Hotel operations

Hotel food and beverage trading recommenced from mandated closures on 1 June 2020, and gaming operations recommenced in the second week of July 2020.

Hotels continue to operate under the prevailing COVID-safe industry measures as mandated by the Queensland State Government. These measures include restriction on patron numbers, and increased management of patron COVID-19 compliance. Additionally, food, beverage and gaming operations have been subject to periodic mandatory closures during FY2021 and 1QFY2022.

Retail liquor has been able to continue to trade and achieved strong sales growth, except for the Broadbeach liquor store which was closed in August 2020, and the corporate sales division which services Gold Coast based restaurants and cafés which have yet to recover from the loss of tourism following closure of international and domestic borders.

### Investment property

Under the Australian Government's 'Mandatory code of conduct for commercial leasing' and the Queensland Government's COVID-19 Emergency Response Act 2020 legislation, the Group was compelled to provide rental support to affected tenants at its investment properties, including the Plough Inn. During 4QFY2020 and 1HFY2021 support was provided to eligible tenants on a case-by-case basis having regard for the reduction in turnover each suffered and was delivered through measures which included rental waivers and deferrals and lease extensions.

The impact of the COVID-19 pandemic is ongoing. The situation is rapidly developing and is dependent on measures imposed by both Federal and State Governments and by other countries, such as venue closures, maintaining physical distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

### Financial Results

The Group recorded a profit after tax of \$4,263,000 for the year ended 30 June 2021 (2020: \$1,022,000 loss).

The current year profit includes a gain on fair value adjustment of investment properties of \$1,769,000 net of tax, attributable to gains on fair value adjustment of the Aspley Arcade Shopping Village of \$600,000 net of tax and The Plough Inn of \$1,169,000 net of tax. The prior year result included a loss on fair value adjustment of (\$1,544,000) net of tax.

Profit for the year before fair value adjustments net of tax on investment properties was \$2,494,000 compares with \$522,000 in the prior year. The substantial improvement reflects improved performance of the Group's hotel operations upon reopening of the businesses following the COVID-19 forced closures last year.

Revenue from continuing operations of \$26,216,000 represents a 27% increase compared with \$20,715,000 for the prior year.

Hotel segment revenues increased by \$5,631,000 from \$17,772,000 in FY2020 to \$23,403,000 in the current year. This total comprised: retail liquor revenues which increased by \$163,000 from \$8,326,000 to \$8,489,000; gaming revenue which increased by \$3,870,000 from \$6,293,000 to \$10,163,000; bar and bistro revenues which increased by \$1,510,000 to \$4,255,000; and other revenues which increased by \$88,000 to \$494,000.

Employee benefits expense, before JobKeeper subsidy, increased by 11% from \$3,758,000 in FY2020 to \$4,183,000 in the current year with employees stood down in the prior year after 22 March 2020 due to COVID. Gaming machine taxes increased from \$3,130,000 in FY2020 to \$5,216,000 in the current year in line with the increase in gaming revenue.

Overall, after recognising Government COVID-19 related assistance totalling \$466,000, the hotel segment result of \$2,116,000 in FY2021 was an increase of \$2,017,000 (up 2,037%) compared with the prior year's result of \$99,000.

Investment property revenues decreased by \$122,000 from \$3,438,000 in FY2020 to \$3,316,000 in the current year. Rental revenue was impacted by increased vacancy rates during the year and lower rents achieved on lease negotiations. Rental abatements, on a case-by-case basis, were provided to tenants in respect of COVID-19.

Outgoings on investment properties decreased from \$683,000 in FY2020 to \$666,000 in the current year.

After recognising Government COVID-19 related assistance totalling \$118,000, the investment property segment results increased from \$2,161,000 in FY2020 to \$2,293,000 in FY2021 (up 6%).

The Group received COVID-19 related government subsidies totalling \$584,000 in FY2021 (2020: \$547,000).

Financing costs of \$558,000 compared with \$774,000 in the prior comparative period mainly due to lower interest rates during the year.

Other comprehensive income net of tax of \$4,313,000 in FY2021 related to the net fair value gains on revaluations of land and buildings at the Aspley Shopping Centre of \$3,443,000 (net of tax) and the Ashmore Tavern of \$870,000 (net of tax). This compares with a revaluation loss of \$3,695,000 net of tax in the previous year relating to the same properties.

#### 4. REVIEW OF OPERATIONS (CONTINUED)

##### Financial Position

Net assets at 30 June 2021 were \$44,751,000, representing an increase of \$8,576,000, up 23.7% from \$36,175,000 at 30 June 2020.

Total assets increased from \$68,905,000 to \$81,774,000 primarily attributable to the gain on fair value revaluations of land and buildings of \$4,313,000 net of tax, and a gain on fair value adjustment of investment properties of \$1,769,000 net of tax.

Trade and other payables of \$3,469,000 includes March 2020 gaming tax liabilities of \$200,000, for which payment was deferred as a COVID-19 support measure. As a result of end-of-year payment timings, the Group was in a net current liability position as at 30 June 2021.

Borrowings increased by \$61,000 from \$27,824,000 at 30 June 2020 to \$27,885,000 at 30 June 2021.

Net debt (borrowings less cash and cash equivalents) was \$26,417,000 as at 30 June 2021 (2020: \$27,131,000). The net debt to equity ratio decreased from 75.0% as at 30 June 2020 to a comfortable 59.0% as at 30 June 2021.

Cash inflows from operations of \$6,277,000 in the current year were \$5,117,000 higher than the prior period. The substantial increase was largely attributable to strong trading performance of the Group's hotel operations, with gaming cash flows up \$3,870,000 on the prior year. The operating cash flow was also assisted by lower financing costs, recovery of rental deferments, higher receipts of COVID government support in the current year, lower tax payments and the receipt of an income tax refund in respect of FY2020.

Cash outflows from investing activities of \$5,353,000 in the current period are attributable to the capital works at Ashmore Tavern, capital contributions and incentive payments in respect of new leases at the Aspley Arcade and Aspley Shopping Centre investment properties and the acquisition of gaming authorities at Aspley Central Tavern. Prior year outflows from investing activities of \$3,878,000 reflected the completion of the Aspley Shopping Centre and Aspley Arcade Shopping Village redevelopment, expansion and refurbishment of the Aspley Central Tavern gaming room including the acquisition of additional gaming equipment, completion of the Ashmore Tavern lounge bar and kitchen refurbishment, construction of new amenities at Aspley Shopping Centre amenities, commencement of the Ashmore Tavern enclosed bistro deck and other capital works.

Net cash outflows from financing of \$151,000 related to lease payments. To preserve cash, no dividends were paid during the year. In the prior period, net cash inflows from financing of \$2,457,000 mainly related to the \$2,920,000 increase in borrowings for capital works.

Issued share capital remained unchanged at 41,543,333 shares at 30 June 2021 (2020: 41,543,333 shares).

Net tangible asset backing was 102.0 cents per share as at 30 June 2021 (2020: 82.7 cents per share), reflecting the significantly higher total comprehensive income for the year.

#### 5. SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

#### 6. MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Subsequent to 30 June 2021, the Group has:

- acquired the land and buildings of the Courthouse Hotel, Murwillumbah for \$6,000,000 plus acquisition costs. The Courthouse Hotel is a low-risk passive investment, which is subject to a long-term lease to an experienced hotel operator;
- renegotiated commercial debt facilities on commercial terms and conditions of three to five years, increasing approved facilities by \$10,000,000 to fund the Courthouse Hotel acquisition and provide increased working capital for planned capital works; and
- progressed detailed design and costings for the expansion of the Ashmore Tavern kitchen. Works are expected to commence in February 2022 with completion in June 2022 at an estimated cost of \$1,000,000.

Other than the matters referred to above, there are no other matters or circumstances that have arisen since 30 June 2021 that have significantly affected, or may significantly affect, the consolidated entity's operations in future financial years, the results of those operations in future financial years or the consolidated entity's state of affairs in future financial years.

#### 7. LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The focus of the Group in the coming year is to maintain operational efficiencies in the face of uncertain market conditions, to complete the proposed capital works at Ashmore Tavern, and to ensure adequate working capital to operate in all market conditions. The Group will continue to assess other investment opportunities that may exist in the current market where such investments will improve the Group's asset portfolio.

## 8. ENVIRONMENTAL REGULATION

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

## 9. INFORMATION ON DIRECTORS

| <b>Name and Qualifications</b>   | <b>Experience and Special Responsibilities</b>   |
|--|--|
| <b>Joseph Michael Ganim</b><br>Non-executive Chairman<br>LLB   | Over 45 years' experience conducting complex corporate and commercial litigious matters. Extensive public and private company board experience. <ul style="list-style-type: none"><li>• Non-executive director since 1989</li><li>• Non-executive Chairman since 2004</li><li>• Member of the Audit Committee</li></ul>  |
| <b>Gilbert De Luca</b><br>Non-executive director   | A wide range of business experience in the property and construction fields overseeing the acquisition of investment and development properties. <ul style="list-style-type: none"><li>• Non-executive director since 1989</li><li>• Member of the Audit Committee</li></ul>   |
| <b>Murray Raymond Boyte</b><br>(appointed 1 March 2021)<br>Independent non-executive director<br>BCA, MAICD, CMInstD, CA | Over 35 years' merchant banking and finance experience including corporate restructures, mergers and acquisitions. Extensive directorship and executive experience in transport, horticulture, financial services, investment, health services and property industries.<br>Currently chairman of National Tyre and Wheel Company Limited, executive chairman of Eureka Group Holdings Limited, and non-executive director of Hillgrove Resources Limited. <ul style="list-style-type: none"><li>• Non-executive director since 2021</li><li>• Chairman of the Audit Committee (since 1 March 2021)</li></ul> |
| <b>Vernon Alan Wills</b><br>(resigned 1 March 2021)<br>Independent non-executive director                                | An extensive background in areas of investment and finance in a broad range of industries including property, mining, IT and education.<br>Currently chairman of Ubidy Technology Group Limited and chairman of Microba Life Sciences Limited until 31 January 2020. Chief Executive Officer and Managing director of Site Group International Limited until November 2020. Previously deputy chairman of Abano Healthcare Group Limited. <ul style="list-style-type: none"><li>• Non-executive director since 2004</li><li>• Chairman of the Audit Committee (until 1 March 2021)</li></ul>                 |
| <b>Leni Pia Stanley</b><br>Company Secretary<br>CA BCom  | Principal of a chartered accounting firm. Holds similar positions with other companies. <ul style="list-style-type: none"><li>• Company secretary since 2004</li></ul>   |

## 10. INTERESTS OF DIRECTORS

| <b>Names of Directors</b> | <b>Ordinary Shares</b> |
|---------------------------|------------------------|
| J M Ganim                 | 12,998,450             |
| G De Luca                 | 7,083,072              |
| M R Boyte                 | -                      |

The table above lists interests in the company held by the directors or entities controlled by the directors as at the date of this report as at 30 June 2021.

## 11. MEETINGS OF DIRECTORS

The numbers of meetings of the company's board of directors and of its board committee held during the year ended 30 June 2021, 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              | 10  | 10                | 2   | 2                 |
| M R Boyte <sup>1</sup> | 3   | 3                 | -   | -                 |
| G De Luca              | 10  | 10                | 2   | 2                 |
| V A Wills <sup>2</sup> | 7   | 7                 | 2   | 2                 |

<sup>1</sup> Appointed 1 March 2021    <sup>2</sup> Resigned 1 March 2021

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

## 12. REMUNERATION REPORT

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

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

#### Executives

The board remuneration policy is to ensure that remuneration packages properly reflect the person's duties, responsibilities and performance and that the remuneration is competitive in attracting, retaining and motivating people of the highest quality. The current executive remuneration structure has two components: base pay and benefits such as superannuation and motor vehicle allowances. At the discretion of the directors they will provide executives a cash and/or share bonus as part of their remuneration. Upon retirement the executives are paid employee benefit entitlements accrued to date of retirement.

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

#### Non-executive directors

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

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

Non-executive director remuneration is determined within the aggregate directors' fee pool, which is periodically recommended for approval by shareholders. The latest determination was at an Annual General Meeting (AGM) held on 24 November 2005 when shareholders approved an aggregate remuneration of \$250,000 per annum. The actual amount paid during the financial year ended 30 June 2021 was \$184,457 (2020: \$139,710). This year included settlement of unpaid directors' remuneration for the year ended 30 June 2020 of \$20,290.

#### Relationship to performance

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

| Year ended 30 June                                      | 2021   | 2020    | 2019  | 2018   | 2017  |
|---|--------|---------|-------|--------|-------|
| Profit (loss) after tax attributable to members (\$000) | 4,263  | (1,022) | 1,974 | 3,900  | 1,464 |
| Total comprehensive income (loss) for the year (\$000)  | 8,576  | (4,717) | 2,533 | 4,352  | 5,203 |
| Dividends paid (\$000)                                  | -      | 1,882   | 2,431 | 2,020  | 1,996 |
| Dividends paid per share                                | -      | 4.7¢    | 6.5¢  | 5.5¢   | 5.55¢ |
| Net tangible asset backing per share                    | 102.0¢ | 82.7¢   | 99.1¢ | 103.5¢ | 97.2¢ |
| Share price at end of year                              | 100¢   | 79¢     | 96¢   | 89¢    | 88¢   |

## 12. REMUNERATION REPORT (CONTINUED)

### B. Details of remuneration

#### Amounts of remuneration

Details of the remuneration of each director of the company and the other key management personnel of the company and the consolidated entity for the year ended 30 June 2021 are set out in the following table.

|                                       | Short term employee benefits      |               |                   | Post-employment benefits | Long term benefits              | Share based payment options | Total          | % Performance based |
|---------------------------------------|-----------------------------------|---------------|-------------------|--------------------------|---------------------------------|-----------------------------|----------------|---------------------|
|                                       | Cash Salary and Fees <sup>3</sup> | Cash Bonuses  | Non cash Benefits | Super-annuation          | Long Service Leave <sup>3</sup> |                             |                |                     |
|                                       | \$                                | \$            | \$                | \$                       | \$                              | \$                          | \$             | %                   |
| <b>2021</b>                           |                                   |               |                   |                          |                                 |                             |                |                     |
| <b>Directors</b>                      |                                   |               |                   |                          |                                 |                             |                |                     |
| J M Ganim                             | 54,795                            | -             | -                 | 5,205                    | -                               | -                           | 60,000         | -                   |
| G De Luca                             | 45,662                            | -             | -                 | 4,338                    | -                               | -                           | 50,000         | -                   |
| M R Boyte <sup>1</sup>                | 15,221                            | -             | -                 | 1,446                    | -                               | -                           | 16,667         | -                   |
| V A Wills <sup>2,5</sup>              | 37,500                            | -             | -                 | -                        | -                               | -                           | 37,500         | -                   |
| <b>Total<sup>6</sup></b>              | <b>153,177</b>                    | <b>-</b>      | <b>-</b>          | <b>10,989</b>            | <b>-</b>                        | <b>-</b>                    | <b>164,167</b> |                     |
| <b>Other key management personnel</b> |                                   |               |                   |                          |                                 |                             |                |                     |
| S M Jacobi-Lee <sup>4</sup>           | 214,208                           | -             | -                 | 19,085                   | 4,415                           | -                           | 237,708        |                     |
| <b>Total</b>                          | <b>214,208</b>                    | <b>-</b>      | <b>-</b>          | <b>19,085</b>            | <b>4,415</b>                    | <b>-</b>                    | <b>237,708</b> |                     |
| <b>2020</b>                           |                                   |               |                   |                          |                                 |                             |                |                     |
| <b>Directors</b>                      |                                   |               |                   |                          |                                 |                             |                |                     |
| J M Ganim                             | 54,795                            | -             | -                 | 5,205                    | -                               | -                           | 60,000         | -                   |
| G De Luca                             | 45,662                            | -             | -                 | 4,338                    | -                               | -                           | 50,000         | -                   |
| V A Wills <sup>5</sup>                | 50,000                            | -             | -                 | -                        | -                               | -                           | 50,000         | -                   |
| <b>Total<sup>6</sup></b>              | <b>150,457</b>                    | <b>-</b>      | <b>-</b>          | <b>9,543</b>             | <b>-</b>                        | <b>-</b>                    | <b>160,000</b> |                     |
| <b>Other key management personnel</b> |                                   |               |                   |                          |                                 |                             |                |                     |
| S M Jacobi-Lee <sup>7</sup>           | 189,151                           | 10,000        | 1,747             | 18,219                   | 3,317                           | 14,700                      | 237,135        | 6.17%               |
| <b>Total</b>                          | <b>189,151</b>                    | <b>10,000</b> | <b>1,747</b>      | <b>18,219</b>            | <b>3,317</b>                    | <b>14,700</b>               | <b>237,135</b> |                     |

<sup>1</sup> Appointed 1 March 2021

<sup>2</sup> Resigned 1 March 2021

<sup>3</sup> Amounts disclosed for S M Jacobi-Lee include leave entitlements of \$3,318 accumulated during the 2021 year (2020: (\$2,269) leave taken)

<sup>4</sup> Ms S M Jacobi-Lee's salary increased from \$210,000 inclusive of super to \$210,000 plus super on 1 January 2021. Ms Jacobi-Lee received a home office allowance of \$1,000 per month since September 2020, totalling \$10,000 during the 2021 year.

<sup>5</sup> Directors fees for V A Wills were invoiced by and paid to a related entity on commercial terms.

<sup>6</sup> Payment of Director's fees was deferred between April and June 2020 except to the extent they were covered by JobKeeper. No director's fees were outstanding at 30 June 2021 (2020: \$20,290)

<sup>7</sup> On 30 August 2019 the Group issued a performance bonus of 15,000 fully paid ordinary shares to S M Jacobi-Lee at the current market price of 98 cents with no conditions attached.

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

The resolution to approve the remuneration report at the 2020 AGM received 100% "yes" votes. The Group did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

## 12. REMUNERATION REPORT (CONTINUED)

### C. Service agreements

#### *S M Jacobi-Lee (Chief Executive Officer)*

Ms Jacobi-Lee receives a salary package of \$210,000 p.a. plus superannuation and three months' notice is required in the event of termination. The contract does not contain termination benefits.

### D. Share-based compensation

No share-based payments were granted, vested or exercised during the year ended 30 June 2021. During the year ended 30 June 2020 the Group issued S M Jacobi-Lee a performance bonus of 15,000 fully paid ordinary shares at the then current market price of 98 cents per share at a value of \$14,700. No conditions were attached to the issue of these shares.

### E. Equity instruments held by key management personnel

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

| <b>2021</b>                           | <b>Balance at start of year</b> | <b>Shares issued pursuant to DRP</b> | <b>Shares issued as compensation</b> | <b>Share market trades</b> | <b>Balance at end of year</b> |
|---------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|----------------------------|-------------------------------|
| <b>Directors</b>                      |                                 |                                      |                                      |                            |                               |
| J M Ganim                             | 12,998,450                      | -                                    | -                                    | -                          | 12,998,450                    |
| G De Luca                             | 7,083,072                       | -                                    | -                                    | -                          | 7,083,072                     |
| M R Boyte <sup>1</sup>                | -                               | -                                    | -                                    | -                          | -                             |
| V A Wills <sup>2</sup>                | -                               | -                                    | -                                    | -                          | -                             |
| <b>Other key management personnel</b> |                                 |                                      |                                      |                            |                               |
| S M Jacobi-Lee                        | 25,533                          | -                                    | -                                    | -                          | 25,533                        |

<sup>1</sup> Appointed 1 March 2021

<sup>2</sup> Resigned 1 March 2021

#### **Other transactions with key management personnel**

The Group engaged an entity related to G De Luca to provide project management services on commercial terms. Payments totalling \$10,700 were made during the year ended 30 June 2021 (2020: \$1,720).

The Group engaged an entity related to J M Ganim to provide project management services on commercial terms. Payments totalling \$80,139 were made during the year ended 30 June 2020.

No amount was owing to related parties at 30 June 2021 (30 June 2020: \$nil).

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

### **End of Remuneration Report**

## 13. SHARES OPTIONS

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

## 14. INSURANCE OF DIRECTORS AND OFFICERS

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

## 15. PROCEEDINGS ON BEHALF OF THE COMPANY

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



#### 16. NON-AUDIT SERVICES

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

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of non-audit services during the year did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

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

#### 17. AUDITOR'S INDEPENDENCE DECLARATION

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

#### 18. ROUNDING OF AMOUNTS

This company is a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and amounts in the directors' report have been rounded in accordance with that legislative instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

**J M Ganim**

DIRECTOR

*Dated at Brisbane this 30<sup>th</sup> day of August 2021*



Level 38, 345 Queen Street  
Brisbane, QLD 4000

Postal address  
GPO Box 1144  
Brisbane, QLD 4001

p. +61 7 3222 8444

The Directors  
Eumundi Group Limited  
161 Cottle St  
Ashmore QLD 4214

### Auditor's Independence Declaration

In relation to the independent audit for the year ended 30 June 2021, to the best of my knowledge and belief there have been:

- (i) No contraventions of the auditor independence requirements of the *Corporations Act 2001*; and
- (ii) No contraventions of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

*Pitcher Partners*  
PITCHER PARTNERS  
*Mason*  
CHERYL MASON  
Partner

Brisbane, Queensland  
30 August 2021

Brisbane Sydney Newcastle Melbourne Adelaide Perth

Pitcher Partners is an association of independent firms.

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

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



[pitcher.com.au](http://pitcher.com.au)

|                                 |                                |                                    |                                |                              |                            |                               |                                   |                               |                               |
|---------------------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------|----------------------------|-------------------------------|-----------------------------------|-------------------------------|-------------------------------|
| NIGEL FISCHER<br>MARK NICHOLSON | PETER CAMENZULI<br>JASON EVANS | KYLIE LAMPRECHT<br>NORMAN THURECHT | BRETT HEADRICK<br>WARWICK FACE | COLE WILKINSON<br>SIMON CHUN | JEREMY JONES<br>TOM SPLATT | JAMES FIELD<br>DANIEL COLWELL | ROBYN COOPER<br>FELICITY GRIMSTON | CHERYL MASON<br>KIERAN WALLIS | MURRAY GRAHAM<br>ANDREW ROBIN |
|---------------------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------|----------------------------|-------------------------------|-----------------------------------|-------------------------------|-------------------------------|

## Consolidated Statement of Comprehensive Income

For the year ended 30 June 2021

|   | Notes | 2021         | 2020           |
|---|-------|--------------|----------------|
|   |       | \$000        | \$000          |
| <b>Revenue</b>  | 6     | 26,216       | 20,715         |
| <b>Other income</b>   |       |              |                |
| Net gain on fair value adjustment – investment properties                 | 15    | 2,390        | -              |
| Total revenue and other income  |       | 28,606       | 20,715         |
| <b>Expenses</b>   |       |              |                |
| Purchase of inventories   |       | (8,130)      | (7,594)        |
| Change in inventories   |       | (39)         | 60             |
| Selling and promotional costs   |       | (996)        | (799)          |
| Employee benefits expense   |       | (4,183)      | (3,758)        |
| Depreciation and amortisation   | 7     | (1,691)      | (1,936)        |
| Insurance   |       | (218)        | (144)          |
| Rates and taxes   |       | (180)        | (111)          |
| Electricity   |       | (253)        | (246)          |
| Outgoings – investment properties   |       | (666)        | (683)          |
| Gaming machine tax  |       | (5,216)      | (3,130)        |
| Finance costs   | 7     | (558)        | (774)          |
| Listing and corporate governance costs                                    |       | (331)        | (339)          |
| Net loss on fair value adjustment – investment properties                 | 15    | -            | (2,129)        |
| COVID-19 Government subsidies   |       | 584          | 547            |
| Other expenses  |       | (1,256)      | (1,076)        |
| Total expenses  |       | (23,133)     | (22,112)       |
| Profit (loss) before income tax   |       | 5,473        | (1,397)        |
| Income tax (expense) benefit  | 8     | (1,210)      | 375            |
| <b>Profit (loss) for the year</b>   |       | <b>4,263</b> | <b>(1,022)</b> |
| <b>Other comprehensive income</b>   |       |              |                |
| <i>Items that will not be reclassified subsequently to profit or loss</i> |       |              |                |
| Fair value revaluation of land and buildings                              |       | 5,828        | (5,097)        |
| Income tax on items of other comprehensive income                         | 8(d)  | (1,515)      | 1,402          |
| Other comprehensive income (loss) for the year, net of tax                |       | 4,313        | (3,695)        |
| <b>Total comprehensive income (loss) for the year</b>                     |       | <b>8,576</b> | <b>(4,717)</b> |
| <b>Earnings per share:</b>  |       | <b>Cents</b> | <b>Cents</b>   |
| Basic & diluted earnings per share  | 32    | 10.26        | (2.51)         |

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 2021

|                                      | Notes | 2021<br>\$000 | 2020<br>\$000 |
|--------------------------------------|-------|---------------|---------------|
| <b>ASSETS</b>                        |       |               |               |
| CURRENT ASSETS                       |       |               |               |
| Cash and cash equivalents            | 9     | 1,468         | 693           |
| Trade and other receivables          | 10    | 188           | 347           |
| Inventories                          | 11    | 1,190         | 1,151         |
| Other assets                         | 12    | 312           | 46            |
| Income tax receivable                |       | -             | 384           |
| <b>TOTAL CURRENT ASSETS</b>          |       | <b>3,158</b>  | <b>2,621</b>  |
| NON-CURRENT ASSETS                   |       |               |               |
| Receivables                          | 13    | 7             | 83            |
| Property, plant and equipment        | 14    | 40,704        | 31,696        |
| Investment properties                | 15    | 35,535        | 32,700        |
| Intangible assets                    | 16    | 2,370         | 1,805         |
| <b>TOTAL NON-CURRENT ASSETS</b>      |       | <b>78,616</b> | <b>66,284</b> |
| <b>TOTAL ASSETS</b>                  |       | <b>81,774</b> | <b>68,905</b> |
| <b>LIABILITIES</b>                   |       |               |               |
| CURRENT LIABILITIES                  |       |               |               |
| Trade and other payables             | 17    | 3,469         | 2,040         |
| Lease liabilities                    | 3     | 217           | 141           |
| Provisions                           | 18    | 531           | 496           |
| Income Tax Payable                   |       | 3             | -             |
| <b>TOTAL CURRENT LIABILITIES</b>     |       | <b>4,220</b>  | <b>2,677</b>  |
| NON-CURRENT LIABILITIES              |       |               |               |
| Lease liabilities                    | 3     | 451           | 291           |
| Borrowings                           | 19    | 27,885        | 27,824        |
| Provisions                           | 20    | 41            | 35            |
| Deferred tax liability               | 8(c)  | 4,426         | 1,903         |
| <b>TOTAL NON-CURRENT LIABILITIES</b> |       | <b>32,803</b> | <b>30,053</b> |
| <b>TOTAL LIABILITIES</b>             |       | <b>37,023</b> | <b>32,730</b> |
| <b>NET ASSETS</b>                    |       | <b>44,751</b> | <b>36,175</b> |
| <b>EQUITY</b>                        |       |               |               |
| Contributed equity                   | 21    | 25,938        | 25,938        |
| Reserves                             | 22(a) | 10,604        | 6,291         |
| Retained profits                     | 22(b) | 8,209         | 3,946         |
| <b>TOTAL EQUITY</b>                  |       | <b>44,751</b> | <b>36,175</b> |

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 2021

|   | Notes | Contributed equity<br>\$000 | Revaluation surplus<br>\$000 | Retained profits<br>\$000 | Total<br>\$000 |
|---|-------|-----------------------------|------------------------------|---------------------------|----------------|
| <b>Balance at 1 July 2019</b>                                   |       | 24,128                      | 9,986                        | 6,850                     | 40,964         |
| Loss for the year   |       | -                           | -                            | (1,022)                   | (1,022)        |
| Revaluation of land and buildings - gross                       | 14    | -                           | (5,097)                      | -                         | (5,097)        |
| Income tax relating to components of other comprehensive income | 8(d)  | -                           | 1,402                        | -                         | 1,402          |
| <b>Total comprehensive loss for the year</b>                    |       | -                           | (3,695)                      | (1,022)                   | (4,717)        |
| Dividend paid to shareholders                                   | 23    | -                           | -                            | (1,882)                   | (1,882)        |
| Contributions of equity net of transaction costs                |       | 1,810                       | -                            | -                         | 2,316          |
| <b>Balance at 30 June 2020</b>                                  |       | 25,938                      | 6,291                        | 3,946                     | 36,175         |
| Profit for the year   |       | -                           | -                            | 4,263                     | 4,263          |
| Revaluation of land and buildings - gross                       | 14    | -                           | 5,828                        | -                         | 5,828          |
| Income tax relating to components of other comprehensive income | 8(d)  | -                           | (1,515)                      | -                         | (1,515)        |
| <b>Total comprehensive income for the year</b>                  |       | -                           | 4,313                        | 4,263                     | 8,576          |
| <b>Balance at 30 June 2021</b>                                  |       | 25,938                      | 10,604                       | 8,209                     | 44,751         |

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 2021

|  | Notes | 2021<br>\$000  | 2020<br>\$000  |
|--|-------|----------------|----------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                  |       |                |                |
| Receipts from customers                                      |       | 29,101         | 22,647         |
| Payments to suppliers and employees                          |       | (22,961)       | (20,516)       |
| COVID-19 Government Subsidies                                |       | 474            | 373            |
| Interest received  |       | -              | 5              |
| Finance costs  |       | (519)          | (779)          |
| Income tax refund received                                   |       | 402            | -              |
| Income tax paid  |       | (218)          | (570)          |
| <b>Net cash inflows from operating activities</b>            | 30    | <b>6,277</b>   | <b>1,160</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                  |       |                |                |
| Payments for investment properties                           | 15    | (291)          | (1,131)        |
| Payments for property, plant & equipment                     | 14    | (4,494)        | (2,747)        |
| Payments for intangibles                                     | 16    | (568)          | -              |
| <b>Net cash outflows used in investing activities</b>        |       | <b>(5,353)</b> | <b>(3,878)</b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                  |       |                |                |
| Proceeds from borrowings                                     |       | 3,890          | 2,920          |
| Repayment of borrowings                                      |       | (3,856)        | (97)           |
| Loan establishment costs                                     |       | (2)            | (60)           |
| Repayment of lease liabilities                               |       | (183)          | (215)          |
| Share issue costs  |       | -              | (14)           |
| Dividends paid   |       | -              | (77)           |
| <b>Net cash (outflows) inflows from financing activities</b> |       | <b>(151)</b>   | <b>2,457</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>  |       | <b>775</b>     | <b>(261)</b>   |
| Cash and cash equivalents at beginning of year               |       | 693            | 954            |
| <b>Cash and cash equivalents at end of year</b>              | 9     | <b>1,468</b>   | <b>693</b>     |

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

# Notes to the financial statements

For the year ended 30 June 2021

## 1. SIGNIFICANT ACCOUNTING POLICIES

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

### (a) Basis of preparation

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

#### *Compliance with IFRS*

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

#### *Historical cost convention*

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

#### *Critical accounting estimates*

The preparation of the consolidated financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity or areas where assumptions and estimates are significant are disclosed in note 4.

#### *Changes in Accounting Standards and regulatory requirements*

From 1 July 2020, the Group has applied all new and revised Australian Accounting Standards that apply to annual reporting periods beginning 1 July 2020.

There are no new or amended Accounting Standards issued by the AASB which are applicable for reporting periods beginning on 1 July 2021 that are considered to have any material impact on the financial position or performance of the Group or that would require additional disclosure in the current reporting period. The Group has adopted all the mandatory new and amended Accounting Standards issued that are relevant to its operations and effective for the current reporting period.

#### *Ongoing operations*

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

At 30 June 2021, the Group has \$1,468,000 in cash and cash equivalents (\$2020: \$693,000), net assets of \$44,751,000 (2020: \$36,175,000) and available undrawn commercial loan facilities of \$2,509,000 (2020: \$2,679,000). Profit before tax and fair value adjustments was \$3,083,000 (2020: \$732,000). The Group is in a net current liability position of \$1,062,000 (2020: \$56,000) due to the timing of end of year payments.

Measures are in place to manage the Group's ongoing operations which include, amongst others:

- Continued monitoring of operating costs and implementation of austerity measures to manage cashflow due to the unknown future impacts of COVID-19 (refer to note 4)
- Further draw down of available facilities (refer to note 19); and
- availability of additional borrowing facilities negotiated with the Group's financier on favourable terms and conditions.

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(b) Principles of consolidation*****Subsidiaries***

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eumundi Group Limited (“company” or “parent entity”) as at 30 June 2021 and the results of all subsidiaries for the year then ended. Eumundi Group Limited and its subsidiaries together are referred to in the financial report as the Group or the consolidated entity.

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

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases. All subsidiaries are fully owned.

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

**(c) Segment reporting**

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

**(d) Revenue*****Revenue from contracts with customers***

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

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

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

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

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

***Interest revenue***

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

***Lease revenue***

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

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (e) COVID-19 Government subsidies

Temporary government subsidies arising from measures taken by various levels of government and benefiting the Group have been recorded within expenses. Land tax and payroll tax refunds and the Australian Government's 'Boosting Cashflow' support have been recorded within Government Subsidies on an accrual basis. Receipts from the Australian Federal Government's JobKeeper program have been recorded on a systematic basis in the month to which the JobKeeper lodgement relates. To the extent that employees receive payments under JobKeeper which are not offset by wages earned in the course of operations, these 'top-up' payments were offset against the JobKeeper subsidy. Top-up payments totalling \$17,000 were made in the year (2020: \$88,000).

### (f) Income tax

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

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

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

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

#### **Tax consolidation legislation**

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

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

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

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

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

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

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

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(g) Leases****(i) As a lessee**

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

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

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

**Right-of-use assets – classification**

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

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

**Right-of-use assets - recognition and measurement**

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

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

**Lease liability – recognition and measurement**

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

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

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

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Leases (continued)

#### *(i) As a lessee (continued)*

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

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

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

The Group presents lease liabilities in 'lease liabilities' in the statement of financial position.

#### *Short term leases and leases of low-value assets*

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

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

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

#### *(ii) As a lessor*

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

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

### (h) Impairment of assets – non-financial assets

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

### (i) Cash and cash equivalents

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

### (j) Trade and other receivables

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

### (k) Inventories

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

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(l) Financial instruments*****Initial recognition and measurement***

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

***Classification of financial assets***

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

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

- (a) the group's business model for managing the financial assets; and
- (b) the contractual cash flow characteristics of the financial asset.

The Group has no financial assets at FVtOCI or FVtPL.

***Classification of financial liabilities***

Financial liabilities classified as held-for-trading, contingent consideration payable by the Group for the acquisition of a business, and financial liabilities designated at FVtPL, are subsequently measured at fair value. All other financial liabilities recognised by the Group are subsequently measured at amortised cost. Refer to note 1(q) for further disclosure on trade and other payables.

The Group has no financial liabilities classified as held-for-trading, designated at FVtPL or has no contingent consideration payable for the acquisition of a business.

***Trade and other receivables***

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

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

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

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

**(m) Fair value estimation**

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

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

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

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

## 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (m) Fair value estimation (continued)

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

### (n) Property, plant and equipment

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

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

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

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

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

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

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

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

### (o) Investment properties

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

### (p) Intangible assets

#### (i) Hotel licences

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

#### (ii) Gaming authorities

Gaming authorities have no expiry date and can only be withdrawn or cancelled by a government authority under circumstances of breach or legislative change. They are deemed to have an indefinite useful life and are carried at cost less any impairment losses. Intangible assets with an indefinite useful life are assessed for impairment whenever events or circumstances arise that indicate the asset may be impaired. An impairment loss is recognised when the carrying amount of an asset exceeds the assets' recoverable amount. Gaming authorities are tested for impairment on an individual asset basis.

**1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Trade and other payables**

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

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

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

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

**(ii) Other long-term benefit obligations**

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

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

**(iii) Retirement benefit obligations**

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

**(s) Borrowings**

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

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

**(t) Contributed equity**

Ordinary shares are classified as equity.

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

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

## 1. 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) Goods and services tax (GST)

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

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

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

### (x) Rounding of amounts

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

### (y) New accounting standards and interpretations issued but not operative as at 30 June 2021

A number of accounting standards and interpretations have been issued at the reporting date but are not yet effective. None of these are expected to result in any material change to the Group's financial statements in the period of initial application. The Group intends to apply the accounting standards and interpretations in the period commencing on or after their effective dates.

### (z) General

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

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

#### Principal places of business:

- 161 Cotlew St, Ashmore QLD 4214

#### Other places of business:

- Ashmore Tavern, Corner of Cotlew St and Currumburra Rd, Ashmore Qld 4214
- Aspley Shopping Centre (inc. Aspley Central Tavern), 1374-1378 Gympie Rd, Aspley Qld 4034
- Aspley Arcade Shopping Village, 1364-1368 Gympie Rd, Aspley Qld 4034
- The Plough Inn, Southbank, Qld 4101

#### Registered office:

- Level 8, 1 Eagle Street, Brisbane Qld 4000

## 2. FINANCIAL RISK MANAGEMENT

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

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

The Group holds the following financial instruments:

|  | 2021   | 2020   |
|--|--------|--------|
|  | \$000  | \$000  |
| <b>Financial assets (at amortised cost)</b>      |        |        |
| Cash and cash equivalents                        | 1,468  | 693    |
| Trade and other receivables                      | 188    | 347    |
|  | 1,656  | 1,040  |
| <b>Financial liabilities (at amortised cost)</b> |        |        |
| Trade and other payables                         | 3,469  | 2,040  |
| Borrowings                                       | 27,885 | 27,824 |
| Lease liability                                  | 668    | 432    |
|  | 32,022 | 30,296 |

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

### (a) Market risk

#### *Currency risk*

The Group has no exposure to currency risk.

#### *Price risk*

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

#### *Interest rate risk*

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

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

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

|                    | 30 June 2021                   |               | 30 June 2020                   |               |
|--------------------|--------------------------------|---------------|--------------------------------|---------------|
|                    | Weighted average interest rate | Balance \$000 | Weighted average interest rate | Balance \$000 |
| Finance facilities | 2.01%                          | 27,924        | 1.92%                          | 27,890        |

#### *Sensitivity*

At 30 June 2021, if interest rates had changed by +/- 100 basis points from the year end rates with all other variables held constant, post-tax profit for the year would have been \$202,000 lower/higher (2020: change of 100 bps: \$202,000 lower/ higher) as a result of a change in interest from borrowings and cash and cash equivalents. Weighted average interest rates exclude facility fees paid on undrawn facilities.

## 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 trade and other receivables. The maximum credit risk exposure is represented by the carrying amount of financial assets in the statement of financial position, net of any provisions for expected losses.

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

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

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

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

### (c) Liquidity risk

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

As at 30 June 2021, none of the Group's commercial loans are payable in the next 12 months (2020: nil).

#### *Maturity of financial liabilities*

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

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

| <b>At 30 June 2021</b>   | <b>Less than 6 months</b> | <b>6-12 months</b> | <b>Between 1-2 years</b> | <b>Between 2-5 years</b> | <b>Total contractual cash flows</b> | <b>Carrying amount</b> |
|--------------------------|---------------------------|--------------------|--------------------------|--------------------------|-------------------------------------|------------------------|
| <b>Non-derivatives</b>   | \$000                     | \$000              | \$000                    | \$000                    | \$000                               | \$000                  |
| Trade and other payables | 3,469                     | -                  | -                        | -                        | 3,469                               | 3,469                  |
| Commercial loans         | 283                       | 283                | 28,200                   | -                        | 28,766                              | 27,885                 |
| Lease liabilities        | 115                       | 116                | 236                      | 228                      | 695                                 | 668                    |
| <b>Total</b>             | <b>3,867</b>              | <b>399</b>         | <b>28,436</b>            | <b>228</b>               | <b>32,930</b>                       | <b>32,022</b>          |

| <b>At 30 June 2020</b>   | <b>Less than 6 months</b> | <b>6-12 months</b> | <b>Between 1-2 years</b> | <b>Between 2-5 years</b> | <b>Total contractual cash flows</b> | <b>Carrying amount</b> |
|--------------------------|---------------------------|--------------------|--------------------------|--------------------------|-------------------------------------|------------------------|
| <b>Non-derivatives</b>   | \$000                     | \$000              | \$000                    | \$000                    | \$000                               | \$000                  |
| Trade and other payables | 2,040                     | -                  | -                        | -                        | 2,040                               | 2,040                  |
| Commercial loans         | 293                       | 293                | 583                      | 28,143                   | 29,312                              | 27,824                 |
| Lease Liabilities        | 85                        | 66                 | 136                      | 166                      | 453                                 | 432                    |
| <b>Total</b>             | <b>2,418</b>              | <b>359</b>         | <b>719</b>               | <b>28,309</b>            | <b>31,805</b>                       | <b>30,296</b>          |

### (d) Fair value

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

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

### 3. LEASES

#### Real estate leases as lessee

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

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

|  | 2021  | 2020  |
|--|-------|-------|
|  | \$000 | \$000 |
| <b>Right-of-use-asset</b> (Refer note 14)                    |       |       |
| Carrying amount – 1 July                                     | 392   | 310   |
| Additions  | 591   | 282   |
| Depreciation charge  | (164) | (200) |
| Disposals  | (156) | -     |
| Carrying amount – 30 June                                    | 663   | 392   |
| <b>Lease liability</b>                                       |       |       |
| Opening balance - 1 July                                     | 432   | 345   |
| Additions  | 591   | 285   |
| Interest expense – unwinding of discount                     | 13    | 17    |
| Disposal of lease  | (185) | -     |
| Lease payments   | (183) | (215) |
| Carrying amount – 30 June                                    | 668   | 432   |
| Current lease liability                                      | 217   | 141   |
| Non-current lease liability                                  | 451   | 291   |
| Total lease liability  | 668   | 432   |
| Expenses excluded from the measurement of lease liabilities: |       |       |
| Short term leases  | 3     | -     |

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

#### COVID-19

The Group's hotel operations have been impacted by the COVID-19 pandemic and Queensland State Government imposed business closures in Brisbane and Gold Coast. Certain tenants of the investment properties have also been impacted by these lockdowns however rent assistance has not been mandated.

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

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

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

- no long term COVID-19 related business closures which affect the Group's operations occur;
- social distancing restrictions are eased to the extent of usual Queensland trading;
- the Group does not expect to be eligible for further Government assistance;
- no additional COVID-19 related support will be required to be provided to lessees nor received from lessors; and
- the Group's customers and suppliers remain solvent and able to trade and pay their debts when due.

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

Independent fair value assessments of each of the Group's land and building and investment property assets were undertaken in June 2021 taking the COVID-19 environment into consideration. Further deterioration of economic conditions due to a protracted pandemic may affect those values.

##### **Investment properties**

The Group has investment properties with a carrying amount of \$35,535,000 (2020: \$32,700,000), and land and buildings (included in property, plant and equipment) with a carrying amount of \$38,300,000 (2020: \$29,340,000) representing estimated fair value. These carrying amounts are based upon independent valuations. A reconciliation of movements in the carrying value of these assets during the year is disclosed in notes 14 and 15. Gains recognised on the revaluation of investment properties in the period totalling \$2,390,000 (2020: loss \$2,129,000) are included in the statement of comprehensive income. Gains on the revaluation of land and buildings in the year totalling \$5,828,000 (2020: loss of \$5,098,000) are recognised in the revaluation reserve in equity, net of tax, in accordance with the accounting policy described in note 1(n).

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

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

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

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

##### *Categories of tangible assets measured at fair value*

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

##### **Retail assets**

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

The 30 June 2021 fair value assessment for Aspley Arcade Shopping Village and the retail component for Aspley Shopping Centre was based on an independent valuation made by members of the Australian Property Institute in June 2021.

The 30 June 2020 fair value assessment for Aspley Arcade Shopping Village and the retail component for Aspley Shopping Centre was based on an independent valuation made by members of the Australian Property Institute in June 2020.

The 30 June 2021 fair value assessment for The Plough Inn was based on an independent valuation made by members of the Australian Property Institute in June 2021.

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

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

##### Tavern assets

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

The June 2021 valuation of land and buildings for Ashmore Tavern and for the hotel component of Aspley Shopping Centre (Aspley Central Tavern) was based upon an independent valuation made by members of the Australian Property Institute in June 2021.

The June 2020 valuation of land and buildings for Ashmore Tavern and for the hotel component of Aspley Shopping Centre (Aspley Central Tavern) was based upon an independent valuation made by members of the Australian Property Institute in May 2020.

##### Significant inputs and sensitivity information

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

- specialty tenancy market net rent (per sqm p.a.) ranging from \$315 to \$970 (2020: \$336 to \$933)
- capitalisation rate for each property of 6.25% to 6.50% (2020: 6.5% to 7.0%) (weighted average of 6.39% (2020: 7.00%))
- discount rates of 7.50% to 7.50% (2020: 8.25% to 8.25%) (weighted average of 7.50% (2020: 8.25%))
- perpetual vacancy rates ranging from 3.5% to 3.5% (2020: 3.5% to 3.5%) (weighted average of 3.5% (2020: 3.5%))
- assumed lease term of 5 years (2020: 5 years)

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

- market EBITDA of \$2,563,000 for the Ashmore Tavern (2020: \$1,899,000) and \$1,458,000 for Aspley Central Tavern (2020: \$1,125,000)
- market rent percentages ranging from 41% to 44% (2020: 35% to 43%)

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

| Method/Input                                      | Description   |
|---|---|
| <b>Discounted cash flow method</b>                | Under the DCF method, a property's fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. The DCF method involves the projection of a series of cash flows on a real property interest. To this projected cash flow series, an appropriate, market-derived discount rate is applied to establish the present value of the income stream associated with the real property. |
| <b>Capitalisation of net market income method</b> | This method involves assessing the total net market income receivable from the property and capitalising this in perpetuity to derive a capital value, with allowances for capital reversions.  |
| <b>Net market rent</b>                            | A net market rent is the estimated amount for which a property or space within a property should lease between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and wherein the parties have each acted knowledgeably, prudently and without compulsion. In a net rent, the owner recovers outgoings from the tenant on a pro-rata basis (where applicable).   |
| <b>Adopted capitalisation rate</b>                | The rate at which net market income is capitalised to determine the value of a property. The rate is determined with regard to market evidence.   |
| <b>Perpetual vacancy allowance</b>                | A reduction applied to net market rent prior to capitalisation to reflect expected prevailing vacancies over the life of the asset. The percentage allowance is determined with regard to market evidence.  |

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

|                               |  |
|-------------------------------|--|
| <b>Adopted discount rate</b>  | The rate of return used to convert a monetary sum, payable or receivable in the future, into present value. It reflects the opportunity cost of capital, that is, the rate of return the capital can earn if put to other uses having similar risk. The rate is determined with regard to market evidence. |
| <b>Adopted terminal yield</b> | The capitalisation rate used to convert income into an indication of the anticipated value of the property at the end of the holding period when carrying out a discounted cash flow calculation. The rate is determined with regard to market evidence.   |
| <b>Adopted market EBITDA</b>  | The earnings before interest, taxation, depreciation, amortisation, and rent expense determined as achievable for the subject property, having regard to market evidence and trading performance history.  |

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

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

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

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

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

#### 5. SEGMENT INFORMATION

##### Description of segments

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

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

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

##### Reportable segments

###### *Hotel operations*

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

###### *Investment property operations*

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

**5. 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 operating decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in the annual financial statements of the Group.

**Inter-segment transactions**

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

**Segment assets and liabilities**

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

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

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

**Unallocated items**

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

| <b>2021</b>                                    | <b>Hotel<br/>operations</b> | <b>Investment<br/>property<br/>operations</b> | <b>Total</b> |
|--|-----------------------------|---|--------------|
|  | \$000                       | \$000   | \$000        |
| <b>Revenue</b>                                 |                             |   |              |
| Revenue from contracts with customers          | 22,909                      | -   | 22,909       |
| Lease revenue                                  | -                           | 3,316   | 3,316        |
| Other revenue                                  | 494                         | -   | 494          |
| Total segment revenue                          | 23,403                      | 3,316   | 26,719       |
| Inter-segment revenue                          |                             |   | (503)        |
| Interest revenue                               |                             |   | -            |
| Total revenue                                  |                             |   | 26,216       |
| <b>Results</b>                                 |                             |   |              |
| Segment results                                | 2,116                       | 2,293   | 4,409        |
| Finance expenses                               |                             |   | (558)        |
| Unallocated revenue less unallocated expenses  |                             |   | (768)        |
| Fair value adjustment on investment properties |                             |   | 2,390        |
| Loss before income tax                         |                             |   | 5,473        |
| Income tax expense                             |                             |   | (1,210)      |
| Loss for the year                              |                             |   | 4,263        |
| <b>Assets</b>                                  |                             |   |              |
| Segment assets                                 | 23,010                      | 58,535  | 81,545       |
| Unallocated assets                             |                             |   | 229          |
| Total assets                                   |                             |   | 81,774       |
| Depreciation and amortisation                  | 1,332                       | 355   | 1,687        |
| Unallocated                                    |                             |   | 4            |
| Total depreciation and amortisation            |                             |   | 1,691        |

## 5. SEGMENT INFORMATION (CONTINUED)

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

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

Inter-segment revenue of \$503,000 in the current year relates to Aspley Central Tavern rent and outgoings (2020: \$500,000).

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

## 6. REVENUE

|  | 2021   | 2020   |
|--|--------|--------|
|  | \$000  | \$000  |
| <b>Revenue from contracts with customers at a point in time</b>    |        |        |
| Sale of goods  | 12,745 | 11,072 |
| Gaming revenue   | 10,163 | 6,293  |
| <b>Other revenue</b>   |        |        |
| Commissions  | 277    | 210    |
| Interest   | -      | 5      |
| Other  | 217    | 197    |
|  | 23,402 | 17,777 |
| <b>Lease revenue</b>   |        |        |
| Rental income and recoverable outgoings from investment properties | 2,814  | 2,938  |
| Total revenue  | 26,216 | 20,715 |

*Disaggregation of revenue from contracts with customers*  
All revenue of the Group is derived in the state of Queensland in Australia.

**7. EXPENSES**

|  | <b>2021</b> | <b>2020</b> |
|--|-------------|-------------|
|  | \$000       | \$000       |
| Profit before income tax includes the following specific expenses: |             |             |
| Cost of goods sold   | 8,169       | 7,534       |
| Depreciation   |             |             |
| - Buildings  | 836         | 1,033       |
| - Plant and equipment  | 688         | 701         |
| - Right-of-use assets  | 164         | 200         |
| Total depreciation   | 1,688       | 1,934       |
| Amortisation – intangibles   | 3           | 2           |
| Finance costs  |             |             |
| - Amortisation of loan establishment costs                         | 29          | 28          |
| - Interest and finance charges paid/payable                        | 516         | 729         |
|  | 545         | 757         |
| Unwinding of discount on lease liabilities                         | 13          | 17          |
| Total finance costs  | 558         | 774         |
| Short term lease expense   | 3           | -           |
| Defined contribution superannuation expense                        | 341         | 299         |

**8. INCOME TAX**
**(a) Income tax (benefit)/expense**

|   |       |       |
|---|-------|-------|
| Current tax expense                           | 221   | 203   |
| Deferred tax (benefit) expense                | 1,101 | (578) |
| Effect of change in tax rate                  | (113) | -     |
| Under provision in prior years (deferred tax) | 20    | -     |
| Over provision in prior years (current tax)   | (19)  | -     |
|   | 1,210 | (375) |

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

|   |       |         |
|---|-------|---------|
| Profit (loss) before income tax - continuing operations                       | 5,473 | (1,397) |
| Income tax at the Australian tax rate of 27.5% (2019: 27.5%)                  | 1,423 | (384)   |
| Tax effect of amounts which are not deductible in calculating taxable income: |       |         |
| Non-deductible/(non-taxable) items  | (102) | 9       |
| Effect of change in tax rate  | (113) | -       |
| Over provision in prior years (current and deferred tax)                      | 2     | -       |
| Income tax (benefit) expense  | 1,210 | (375)   |

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

|  |         |         |
|--|---------|---------|
| Investment properties                            | (1,759) | (997)   |
| Property, plant and equipment                    | (3,353) | (1,772) |
| Lease liabilities                                | 174     | 119     |
| Right of use assets                              | (172)   | (108)   |
| Employee benefits                                | 138     | 129     |
| Accrued expenses                                 | 23      | 35      |
| Sundry items                                     | 4       | 3       |
| Tax losses                                       | 519     | 548     |
| Franking deficit tax                             | -       | 140     |
| Net deferred tax assets                          | (4,426) | (1,903) |
| Movement in deferred tax:                        |         |         |
| At 1 July  | (1,903) | (3,887) |
| Credited (charged) to profit or loss             | (1,101) | 578     |
| Effect of change in tax rate                     | 113     | -       |
| Over provision in prior years                    | (20)    | -       |
| Credited to contributed equity                   | -       | 4       |
| (Charged) credited to other comprehensive income | (1,515) | 1,402   |
| At 30 June                                       | (4,426) | (1,903) |

## 8. INCOME TAX (CONTINUED)

|  | 2021  | 2020    |
|--|-------|---------|
|  | \$000 | \$000   |
| <b>(d) Tax expense relating to items of other comprehensive income</b>         |       |         |
| Gain (loss) on revaluation of land and buildings                               | 1,515 | (1,402) |
| <b>(e) Amounts relating to items recognised directly in contributed equity</b> |       |         |
| Share issue costs  | -     | 4       |

### (f) Tax consolidation legislation

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

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

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

### (g) Franking credits

|  | 2021  | 2020  |
|--|-------|-------|
|  | \$000 | \$000 |
| Franking credits/(deficit) available for subsequent financial years based on a tax rate of 26.0% (2020: 27.5%) | (182) | (402) |

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- (a) franking credits that will arise from the payment of the amount of the provision for income tax;
- (b) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- (c) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

## 9. CASH AND CASH EQUIVALENTS

|                          | 2021  | 2020 |
|--------------------------|-------|------|
| Cash at bank and in hand | 1,468 | 693  |

The Group's exposure to interest rate risk is discussed in note 2(a).

## 10. TRADE AND OTHER RECEIVABLES

|   | 2021 | 2020 |
|---|------|------|
| Receivables from contracts with customers | 147  | 331  |
| Other receivables                         | 41   | 36   |
|   | 188  | 367  |
| Provision for expected credit losses      | -    | (20) |
|   | 188  | 347  |

### Fair value and credit risk

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

## 11. INVENTORIES

|                          | 2021  | 2020  |
|--------------------------|-------|-------|
| Finished goods – at cost | 1,190 | 1,151 |

Inventories recognised as expense during the period ended 30 June 2021 amounted to \$8,169,000 (2020: \$7,534,000).

**12. OTHER CURRENT ASSETS**

|                     | 2021  | 2020  |
|---------------------|-------|-------|
|                     | \$000 | \$000 |
| Short term deposits | 29    | 19    |
| Prepayments         | 283   | 27    |
|                     | 312   | 46    |

**13. NON-CURRENT ASSETS - RECEIVABLES**

|   | 2021 | 2020 |
|---|------|------|
| Receivables from contracts with customers | 7    | 83   |

**14. PROPERTY, PLANT AND EQUIPMENT**

|  | Freehold<br>land | Buildings | Plant and<br>equip-<br>ment | Right-<br>of-use<br>assets | Total   |
|--|------------------|-----------|-----------------------------|----------------------------|---------|
|  | \$000            | \$000     | \$000                       | \$000                      | \$000   |
| <b>Year ended 30 June 2020</b>                 |                  |           |                             |                            |         |
| Opening net book amount                        | 10,010           | 23,759    | 1,549                       | 310                        | 35,628  |
| Revaluation increment                          | (570)            | (4,527)   | -                           | -                          | (5,097) |
| Additions                                      | -                | 1,689     | 1,058                       | 282                        | 3,029   |
| Transfers                                      | -                | (58)      | 58                          | -                          | -       |
| Disposals                                      | -                | -         | -                           | -                          | -       |
| Straight-line adjustments and lease incentives | -                | 70        | -                           | -                          | 70      |
| Depreciation charge                            | -                | (1,033)   | (701)                       | (200)                      | (1,934) |
| Closing net book amount                        | 9,440            | 19,900    | 1,964                       | 392                        | 31,696  |
| <b>At 1 July 2020</b>                          |                  |           |                             |                            |         |
| Cost or fair value                             | 9,440            | 19,900    | 4,194                       | 943                        | 34,477  |
| Accumulated depreciation                       | -                | -         | (2,230)                     | (551)                      | (2,781) |
| Net book amount                                | 9,440            | 19,900    | 1,964                       | 392                        | 31,696  |
| <b>Year ended 30 June 2021</b>                 |                  |           |                             |                            |         |
| Opening net book amount                        | 9,440            | 19,900    | 1,964                       | 392                        | 31,696  |
| Revaluation increment                          | 760              | 5,069     | -                           | -                          | 5,829   |
| Additions                                      | -                | 3,737     | 757                         | 591                        | 5,085   |
| Transfers                                      | -                | 292       | (292)                       | -                          | -       |
| Disposals                                      | -                | -         | -                           | (156)                      | (156)   |
| Straight-line adjustments and lease incentives | -                | (62)      | -                           | -                          | (62)    |
| Depreciation charge                            | -                | (836)     | (688)                       | (164)                      | (1,688) |
| Closing net book amount                        | 10,200           | 28,100    | 1,741                       | 663                        | 40,704  |
| <b>At 30 June 2021</b>                         |                  |           |                             |                            |         |
| Cost or fair value                             |                  | 28,100    | 3,980                       | 942                        | 43,222  |
| Accumulated depreciation                       |                  | -         | (2,239)                     | (279)                      | (2,518) |
| Net book amount                                |                  | 28,100    | 1,741                       | 663                        | 40,704  |

Land and buildings includes Ashmore Tavern and Aspley Shopping Centre.

Right-of-use assets represents lease contracts in which the company is lessee of office and retail premises.

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

Information on the basis for determining the fair value of land and buildings at balance date, including a description of significant valuation inputs, is contained within note 4.

**(b) Non-current assets pledged as security**

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

**(c) Contractual obligations**

Refer to note 28 for information on contractual obligations.

#### 14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

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

|                          | 2021    | 2020    |
|--------------------------|---------|---------|
|                          | \$000   | \$000   |
| <b>Freehold land</b>     |         |         |
| Cost or deemed cost      | 7,426   | 7,426   |
| Net book amount          | 7,426   | 7,426   |
| <b>Buildings</b>         |         |         |
| Cost or deemed cost      | 20,753  | 17,455  |
| Accumulated depreciation | (2,147) | (2,690) |
| Net book amount          | 18,606  | 14,765  |

#### 15. INVESTMENT PROPERTIES

|  | 2021   | 2020    |
|--|--------|---------|
|  | \$000  | \$000   |
| <b>At fair value</b>                       |        |         |
| At beginning of year                       | 32,700 | 33,520  |
| Capitalised expenditure                    | 435    | 1,131   |
| Straight-line rentals and lease incentives | 10     | 178     |
| Net gain (loss) from fair value adjustment | 2,390  | (2,129) |
| At end of year                             | 35,535 | 32,700  |

##### (a) Valuation basis

Information on the basis for determining the fair value of investment properties at balance date, including a description of significant valuation inputs, is contained within note 4.

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

| Property                       | Acquisition Date | Cost Including Additions* | Last Independent Valuation Date | Book Value |        |        |
|--------------------------------|------------------|---------------------------|---------------------------------|------------|--------|--------|
|                                |                  |                           |                                 | 2021       | 2020   |        |
|                                |                  | \$000                     |                                 | \$000      | \$000  |        |
| Aspley Arcade Shopping Village | Jun 2007         | 16,133                    | June 2021                       | 18,500     | 18,535 | 17,400 |
| Plough Inn                     | Nov 2017         | 13,100                    | June 2021                       | 17,000     | 17,000 | 15,300 |
|                                |                  |                           |                                 |            | 35,535 | 32,700 |

\* excluding acquisition costs

##### (b) Leasing arrangements – group as lessor

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

|  | 2021   | 2020   |
|--|--------|--------|
|  | \$000  | \$000  |
| Within one year                                      | 2,826  | 2,504  |
| Later than one year but not later than two years     | 2,824  | 2,722  |
| Later than two years but not later than three years  | 2,818  | 2,344  |
| Later than three years but not later than four years | 2,639  | 2,112  |
| Later than four years but not later than five years  | 2,534  | 2,109  |
| Later than five years                                | 12,735 | 12,856 |
| Total  | 26,376 | 24,647 |

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

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

##### (d) Contractual obligations

Refer to note 28 for information on contractual obligations.

**16. INTANGIBLE ASSETS**

|                                   | <b>2021</b> | <b>2020</b> |
|-----------------------------------|-------------|-------------|
|                                   | \$000       | \$000       |
| Gaming authorities at cost        | 2,315       | 1,747       |
| Hotel licenses at cost            | 104         | 104         |
| Accumulated amortisation          | (49)        | (46)        |
| Net carrying value                | 55          | 58          |
| Net carrying value of intangibles | 2,370       | 1,805       |

|                                | <b>Hotel Licences</b> | <b>Gaming Authorities</b> | <b>Total</b> |
|--------------------------------|-----------------------|---------------------------|--------------|
|                                | \$000                 | \$000                     | \$000        |
| <b>Year ended 30 June 2020</b> |                       |                           |              |
| Opening net book amount        | 60                    | 1,747                     | 1,805        |
| Amortisation charge            | (2)                   | -                         | (2)          |
| Closing net book amount        | 58                    | 1,747                     | 1,805        |
| <b>Year ended 30 June 2021</b> |                       |                           |              |
| Opening net book amount        | 58                    | 1,747                     | 1,807        |
| Additions                      | -                     | 568                       | 568          |
| Amortisation charge            | (3)                   | -                         | (3)          |
| Closing net book amount        | 55                    | 2,315                     | 2,370        |

Gaming authorities are carried at cost less impairment losses. Under Australian Accounting Standards, the maximum cost recognisable by the Group for these authorities is the purchase cost of \$2,315,000 representing five authorities acquired by the Ashmore Tavern in July 2013 at a cost of \$478,000, seven authorities acquired by the Aspley Central Tavern in April 2019 at a cost of \$1,269,000 and three authorities acquired by the Aspley Central Tavern in March 2021 at a cost of \$567,000.

As part of the Group's annual review of impairment the net realisable value is determined using the most recent price at auction for gaming authorities as issued by the Queensland Government Office of Liquor and Gaming Regulation less selling costs.

At 30 June 2021, based on the most recent tender held on 24 March 2021, the sale price net of GST and selling costs was \$125,960 per authority, representing a net realisable value of \$11,336,000 for the Group's 90 gaming authorities. (2020: \$121,270 per authority based on the tender held 20 November 2019 representing a net realisable value of \$10,550,000 for the Group's 87 gaming authorities).

**17. TRADE AND OTHER PAYABLES**

|                             | <b>2021</b> | <b>2020</b> |
|-----------------------------|-------------|-------------|
|                             | \$000       | \$000       |
| Trade payables              | 2,182       | 1,202       |
| Other payables and accruals | 1,287       | 838         |
|                             | 3,469       | 2,040       |

**18. CURRENT LIABILITIES – PROVISIONS**

|                      | <b>2021</b> | <b>2020</b> |
|----------------------|-------------|-------------|
|                      | \$000       | \$000       |
| Employee benefits    | 531         | 466         |
| Make good provisions | -           | 30          |
|                      | 531         | 496         |

**19. NON-CURRENT LIABILITIES - BORROWINGS**

|                            | <b>2021</b> | <b>2020</b> |
|----------------------------|-------------|-------------|
|                            | \$000       | \$000       |
| Commercial loans – secured | 27,885      | 27,824      |

**(a) Assets pledged as security**

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

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

As such all assets are pledged as security for borrowings.

## 19. NON-CURRENT LIABILITIES – BORROWINGS (CONTINUED)

### (b) Financing arrangements

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

|                                    | 2021   | 2020   |
|------------------------------------|--------|--------|
|                                    | \$000  | \$000  |
| <b>Credit standby arrangements</b> |        |        |
| Total facilities                   |        |        |
| Bank overdraft                     | 100    | 100    |
| Finance lease liabilities          | -      | 400    |
| Bank guarantee facility            | 100    | 100    |
| Direct debit facility              | 250    | 250    |
| Commercial loan facilities         | 30,000 | 30,000 |
|                                    | 30,450 | 30,850 |
| <b>Used at balance date</b>        |        |        |
| Bank overdraft                     | -      | -      |
| Finance lease liabilities          | -      | -      |
| Bank guarantee facility            | 17     | 31     |
| Direct debit facility              | -      | -      |
| Commercial loan facilities *       | 27,924 | 27,890 |
|                                    | 27,941 | 27,921 |
| <b>Unused at balance date</b>      |        |        |
| Bank overdraft                     | 100    | 100    |
| Finance lease liabilities          | -      | 400    |
| Bank guarantee facility            | 83     | 69     |
| Direct debit facility              | 250    | 250    |
| Commercial loan facilities         | 2,076  | 2,110  |
|                                    | 2,509  | 2,679  |

\* Used at balance date comprises the face value of loans drawn.

The amount recognised in the consolidated statement of financial position includes loan establishment costs.

### Bank overdraft

Standby funds provided by the Group's bankers are in the form of a bank overdraft which has a limit of \$100,000 (2020: \$100,000). The interest rate is variable and is based on prevailing market rates. This facility is subject to annual review, may be drawn down at any time and may be terminated by the bank without notice.

### Facilities

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

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

| Facility limit |        | Amount drawn<br>(Face Value) |        | Interest rate |      | Expiry date     |
|----------------|--------|------------------------------|--------|---------------|------|-----------------|
| 2021           | 2020   | 2021                         | 2020   | 2021          | 2020 |                 |
| \$000          | \$000  | \$000                        | \$000  | %             | %    |                 |
| -              | 6,000  | -                            | 4,970  | -             | 2.63 |                 |
| 9,000          | 4,500  | 9,000                        | 4,500  | 1.69          | 1.75 | 31 October 2022 |
| -              | 4,500  | -                            | 4,500  | -             | 1.74 |                 |
| 10,000         | 4,000  | 9,004                        | 4,000  | 2.69          | 2.00 | 31 October 2022 |
| -              | 7,000  | -                            | 5,920  | -             | 1.75 |                 |
| 11,000         | 4,000  | 9,920                        | 4,000  | 1.69          | 1.75 | 31 October 2022 |
| 30,000         | 30,000 | 27,924                       | 27,890 |               |      |                 |

## 20. NON-CURRENT LIABILITIES – PROVISIONS

|                        | 2021  | 2020  |
|------------------------|-------|-------|
|                        | \$000 | \$000 |
| Make – good provisions | 41    | 35    |

**21. CONTRIBUTED EQUITY**

|                            | <b>2021</b>             | <b>2020</b>             | <b>2021</b>  | <b>2020</b>  |
|----------------------------|-------------------------|-------------------------|--------------|--------------|
| <b>Share capital</b>       | <b>Number of shares</b> | <b>Number of shares</b> | <b>\$000</b> | <b>\$000</b> |
| Fully paid ordinary shares | 41,543,333              | 41,543,333              | 25,938       | 25,938       |

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.

| <b>Movements in share capital</b>        | <b>Number of Shares</b> | <b>Average Issue Price</b> | <b>\$000</b>  |
|--|-------------------------|----------------------------|---------------|
| <b>Year ended 30 June 2020</b>           |                         | ¢                          |               |
| Opening amount                           | 39,531,043              |                            | 24,128        |
| Shares issued under share-based payments | 15,000                  | 98.00                      | 15            |
| Shares issued under the DRP              | 1,997,290               | 90.39                      | 1,805         |
| Share issue costs (net of tax)           | -                       | -                          | (10)          |
| <b>Balance at 30 June 2020</b>           | <b>41,543,333</b>       |                            | <b>25,938</b> |

**Year ended 30 June 2021**

|                                |                   |               |
|--------------------------------|-------------------|---------------|
| Opening amount                 | 41,543,333        | 25,938        |
| <b>Balance at 30 June 2021</b> | <b>41,543,333</b> | <b>25,938</b> |

No shares were issued during the year ended 30 June 2021.

**Options**

As at 30 June 2021, there were no options to purchase ordinary shares in the parent entity (2020: Nil).

**Capital risk management**

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

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

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

**The gearing ratios as at 30 June were as follows:**

|                                 | <b>2021</b>  | <b>2020</b>  |
|---------------------------------|--------------|--------------|
|                                 | <b>\$000</b> | <b>\$000</b> |
| Total borrowings                | 27,885       | 27,824       |
| Less: cash and cash equivalents | (1,468)      | (693)        |
| Net debt                        | 26,417       | 27,131       |
| Total equity                    | 44,751       | 36,175       |
| Total capital                   | 71,168       | 63,306       |
| Gearing ratios                  |              |              |
| Net debt/equity                 | 59.0%        | 75.0%        |
| <b>Net debt/total capital</b>   | <b>37.1%</b> | <b>42.9%</b> |

Eumundi Group Limited has complied with the financial covenants of its borrowing facilities during the 2021 and 2020 financial years.

## 22. RESERVES AND RETAINED PROFITS

### (a) Reserves

Property, plant and equipment revaluation surplus

*Movements in reserves:*

*Property, plant and equipment revaluation surplus*

Balance at the beginning of the year

Gain (loss) on revaluation of freehold land and buildings (net of tax) \*

Balance at the end of the year

\* Gross profit before tax of (\$5,828,000) (2020: loss of \$5,097,000)

### (b) Retained profits

Retained profits at the beginning of the year

Profit for the year attributable to owners of the company

Dividend paid to shareholders

Retained profits at the end of the year

### (c) Nature and purpose of reserves

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

|  | 2021   | 2020    |
|--|--------|---------|
|  | \$000  | \$000   |
| Property, plant and equipment revaluation surplus                        | 10,604 | 6,291   |
| <i>Movements in reserves:</i>  |        |         |
| <i>Property, plant and equipment revaluation surplus</i>                 |        |         |
| Balance at the beginning of the year                                     | 6,291  | 9,986   |
| Gain (loss) on revaluation of freehold land and buildings (net of tax) * | 4,313  | (3,695) |
| Balance at the end of the year   | 10,604 | 6,291   |
| <br>   |        |         |
| Retained profits at the beginning of the year                            | 3,946  | 6,850   |
| Profit for the year attributable to owners of the company                | 4,263  | (1,022) |
| Dividend paid to shareholders  | -      | (1,882) |
| Retained profits at the end of the year                                  | 8,209  | 3,946   |

## 23. DIVIDENDS

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

No final dividend was declared or paid with respect to the year ended 30 June 2020 (2020: 2.35 cents per share fully franked at 27.5%)

No interim dividend was declared or paid with respect to the half year ended 31 December 2020 (2020: 2.35 cents per share 50% partially franked at 27.5%)

|   | 2021  | 2020  |
|---|-------|-------|
|   | \$000 | \$000 |
| No final dividend was declared or paid with respect to the year ended 30 June 2020 (2020: 2.35 cents per share fully franked at 27.5%)                    | -     | 929   |
| No interim dividend was declared or paid with respect to the half year ended 31 December 2020 (2020: 2.35 cents per share 50% partially franked at 27.5%) | -     | 953   |
|   | -     | 1,882 |

## 24. PARENT ENTITY FINANCIAL INFORMATION

### (a) Summary financial information

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

*Statement of financial position*

Current assets

Non-current assets

Total assets

Current liabilities

Total liabilities

*Shareholders' equity*

Issued capital

Retained earnings

Profit for the year

Total comprehensive income

|                             | 2021   | 2020   |
|-----------------------------|--------|--------|
|                             | \$000  | \$000  |
| Current assets              | -      | 384    |
| Non-current assets          | 26,264 | 25,797 |
| Total assets                | 26,264 | 26,181 |
| Current liabilities         | 3      | -      |
| Total liabilities           | 3      | -      |
| <br>                        |        |        |
| <i>Shareholders' equity</i> |        |        |
| Issued capital              | 25,938 | 25,938 |
| Retained earnings           | 323    | 242    |
|                             | 26,261 | 26,180 |
| <br>                        |        |        |
| Profit for the year         | 80     | 1,156  |
| <br>                        |        |        |
| Total comprehensive income  | 80     | 1,156  |

## 24. PARENT ENTITY FINANCIAL INFORMATION (CONTINUED)

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

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

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

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

The individual parent entity had no contingent assets or liabilities.

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

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

## 25. RELATED PARTY INFORMATION

### (a) Key management personnel remuneration

|                              | 2021    | 2020    |
|------------------------------|---------|---------|
|                              | \$000   | \$000   |
| Short-term employee benefits | 367,385 | 351,355 |
| Long-term benefits           | 4,415   | 3,317   |
| Post-employment benefits     | 30,074  | 27,762  |
| Share based payments         | -       | 14,700  |
|                              | 401,874 | 397,134 |

### (b) Transactions with related parties

|  | 2021  | 2020    |
|--|-------|---------|
|  | \$000 | \$000   |
| Dividends paid to key management personnel                                       | -     | 909,186 |
| Subscription for new ordinary shares by key management personnel as a result of: |       |         |
| - the reinvestment of dividends  | -     | 909,186 |
| - paid in cash   | -     | -       |

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

During the prior year, the Group engaged an entity related to G De Luca for project management on commercial term and conditions, with total payments of \$10,700 (2020: \$1,720). During the prior year, the Group engaged an entity related to JM Ganim to provide project management services on commercial terms and conditions, with total payments of \$80,139. Amounts payable to related party entities as at 30 June 2021 was nil (30 June 2020: nil).

## 26. AUDITOR'S REMUNERATION

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

|                                       | 2021   | 2020   |
|---------------------------------------|--------|--------|
|                                       | \$000  | \$000  |
| Audit and review of financial reports | 74,000 | 72,500 |
| Tax compliance services               | 6,390  | 5,000  |
|                                       | 80,390 | 77,500 |

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

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

## 27. CONTINGENT LIABILITIES

The Group has no material contingencies.

## 28. COMMITMENTS

The Group had no contractual obligations as 30 June 2021.

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

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

## 29. SUBSIDIARIES

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

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

| Name of entity                    | Country of incorporation | Class of shares | Equity holding* |       |
|-----------------------------------|--------------------------|-----------------|-----------------|-------|
|                                   |                          |                 | 2021            | 2020  |
|                                   |                          |                 | \$000           | \$000 |
| Eumundi Property Group Pty Ltd    | Australia                | Ordinary        | 100%            | 100%  |
| Eumundi Group Hotels Pty Ltd      | Australia                | Ordinary        | 100%            | 100%  |
| Airlie Beach Lagoon Hotel Pty Ltd | Australia                | Ordinary        | 100%            | 100%  |

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

## 30. RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FLOW FROM OPERATING ACTIVITIES

|   | 2021    | 2020    |
|---|---------|---------|
|   | \$000   | \$000   |
| Profit (loss) for the year  | 4,263   | (1,022) |
| Depreciation and amortisation   | 1,691   | 1,936   |
| Amortisation of loan establishment cost                               | 29      | 28      |
| Share based payments  | -       | 15      |
| Unwinding of discount   | 13      | 17      |
| Straight-line rental adjustment                                       | (178)   | (165)   |
| Costs capitalised to right to use assets                              | -       | 3       |
| Rent incentive  | 230     | (83)    |
| Net loss (gain) on fair value adjustment of investment properties     | (2,390) | 2,129   |
| Net gain on disposal of lease   | (29)    | -       |
| Changes in operating assets and liabilities (net of assets disposed): |         |         |
| (Increase) decrease in:   |         |         |
| Trade and other receivables   | 235     | (125)   |
| Inventories   | (39)    | 60      |
| Other current assets  | (266)   | 289     |
| Increase (decrease) in:   |         |         |
| Trade and other payables  | 1,285   | (1,050) |
| Accrued interest  | (3)     | (50)    |
| Income tax payable  | 387     | (366)   |
| Deferred tax liability*   | 1,008   | (579)   |
| Employee benefits   | 65      | 96      |
| Other provisions  | (24)    | 27      |
| Cash flows from operating activities                                  | 6,277   | 1,160   |

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

### 30. RECONCILIATION OF PROFIT FOR THE YEAR TO NET CASH FLOW FROM OPERATING ACTIVITIES

| Change in Liabilities arising from financing activities | Borrowings | Lease Liabilities |
|---|------------|-------------------|
| Balance at 1 July 2020                                  | 25,067     | 345               |
| Net cash from / (used in) in financing activities       | 2,823      | (215)             |
| Acquisition of leases                                   | -          | 285               |
| Other changes   | -          | 17                |
| Balance at 30 June 2020                                 | 27,890     | 432               |
| Net cash from/(used in) financing activities            | 34         | (183)             |
| Acquisition of leases                                   | -          | 591               |
| Disposal of leases                                      | -          | (185)             |
| Other changes   | -          | 13                |
| Balance at 30 June 2021                                 | 27,924     | 668               |

### 31. NON-CASH INVESTING AND FINANCING ACTIVITIES

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

### 32. EARNINGS PER SHARE

#### (a) Basic & diluted earnings per share

Total basic & diluted earnings per share attributable to owners of the company

| 2021   | 2020    |
|--------|---------|
| 10.26¢ | (2.51¢) |

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

Weighted average number of ordinary shares used in calculating basic and diluted earnings per share

| Number of shares |            |
|------------------|------------|
| 2021             | 2020       |
| 41,543,333       | 40,639,966 |

There are no dilutive potential ordinary shares.

### 33. MATTERS SUBSEQUENT TO THE END OF FINANCIAL YEAR

Subsequent to 30 June 2021, the Group has:

- acquired the land and buildings of the Courthouse Hotel, Murwillumbah for \$6,000,000 plus acquisition costs. The Courthouse Hotel is a low-risk passive investment, which is subject to a long-term lease to an experienced hotel operator;
- renegotiated commercial debt facilities on commercial terms and conditions of three to five years, increasing approved facilities by \$10,000,000 to fund the Courthouse Hotel acquisition and provide increased working capital for planned capital works; and
- progressed detailed design and costings for the expansion of the Ashmore Tavern kitchen. Works are expected to commence in February 2022 with completion in June 2022 at an estimated cost of \$1,000,000.

## 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 2021 and of its performance for the financial year ended on that date, and
- (b) as stated in Note 1, the consolidated financial statements also comply with International Financial Reporting Standards, and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable, and

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2021 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 30<sup>th</sup> day of August 2021*



Level 38, 345 Queen Street  
Brisbane, QLD 4000

Postal address  
GPO Box 1144  
Brisbane, QLD 4001

p. +61 7 3222 8444

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

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report Eumundi Group Limited (the "Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes to the financial statements including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2021 and of its financial performance for the year then ended; and
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### Basis for Opinion

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

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

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

#### Key Audit Matters

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

Brisbane Sydney Newcastle Melbourne Adelaide Perth

Pitcher Partners is an association of independent firms.

An Independent Queensland Partnership ABN 84 797 724 539. Liability limited by a scheme approved under Professional Standards Legislation.  
Pitcher Partners is a member of the global network of Baker Tilly International Limited, the members of which are separate and independent legal entities.



NETWORK MEMBER

[pitcher.com.au](http://pitcher.com.au)

|                |                 |                 |                |                |              |                |                   |               |               |
|----------------|-----------------|-----------------|----------------|----------------|--------------|----------------|-------------------|---------------|---------------|
| NIGEL FISCHER  | PETER CAMENZULI | KYLIE LAMPRECHT | BRETT HEADRICK | COLE WILKINSON | JEREMY JONES | JAMES FIELD    | ROBYN COOPER      | CHERYL MASON  | MURRAY GRAHAM |
| MARK NICHOLSON | JASON EVANS     | NORMAN THURECHT | WARWICK FACE   | SIMON CHUN     | TOM SPLATT   | DANIEL COLWELL | FELICITY CRIMSTON | KIERAN WALLIS | ANDREW ROBIN  |

| Key Audit Matter   | How our audit addressed the key audit matter   |
|--|--|
| <b>Valuation of Properties Held</b><br><b>Note 14: Property, plant and Equipment</b><br><b>Note 15: Investment Properties</b>  |  |
| <p>At 30 June 2021 the Eumundi Group Limited valued land and buildings recognised in property, plant and equipment at \$38,300,000 and recognised investment properties valued at \$35,535,000. These assets represent 90% of total assets of \$81,774,000.</p> <p>Valuations were carried out by third party valuers for all properties held at fair value. Valuations included a material valuation uncertainty clause in the 30 June 2021 valuations. These clauses highlight that real estate markets are currently being impacted by the uncertainty caused by COVID-19 and consequently a higher degree of caution should be attached to the valuation that would normally be the case. This represent an uncertainty in significant judgements and key assumption in relation to the valuation of properties.</p> <p>Two valuation methodologies were used by the Group:</p> <ul style="list-style-type: none"> <li>the capitalisation approach that applies a capitalisation rate to net operating income or earnings.</li> <li>The discounted cash flow method by projection of a series of cash flows and terminal value calculations discounted to present value.</li> </ul> <p>The valuation process requires significant judgement and key inputs and assumptions in the following areas:</p> <ul style="list-style-type: none"> <li>forecast net income or earnings;</li> <li>vacancy rates;</li> <li>tenant lease terms;</li> <li>incentives and rebates to be granted in future periods;</li> <li>capitalisation rates; and</li> <li>discount rates and terminal yields.</li> </ul> <p>This is a key area of audit focus due to the size of the balances</p> | <p>Our audit procedures included amongst others:</p> <ul style="list-style-type: none"> <li>Obtaining an understanding and evaluating the design and implementation of the relevant controls associated with the valuation process, as well as assessing the oversight applied by the directors;</li> <li>Assessing the competence, capabilities, and the objectivity of the independent valuers;</li> <li>Evaluating the valuation methodologies adopted;</li> <li>Considering the impact that COVID-19 has on significant judgements and key assumptions;</li> <li>Performing risk assessment of the portfolio, assessing the key inputs and assumptions;</li> <li>Evaluating the movements in capitalisation rates, discount rates, incentives and rebates to be granted in future periods and vacancy rates based on our knowledge of the property portfolio and published reports of industry commentators;</li> <li>Testing on a sample basis and evaluation of movements from prior periods for the following significant judgements and key inputs and assumptions: <ul style="list-style-type: none"> <li>forecast net income;</li> <li>vacancy rates;</li> <li>tenant lease terms;</li> <li>incentives and rebates to be granted in future periods;</li> <li>capitalisation rates, discount rates and terminal yields.</li> </ul> </li> <li>Testing the mathematical accuracy of the valuation models; and</li> <li>Assessed the adequacy of the relevant disclosures in the financial report, including significant judgements, key inputs and assumptions and sensitivity analysis.</li> </ul> |

#### Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2021, but does not include the financial report and our auditor's report thereon.

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

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



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

#### *Responsibilities of the Directors for the Financial Report*

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

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

#### *Auditor's Responsibilities for the Audit of the Financial Report*

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

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

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

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

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

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



## Report on the Remuneration Report

### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in included in pages 11 to 13 of the directors' report for the year ended 30 June 2021. In our opinion, the Remuneration Report of Eumundi Group Limited, for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

### *Responsibilities*

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

*Pitcher Partners*

PITCHER PARTNERS

*Mason*

CHERYL MASON  
Partner

Brisbane, Queensland  
30 August 2021

## Shareholder information

The shareholder information below was applicable as at 9 August 2021.

### (a) Distribution of Equity Securities

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

| <b>Ordinary Shares</b> |     |
|------------------------|-----|
| 1 – 1,000              | 152 |
| 1,001 – 5,000          | 196 |
| 5,001 – 10,000         | 26  |
| 10,001 – 50,000        | 47  |
| 50,001 – 100,000       | 10  |
| 100,001 – 500,000      | 19  |
| 500,001 – 1,000,000    | 6   |
| 1,000,001 and over     | 12  |
|                        | 468 |

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

### (b) Equity Security Holders

| Twenty largest quoted equity security holders:                            | <b>Number held</b> | <b>Percentage</b> |
|---|--------------------|-------------------|
| 1. De Luca Group Superannuation Pty Ltd                                   | 7,039,273          | 16.94             |
| 2. SCMS Pty Ltd – SJ Shoobridge S/F Account                               | 3,884,466          | 9.35              |
| 3. JP Morgan Nominees Australia Pty Limited                               | 3,293,933          | 7.93              |
| 4. Gansons Pty Ltd  | 2,736,988          | 6.59              |
| 5. Ganbros Pty Ltd  | 2,583,892          | 6.22              |
| 6. Ganboys Pty Ltd  | 2,548,892          | 6.13              |
| 7. Agpro Pty Ltd – Joe Ganim Super A/C                                    | 2,247,653          | 5.41              |
| 8. Wilhelm Super Fund A/C   | 2,009,658          | 4.84              |
| 9. Mrs Tracy Fraser – Tracy Fraser A/C                                    | 1,603,324          | 3.86              |
| 10. Mrs Tracy Fraser  | 1,438,345          | 3.46              |
| 11. Mr Peter Milton Ganim & Mr Paul Calile Ganim – Peter Ganim Super Fund | 1,053,324          | 2.54              |
| 12. National Nominees Limited   | 1,022,754          | 2.46              |
| 13. Ruminator Pty Ltd   | 877,070            | 2.11              |
| 14. Laicos Securities Pty Ltd – Fraser Family Super A/C                   | 707,514            | 1.70              |
| 15. Mr Paul Ganim and Mrs Alison Ganim – Paul Ganim Super A/C             | 665,577            | 1.60              |
| 16. Keiser Investments Pty Ltd – Gann Family Retirement A/C               | 637,264            | 1.53              |
| 17. Mr Joseph Michael Ganim   | 592,406            | 1.43              |
| 18. Keiser Shipping and Transport Pty Ltd                                 | 515,682            | 1.24              |
| 19. Rogand Superannuation Pty Ltd   | 393,516            | 0.95              |
| 20. Caske Family Superannuation Pty Ltd                                   | 326,518            | 0.79              |
| <b>Total</b>  | <b>36,177,281</b>  | <b>87.08</b>      |

**(c) Substantial Holders**

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

|  | Shares held | Percentage |
|--|-------------|------------|
| Joseph Michael Ganim <sup>1</sup>        | 10,709,063  | 25.78      |
| Peter Milton Ganim <sup>2</sup>          | 8,475,760   | 21.44      |
| Paul Calile Ganim <sup>2</sup>           | 8,685,033   | 20.91      |
| Gilbert De Luca <sup>3</sup>             | 7,039,273   | 16.94      |
| De Luca Group Superannuation Pty Ltd     | 7,039,273   | 16.94      |
| Mrs Tracy Fraser                         | 2,913,647   | 8.87       |
| SCMS Pty Ltd – SJ Shoobridge S/F Account | 3,573,661   | 8.60       |
| Phoenix Portfolios Pty Ltd               | 3,694,509   | 9.69       |
| Gansons Pty Ltd                          | 2,599,999   | 6.58       |
| Ganboys Pty Ltd                          | 2,548,124   | 6.13       |
| Ganbros Pty Ltd                          | 2,454,566   | 6.21       |
| Agpro Pty Ltd – Joe Ganim Super Fund     | 2,134,794   | 5.40       |

<sup>1</sup> Includes Agpro Pty Ltd, Ganbros Pty Ltd, Ganboys Pty Ltd and Gansons Pty Ltd

<sup>2</sup> Includes Ganbros Pty Ltd, Ganboys Pty Ltd and Gansons Pty Ltd

<sup>3</sup> Includes De Luca Group Superannuation Pty Ltd

**(d) Voting Rights**

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

(i) Ordinary Shares

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

(ii) Options

No voting rights.





**EUMUNDI GROUP LIMITED**

161 Cotlew Street  
Ashmore QLD 4214

Telephone: 07 3229 7222