

EUMUNDI GROUP LIMITED ABN 30 010 947 476
Annual report – 30 June 2006

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Corporate directory

Directors	Joseph Michael Ganim <i>Chairman</i>
	Gilbert De Luca
	Vernon Alan Wills
Company Secretary	Leni Stanley
Chief Executive Officer	Iain Thomson
Principal registered office in Australia	c/- Hoggood Ganim Level 8, 1 Eagle Street Brisbane Qld 4000 Telephone: (07) 3024 0000
Principal place of business	Level 15, 10 Market Street Brisbane Qld 4000 Telephone: (07) 3229 7222 Facsimile: (07) 3211 8222
Share Register	c/- Computershare Registry Services Pty Limited Level 27 Central Plaza One 345 Queen Street Brisbane Qld 4000 Telephone 1300 552 270
Auditor	Johnston Rorke 255 Adelaide Street Brisbane Qld 4000
Solicitors	Hoggood Ganim Level 8, 1 Eagle Street Brisbane Qld 4000 Telephone: (07) 3024 0000
Bankers	National Australia Bank 255 Adelaide Street Brisbane Qld 4000
Stock exchange listing	Eumundi Group Limited shares are listed on the Australian Stock Exchange
Web Site Address	www.eumundi-ltd.com.au

CHAIRMAN'S ADDRESS - REVIEW OF OPERATIONS AND ACTIVITIES

REVIEW OF OPERATIONS

Eumundi Group has delivered a net profit after tax of \$4.211 million, up \$1.616 million from the net profit in 2004/05.

This excellent result was attributable to the strong growth in investment properties both realised, through the sale of the Sunnybank Village Shopping Centre (\$2.586 million), and unrealised, representing the gain on revaluation of investment properties at Aspley and Banksia Beach (\$1.265 million). The early termination of the Castlemaine licence agreement added a further \$0.6 million to the result of which \$0.15 million represented the 2007-2009 licence fees.

Revenues decreased by 13.7% to \$15.147 million compared with last years \$17.561 million. After adjusting for \$2.638 million revenue contributed by the Imperial Hotel, revised 2004 revenues are \$14.93 million and an increase of 1.5% has been achieved. The result is attributable mainly to improved earnings from the Ashmore Tavern, plus a full year's earnings from Aspley shopping centre, with four months revenue prior to the sale of Sunnybank shopping centre and seven months following the acquisition of Banksia Beach shopping centre.

Other income increased by \$3.08 million from \$0.77 million in 2004-05 to \$3.85 million in the current year. Included in the 2005-06 result was profit on sale of Sunnybank shopping centre \$2.586 million, and fair value adjustment on investment properties due to revaluations of a further \$1.265 million, as compared to the profit on disposal of the Imperial Hotel \$0.768 million reported for the prior year.

Expenses for 2005/06 decreased by 20%, from \$16.1 million to \$13 million. The most significant factors were the sale of the Imperial Hotel which incurred expenses of \$2.6 million in the prior year, in addition to the \$0.54 million reduction in finance costs.

Earnings per share in 2006 is 4.99 cents, compared to 3.10 cents in the prior year, equating to 25% of the face value of the shares. (2005: 12.4%).

The directors would like to highlight that net assets as at 30 June 2006 have increased 25.4% from \$18.5 million to \$23.2 million - an increase from 22 cents per share to 27 cents per share. This is due largely to the profit associated with the sale of the Sunnybank shopping centre (\$2.586 million) and re-valuation increases attributed to the Aspley and Banksia Beach shopping centres (\$1.26 million) and Ashmore Tavern (\$0.6 million).

SHOPPING CENTRES

The group's investment acquisitions have performed well over the reporting period.

Aspley (excluding Tavern and Bottle Shop) returned a net profit before owner's expenses of \$830,000 up 3.7% (\$23,000) on the prior year.

This centre has enormous potential and is currently fully leased with a number of quality national tenants such as Pizza Hut, Cold Rock Ice Cream, and LJ Hooker together with a strong mix of long standing local businesses such as a 24 hour a day newsagent, large pharmacy, bottle shop, and food operators.

Sunnybank (excluding Tavern and Bottle Shop) returned a net profit before Owner's expenses of \$105,000 prior to sale in November 2005, and as a result of the consulting agreement reached at the sale of the centre, annual consulting revenue of \$100,000 will be received until October 2009.

Since acquisition in November 2005, the Banksia Beach property has returned a net profit before Owner's expenses of \$235,000. The centre is fully tenanted with a long term lease in place with Cornette's IGA, the anchor tenant. The complex is ideally located in the midst of the Pacific Harbour residential community. The centre's current tenancy mix includes Liquorland, a medical centre, pharmacy, newsagency, as well as food operators and specialty shops.

The announced redevelopment experienced delays due to the departure of key staff, however redevelopment is now back on track with an anticipated completion date of early 2008. Negotiations are underway with a number of interested parties who are keen to take their place in the expanded centre.

ASHMORE TAVERN

The Ashmore Tavern (which includes its 3 detached bottle shops) achieved net profit from operations (before tax) of \$1.2 million for 2005/06 year an improvement of \$134,000 on the \$1 million recorded for the same period last year.

The liquor retailing business continues to be highly competitive, with national supermarket chains further expanding into this market. The total sales revenue of all bottle shops, liquor barn, and bars at the tavern (\$7.7 million) was up \$46,000 (3%) on the budget forecast and up \$136,000 over the prior years result.

In anticipation of phased smoking restrictions, which commenced in July 2005, works had been completed to provide a suitable designated outdoor smoking area (DOSA) which minimised the severity and duration of the impact on gaming, and as a result revenues increased slightly 1.4% compared to 2004/05.

Gross Profit (\$5.3 million) was also virtually on line with budget forecasts (\$5.311 million).

Over the past twelve months, capital improvements have been made to TAB facilities, the child friendly areas with continued enhancement of the gaming and lounge areas. In July 2006 the Ashmore liquor barn was refurbished, and the benefits are already being delivered.

AIRLIE BEACH LAGOON PROJECT

The directors regret to advise shareholders that the planned FKP Limited Eumundi Group joint venture of the Airlie Beach Lagoon Hotel is considered unlikely to proceed.

The Queensland Government have indicated that, should they be re-elected, they will not approve the planned development at Airlie Beach. While the State Government have stated that they would consider alternate development of a reduced scale 'if it enjoyed wide community support' any alternate plans for the site would need to be assessed separately.

While the board is disappointed by the failure of this highly anticipated project to come to fruition at this time, the project has no carrying value, and therefore this development has no impact on the financial statements of the Group.

SUBSEQUENT EVENTS

The Company has made four announcements subsequent to the end of the year under report, which included the Airlie Beach joint venture update as well as notices regarding increases in the shareholding of our substantial shareholder TW Hedley.

FUTURE DIRECTION

The future for the Eumundi Group promises to be both challenging and exciting.

The Ashmore tavern is implementing strategies aimed at increasing market share through broadening its target market and enhancing profitability from gross margin improvement and continued cost management initiatives. The Ashmore Tavern remains competitive through continued access to the Weller Group Hotels liquor buying group and we are confident that management and staff of the Ashmore Tavern will once again deliver a good result despite significant local competition from high profile nationals such as First Choice and Dan Murphy's.

Eumundi Group has the expertise between the CEO, CFO and Board of Directors to aggressively pursue property based transactions, with a particular emphasis on retail acquisitions and development.

Our existing property holdings continue to be under constant review and exploration for possible redevelopment and improvement. The commercial and retail property sector is highly competitive, with wholesale property funds and property trusts dominating the investment market. As a result, demand for retail and commercial property continues to strengthen and the yields tighten. As proven by the sale of the Sunnybank Tavern, the Board will not hesitate to take advantage of opportunities to trade assets where the offer will significantly improve the financial position of the group.

Through our network of industry contacts, and in liaison with current and potential clients, we are actively searching for mutually desirable strategic acquisitions. We will continue to pursue centres that may have been neglected or over looked for improvement and redevelopment, particularly those with a proven anchor tenant upon which the balance of development can be grown. We are expanding our geographic cover to include growing coastal and regional centres as well as metropolitan growth areas.

By obtaining the relevant Development Approvals and constructing the centres appropriately, Eumundi Group will then have an opportunity to either "sell" the development upon completion for pre-approved profit margins or "hold" the developments as part of a medium to long term strategy. Regardless, we believe the retail and commercial property sector is strong and will continue to deliver healthy returns to its investors provided a solid anchor tenant is properly secured. Our aim is to build a diverse portfolio of good quality retail and commercial properties with high occupancy demand to ensure a strong and reliable future cash flow, and capital growth.

CONCLUSION

To summarise, the Directors are very optimistic about the future outlook of the Company, having been successful in attracting a high calibre team capable of delivering on opportunities available within the investment property and hotel sectors.

The retail and commercial property market is highly active with an abundance of property available, but not necessarily all of quality. There is a wealth of eager buyers, and as a result some sellers are realising unprecedented values for their property, a fact that the Board is acutely aware of. We recognise that within this market if we can identify and secure quality properties that will enhance our portfolio, opportunities are there to upgrade the quality of our portfolio whilst getting a premium on sale in a market that is, on any test, so hot it is a difficult to accept it will go on forever. To ensure the Company maintains a steady, strong direction all projects must satisfy the Company's investment criteria. There are several projects under review at present, and we look forward to making appropriate announcements as they crystallise.

The Company continues to strengthen financially, with net assets improving by 25% in the past 12 months as a result of quality income producing assets, and a conservative debt position. Eumundi now has the financial strength and the skills to successfully compete in this market and to take opportunities in a declining market.

The current and future value of Eumundi Group is recognised by our major shareholders, who have demonstrated their confidence by maintaining or increasing their investments.

The Directors do not consider it appropriate to consider the payment of a dividend at this time with priority given to further build the Company's asset backing and ensure financial flexibility for acquisitions. We still have available tax losses \$897,000 from the brewing operations which we will take up against the profits from future years, and we have franking credits of \$433,000 to enable payment of a fully franked dividend to shareholders. As previously indicated, once these tax losses have been utilised, the payment of dividends will appear on the agenda.

The Board of Directors would like to thank all of our loyal and hard working staff and welcome aboard Iain Thomson, our CEO, Suzanne Jacobi Lee our CFO, and most recently Toni Dance our PA and jack of all trades. Our appreciation goes to the Weller Group who manage the hotel and our external accounting and audit teams. I personally would like to thank my fellow directors for their expertise and the amount of work they put in each year with meetings and discussions well beyond the formal board meetings.



J M Ganim
Chairman
26th September 2006

Directors' report

In respect of the financial year ended 30 June 2006, the directors of Eumundi Group Limited submit the following report:

Directors

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

J M Ganim
G De Luca
V A Wills

Principal Activities

The principal activities of the consolidated entity during the year consisted of:

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

In November 2005, the Sunnybank Shopping Centre was sold, and another shopping centre purchased at Banksia Beach, Bribie Island. There was no other significant change in principal activities during the year.

Dividends – Eumundi Group Limited

No dividend was paid or declared by the company during or since the end of financial year ended 30 June 2006.

Review of Operations

Comments on the operations and the results of those operations are set out below:

- (a) Eumundi Group has delivered a net profit after tax of \$4.211 million (\$5.999 million before tax) compared with \$2.595 million after tax (\$2.136 million before tax) for the corresponding period in 2005. This result includes the net gain achieved on the sale of the Sunnybank Hills shopping centre (\$2.586 million), proceeds attributable to the early termination of the Castlemaine Perkins Pty Ltd Licence and Option Agreement (1998), and continued positive performance from existing operations, as well as costs relating to the acquisition of Banksia Beach shopping centre on Bribie Island.
- (b) Revenues of \$15.147 million represent a decrease of \$2.414 million in comparison to last year predominantly due to the inclusion of Imperial Hotel trading in the prior years result (sold in January 2005).
- (c) Other income of \$3.851 million represents an increase of \$3.08 million over the prior reporting period with the gain on sale of Sunnybank shopping centre (\$2.586 million) and fair value increments on the investment properties (\$1.265 million) included in the current year compared to the gain on sale of the Imperial Hotel (\$0.768 million) in the prior year.
- (d) Expenses for the year were \$13 million as compared to \$16.2 million for the corresponding period in 2005. Of the decrease, \$3.2 million relates to Imperial Hotel expenses and financing costs in the prior year.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were as follows:

- a) Sale of Sunnybank Shopping Centre for \$15,300,000 in November 2005 resulting in a profit of \$2,586,000.
- b) Purchase of Banksia Beach Shopping Centre for \$7,925,000 in November 2005.
- c) Net cash received from the sale of the Sunnybank Hills Shopping Centre at a profit used principally to repay borrowings which were undertaken to finance the purchase on the shopping centre investment property at Banksia Beach, Bribie Island. Commercial Bill borrowings were reduced by \$8,250,000 to \$17,500,000 at 30 June 2006 (2005: \$25,750,000).
- d) Early termination of the Castlemaine Perkins Pty Ltd Licence and Option agreement (1998) resulted in additional revenue of \$600,000 which included the receipt of remaining future annual licence payments of \$150,000. Ownership of the Eumundi beer brands now vest in Castlemaine Perkins Pty Ltd.

Matters subsequent to the end of the financial year

There are no matters or circumstances that have arisen since 30 June 2006 that has 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.

Likely developments and expected results of operations

The likely developments and expected results of operations have been outlined in the Chairman's Address. In the opinion of the Directors, any additional disclosure of information to that disclosed in the Address and Results of Operation, the financial statements or elsewhere in this report, would be likely to result in unreasonable prejudice to the company.

Eumundi Group Limited & Controlled Entities

Environmental regulation

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

Information on directors

Joseph Michael Ganim – Non-executive chairman

Mr Ganim is a founding partner of Messrs Hopgood Ganim, Solicitors and Notary, a leading Brisbane law firm. He is also a Notary Public. He graduated from the University of Queensland with a Bachelor of Laws degree in 1970, and is a solicitor of the Supreme Court of Queensland and the High Court of Australia. Mr Ganim joined the board as a non-executive director in 1989. Mr Ganim is also a Director (since October 2002) and Audit Committee Chairman of Dark Blue Sea Limited, a company listed on ASX.

Special Responsibilities:

Chairman
Member of the Audit Committee

Gilbert De Luca – Non-executive director

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

Special Responsibilities:

Member of the Audit Committee

Vernon Alan Wills – Non-executive director

Mr Wills was appointed non-executive director on 1 September 2004. He is chairman of Operating Entities for Enhance Group which includes Enhance Management Pty Ltd, a leading market research firm, Enhance Corporate, a corporate advisory company; Enhance Capital, a private investment company; and Enhance Media & Communications. Currently Mr. Wills is also Chairman of the ASX listed company Dark Blue Sea Limited of which he has been a director since October 2002, Deputy Chair of the Queensland Government's Major Sports Facilities Authority, Director of Telecorp Ltd and Director of the Greg Norman Golf Foundation.

Special Responsibilities:

Chairman of the Audit Committee.

Interests of Directors

<i>Names of Directors</i>	<i>Ordinary Shares</i>	<i>Options</i>
J M Ganim	14,827,773	-
G De Luca	7,982,311	-
V A Wills	-	-

Information on company secretary

The company secretary at the end of the financial year was Ms Leni Stanley CA, B.Com. Ms Stanley was appointed to the position of company secretary on 28 November 2004. Ms Stanley holds similar positions with other companies and is currently a partner with a Chartered Accounting firm.

Meetings of directors

The numbers of meetings of the company's board of directors and of each board committee held during the year ended 30 June 2006, 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	7	7	2	2
G De Luca	7	7	2	2
V A Wills	7	7	2	2

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

Remuneration report

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

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

The information provided under headings A-D includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. These disclosures have been transferred from the financial report and have been audited.

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

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

Executives

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

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

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.

B. Details of remuneration

Amounts of remuneration

Details of the remuneration of each director of Eumundi Group Limited and each of the key management personnel of the company and the consolidated entity who received the highest remuneration for the year ended 30 June 2006 are set out in the following tables.

	Short Term Employee Benefits		Post-employment Benefits	Share-based Payment options	Total
	Cash salary and fees	Non-cash benefits	Super-annuation		
	\$	\$	\$	\$	\$
2006					
Directors					
J M Ganim (Chairman – Non-executive)	40,000	-	3,600	-	43,600
G De Luca (Non-executive)	20,000	-	1,800	-	21,800
V A Wills (2) (Non-executive)	30,000	-	-	-	30,000
Total	90,000	-	5,400	-	95,400
Other Key Management Personnel					
I Thomson (7) (Chief Executive Officer)	14,155	-	1,012	-	15,167
A Moffat (4) (Chief Executive Officer)	173,658	2,744	10,424	-	186,826
L Stanley (5) (Company Secretary)	15,000	-	-	-	15,000
S Jacobi-Lee (6) (Chief Financial Officer)	64,094	-	5,563	-	69,657
Total	266,907	2,744	16,999	-	286,650

Directors' report (continued)

2005	Short Term Employee Benefits		Post-employment Benefits Super-annuation	Share-based Payment options	Total
	Cash salary and fees	Non-cash benefits			
Directors					
J M Ganim (Chairman – Non-executive)	40,000	-	3,600	-	43,600
G De Luca (Non-executive)	20,000	-	1,800	-	21,800
B D Weller (1) (Non-executive)	-	-	-	-	-
V A Wills (2) (Non-executive)	25,000	-	-	-	25,000
Total	85,000	-	5,400	-	90,400
Other Key Management Personnel					
S Coxon (3) (Chief Executive Officer and Company Secretary)	65,946	-	5,935	-	71,881
A Moffat (4) (Chief Executive Officer)	14,034	-	966	-	15,000
L Stanley (5) (Company Secretary)	8,750	-	-	-	8,750
Total	88,730	-	6,901	-	95,631

- (1) B D Weller resigned as a director on 27 August 2004.
(2) V A Wills was appointed a director on 1 September 2004
(3) S Coxon resigned as chief executive officer and company secretary on 25 February 2005
(4) A Moffat was appointed chief executive officer on 1 June 2005 and resigned on 21 April 2006
(5) L Stanley was appointed company secretary on 28 November 2004
(6) S Jacobi-Lee was appointed as chief financial officer on 16 January 2006
(7) I Thomson was appointed as chief executive officer on 1 June 2006

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

There were no bonuses paid during the current or prior year and no part of current remuneration was linked to performance.

C. Service agreements

I Thomson (Chief Executive Officer)

Mr Thomson receives a salary package of \$170,000 pa inclusive of superannuation, and 1 months notice is required in the event of termination. Currently Mr Thomson is engaged under a letter of appointment, however negotiations are underway to secure his tenure and terms of employment. Once his service agreement has been finalised it will be advised to Australian Stock Exchange Limited.

L Stanley (Company Secretary)

Ms Stanley is paid for company secretarial and accounting services through a partnership of which she is a member based on normal commercial terms and conditions.

S Jacobi-Lee (Chief Financial Officer)

Ms Jacobi-Lee receives a salary package of \$140,000 pa inclusive of superannuation, and 1 months notice is required in the event of termination. Currently Ms Jacobi-Lee is engaged under a letter of appointment, however negotiations are underway to secure her tenure and terms of employment. Once her service agreement has been finalised it will be advised to Australian Stock Exchange Limited.

D. Share-based payments

There have been no share based payment benefits, vested or exercised, granted as compensation during the year (2005: nil).

Shares under option

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

Shares issued on exercise of options

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

Insurance of officers

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

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

Directors' report (continued)

Proceedings on behalf of the company

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

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

Non-audit services

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

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

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

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in Professional Statement F1, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

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

	Consolidated	
	2006	2005
	\$	\$
During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:		
Johnston Rorke (current auditor)		
Assurance services	62,500	41,000
Other services – advisory	1,500	-
	<hr/>	<hr/>
Taxation services	64,000	41,000
Total remuneration – Johnston Rorke	12,750	8,950
	<hr/>	<hr/>
	76,750	49,950

Rounding of amounts

This company is a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors report. Amounts in the directors' report have been rounded off in accordance with that class order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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



J M Ganim
Director

Dated at Brisbane this 26th day of September, 2006.

Chartered Accountants

Floor 5 National Bank House
255 Adelaide Street Brisbane Q 4000
GPO Box 1144 Brisbane Q 4001
Ph 07 3222 8444 / Fax 07 3221 7779
Website www.jr.com.au
Email jr@jr.com.au

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

Auditor's Independence Declaration

As lead engagement partner for the audit of the financial report of Eumundi Group Limited for the year ended 30 June 2006, I declare that, to the best of my knowledge and belief, there have been:

- i. no contraventions of the independence requirements of the Corporations Act 2001 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

JOHNSTON RORKE
Chartered Accountants



R.C.N. WALKER
Partner

Brisbane, Queensland
26 September 2006

Corporate governance statement

This statement and information identified therein is available on the Company's website at www.eumundi-ltd.com.au under the Company Policies and Charters section.

Introduction

The Board has embraced the Australian Stock Exchange's "Principles of Good Corporate Governance & Best Practice Recommendations" ('ASX Guidelines') and has corporate governance practices in keeping with today's shareholder expectations, but tailored to suit the Company given its size and scope of operations.

These practices, which are outlined in this Statement, have been in place for a number of years. To assist with adherence to the practices the Board has a Committee responsible for Auditing and Risk Management and has documented a number of policy statements and charters including:

- Board Charter
- Audit and Risk Committee Charter
- Code of Conduct
- Directors Ethics Policy

These documents, together with other relevant information on corporate governance including that recommended under the ASX Guidelines, have been made available on the Company's website: www.eumundi-ltd.com.au.

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

In this Statement the Board outlines the practices it has introduced and how, and the extent to which, they follow the ASX Guidelines.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Recognise and publish the respective roles and responsibilities of board and management

Recommendation 1.1: Formalise and disclose the functions reserved to the board and those delegated to management.

The Board has overall responsibility for the business of the Company and is accountable to shareholders for the Company's performance. Its responsibilities include:

- review and approval of corporate strategies and budgets
- overseeing and monitoring performance and the achievement of the Company's strategic goals and objectives
- establishing appropriate policies and mechanisms to ensure both corporate and legal compliance
- ensuring there are effective management processes in place and approving major corporate initiatives
- enhancing and protecting the reputation of the organisation.

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

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

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Have a board of an effective composition, size and commitment to adequately discharge its responsibilities and duties

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

In the 2006 year the Company did not comply fully with this recommendation. At the present time the Board is comprised of all Non-Executive Directors. For each Director, his qualifications, experience, special responsibilities, term in office and attendances at Board meetings are detailed in the Directors' Report. The Board believes it brings a wealth of relevant practical experience to the Company and they all have a significant vested interest in ensuring proper governance.

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

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

- the interest is fully disclosed and the disclosure is recorded
- the relevant Director is excluded from all considerations of the matter by the Board, unless the other Directors unanimously otherwise decide.

Eumundi Group Limited & Controlled Entities

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

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

Recommendation 2.2: The chairperson should be an independent director.

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

Ultimately shareholders will determine if the current mix of Directors and the position of Chairperson is unacceptable.

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

The Company complies with this recommendation; its Chief Executive Officer Mr I Thomson is not an Executive Director.

Recommendation 2.4: The board should establish a nomination committee.

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

When a Director vacancy occurs, the Board identifies the particular skills, experience and expertise that will best complement Board effectiveness, and then undertakes a process to identify candidates who can meet those criteria.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Actively promote ethical and responsible decision-making

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

3.1.1 The practices necessary to maintain confidence in the company's integrity;

3.1.2 The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

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

The company has a formal Corporate Ethics Policy for directors, setting out the obligations of the Board in relation to trading in the Company's shares, continuous disclosure, fiduciary duties, related party transactions, integrity of accounts and risk management. The Code of Conduct addresses trading in the company's shares as well as other ethical issues and responsibilities and whereby this covers directors, all employees and significant external managers.

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

The Corporate Ethics Policy for Directors and the Code of Conduct are available on the Company's website.

Recommendation 3.2: Disclose the policy concerning trading in company securities by directors, officers and employees.

The Board has written guidelines, set out in the Corporate Ethics Policy and Code of Conduct that restrict dealings by all Directors and employees in the Company's shares and provides an understanding of insider trading and issues relative to price-sensitive information.

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

These guidelines contained in the Corporate Ethics Policy and Code of Conduct is published on the Company's website.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Have a structure to independently verify and safeguard the integrity of the company's financial reporting

Recommendation 4.1: Require the chief executive officer and the chief financial officer (or equivalent) to state in writing to the board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with relevant accounting standards.

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

Recommendation 4.2: The board should establish an audit committee.

The Company has an Audit and Risk Management Committee and the number of meetings of the Committee held during the 2006 year is set out in the Directors' Report.

Recommendation 4.3: Structure the audit committee so that it consists of:

- majority non-executive directors
- a majority of independent directors
- an independent chairperson, who is not chairperson of the board
- at least three members.

In the 2006 the committee comprised Mr. V.A. Wills, Mr. J.M. Ganim and Mr G. De Luca. In 2005 the committee comprised Mr. G. De Luca and Mr. J.M. Ganim for the full year. Mr V.A. Wills who is an independent director was appointed to the Audit Committee as from 1 September 2004. Mr G De Luca was chairman of the Audit Committee until 20 December 2004 at which time Mr V.A. Wills was elected chairman. Audit Committee meetings are attended, by invitation, by the engagement partner (or his nominee) from the Company's external Auditor and such other senior staff or professional people as may be appropriate from time to time.

Recommendation 4.4: The audit committee should have a formal charter.

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

The external Auditor, Johnston Rorke, has declared its independence to the Board and has confirmed its Audit partner will be rotated every few years. The Committee has examined material provided by the external Auditor and is satisfied that the standards for auditor independence and associated issues are complied with.

On account of the small size of the Board this Charter also extends to risk management and compliance. The Audit and Risk Management Committee Charter is available on the Company's website.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Promote timely and balanced disclosure of all material matters concerning the company

Recommendation 5.1: Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.

The Company has a written disclosure policy contained within the Directors Corporate Ethics Policy titled the Company's Obligation of Disclosure that complies with the recommendation. This policy ensures that the Company complies not only with its obligations at law and under the ASX Listing Rules, but with best practice as it has evolved in recent years.

The Company Secretary has been designated as the person responsible for communications with the ASX including to ensure compliance with the continuous disclosure requirements in the Listing Rules and overseeing information going to the ASX, shareholders and other interested parties. All key announcements are vetted by the Company's legal advisors prior to announcement. All announcements are transmitted to the Board and the external Auditor's designated Audit partner. The matter of continuous disclosure is a permanent item on the agenda for all Board meetings.

Authority to speak about the Company's affairs to the media, brokers, analysts or investors is restricted to the Chairman and Chief Executive Officer.

All Directors have obligations outlined in the Directors Corporate Ethics Policy to keep the Company promptly informed of any personal or related interests in securities trading and contracts relevant to securities. The Company, in turn, promptly reports such trading to the ASX.

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

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Respect the rights of shareholders and facilitate the effective exercise of those rights

Recommendation 6.1: Design and disclose a communications strategy to promote effective communication with shareholders and encourage effective participation at general meetings.

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

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

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

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

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

Recommendation 6.2: Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the auditor's report.

A copy of the AGM Notice is sent to the Company's external Auditor. The company has always carried out the practise of the current Audit partner attending the AGM and being available to answer questions from shareholders about the audit. The Chairman reminds shareholders of this opportunity at the commencement of each AGM when introducing Board members, the Chief Executive Officer and the Auditor.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Establish a sound system of risk oversight and management and internal control

Recommendation 7.1: The board or appropriate board committee should establish policies on risk oversight and management.

The Company places a high priority on risk management and identification throughout the Group's operations and regularly reviews its adequacy. A risk control program has been developed which includes legislative compliance. On account of the small size of the Board the functions of audit committee and risk management committee are combined and operate under the same Audit and Risk Management Committee Charter.

Recommendation 7.2: The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the board in writing that:

7.2.1 the statement given in accordance with best practice recommendation 4.1 (the integrity of financial statements) is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the board;

7.2.2 the company's risk management and internal compliance and control system is operating efficiently and effectively in all material respects.

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

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

For these reasons, and in view of its size, the Company relies on its management, under the control of the Board, to perform internal audit functions. This is done in regular consultation with, but independent of, the external Auditor. The Chief Executive Officer attends all Board meetings and meetings of the Audit and Risk Management Committee and provides appropriate reports.

PRINCIPLE 8: ENCOURAGE ENHANCED PERFORMANCE

Fairly review and actively encourage enhanced board and management effectiveness

Recommendation 8.1: Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.

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

For the Board itself, a "whole of board" informal evaluation process has been adopted. This evaluation policy is being reviewed in the 2006 year to assess the benefits of having it facilitated by an external consultant who provides an independent and objective assessment.

For the Chief Executive Officer performance objectives are discussed in conjunction with successes and failures rather than taking place at specified assessment times.

The Company also complies with the ASX Guidelines' recommendations for Directors in relation to information access, independent professional advice and contact with the Chief Executive Officer and Company Secretary. The Chief Executive Officer and Company Secretary attend all Board meetings, is responsible for monitoring adherence to Board policy and procedures, and is accountable on all governance matters.

Compliance with this recommendation must be considered in the context of the size of the company and compressed management structure this lends itself to often daily contact between members of the Board and the Chief Executive Officer and between Board members themselves.

PRINCIPLE 9: REMUNERATE FAIRLY AND RESPONSIBLY

Ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to corporate and individual performance is defined

Recommendation 9.1: Provide disclosure in relation to the company's remuneration policies to enable investors to understand:

- (i) the costs and benefits of those policies; and*
- (ii) the link between remuneration paid to directors and key executives and corporate performance*

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

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. The employment agreements for service are on a term basis, the conditions of which might change in the immediate future (refer below for further information). Upon retirement the executives are paid employee benefit entitlements accrued to date of retirement.

The board is currently reviewing the remuneration policy for the Chief Executive Officer and other senior employees in terms of cost, market competitiveness and further linking remuneration to the financial and operational performance of the company.

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 and payments are reviewed annually by the board within the limits approved by shareholders. The Company has never paid retirement allowances for non-executive directors, which is in line with current guidance on non-executive remuneration.

The Company does not currently pay any equity-based executive remuneration to directors, executives or senior managers.

Recommendation 9.2: The board should establish a remuneration committee

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

Recommendation 9.3: Clearly distinguish the structure of non-executive directors' remuneration from that of executives.

The Board comprises entirely Non-Executive Directors' whose remuneration is set out in the relevant section of the Annual Report. Details of the nature and amount of each element of the emolument of each Director of the Company and the specified executives of the Company with the most responsibility for strategic direction are disclosed in the relevant section of the Annual Report. As outlined in the above remuneration policy there is no retirement benefit scheme for Directors other than payment of statutory superannuation.

Recommendation 9.4: Ensure that payment of equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.

As outlined within the relevant section of the Annual Reports the Company has provided option/equity-linked performance incentives in a previous period to its senior executive that is linked to the financial and operational performance of the company. Any variance to that which currently exists or any equity based remuneration payable to Directors would need to be approved by Shareholders at a General Meeting.

PRINCIPLE 10: RECOGNISE THE LEGITIMATE INTERESTS OF STAKEHOLDERS

Recognise legal and other obligations to all legitimate stakeholders

Recommendation 10.1: Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.

The Company has well-entrenched policies, systems and procedures, as well as a formal Code of Conduct (referred to under Principle 3), which seeks to promote throughout the Company, and in the areas in which it operates its businesses, a culture of compliance with legal requirements and ethical standards. A communication policy dealing with the recognition of the legitimate interests of shareholders is outlined in Principle 6.

The Board recognises that managing "natural, human, social and other forms of capital" as suggested in the ASX Guidelines may also assist in creating value for shareholders. To this end the Board seeks, by the individual contributions of Directors and by encouraging activities of its executives, to uphold community standards and to maintain good relations with community and government organisations. However the Board seeks to balance these considerations in order to ensure that the claims of legitimate stakeholders do not prejudice or diminish the rightful expectations of its shareholders.

The Board does not support a process by which companies are regulated in their dealings in these areas, beyond the consideration of their programs to ensure compliance with legal and ethical standards and to demonstrate the Company's commitment to corporate practices appropriate to the business.

Income Statements
For the year ended 30 June 2006

		Consolidated		Parent Entity	
	Notes	2006	2005	2006	2005
		\$'000	\$'000	\$'000	\$'000
Revenue	5	15,147	17,561	2,613	879
Other income	6	3,851	771	-	-
Expenses					
Purchase of inventories		(5,633)	(6,899)	-	-
Changes in inventories		35	1	-	-
Employee benefits expense		(1,595)	(1,862)	-	-
Depreciation and amortisation expense		(278)	(293)	-	-
Insurance		(80)	(159)	-	-
Operating lease rentals		(224)	(240)	-	-
Rates and taxes		(82)	(102)	-	-
Outgoings – investment properties		(601)	(635)	-	-
Net loss on fair value adjustment – investment properties		-	(313)	-	-
Management fee		(124)	(121)	-	-
Gaming machine tax		(1,502)	(1,535)	-	-
Finance costs		(1,528)	(2,073)	-	-
Other expenses		(1,387)	(1,965)	-	-
Total expenses	7	<u>(12,999)</u>	<u>(16,196)</u>	-	-
Profit before income tax expense		5,999	2,136	2,613	879
Income tax (expense)/benefit	8	<u>(1,788)</u>	459	-	1,081
Profit for the year		<u>4,211</u>	<u>2,595</u>	2,613	1,960
		Cents	Cents		
Basic earnings per share	38	4.99	3.10		
Diluted earnings per share	38	4.99	3.07		

The above income statements are to be read in conjunction with the attached notes.

Balance Sheets
As at 30 June 2006

	Notes	Consolidated		Parent Entity	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	9	2,437	2,050	-	-
Trade and other receivables	10	279	214	-	-
Inventories	11	799	764	-	-
Available-for-sale financial assets	12	135	-	-	-
Other financial assets	13	-	41	-	-
Other assets	14	126	64	-	-
TOTAL CURRENT ASSETS		3,776	3,133	-	-
NON-CURRENT ASSETS					
Other receivables	15	672	779	11,195	7,454
Available-for-sale financial assets	16	64	-	-	-
Other financial assets	17	-	64	4,587	4,587
Property, plant and equipment	18	11,833	11,271	-	-
Investment properties	19	27,300	29,770	-	-
Deferred tax assets	20	-	-	922	1,733
Intangible assets	21	87	89	-	-
Other assets	22	-	153	-	-
TOTAL NON-CURRENT ASSETS		39,956	42,126	16,704	13,774
TOTAL ASSETS		43,732	45,259	16,704	13,774
LIABILITIES					
CURRENT LIABILITIES					
Trade and other payables	23	1,103	992	-	-
Borrowings	24	834	1,278	-	-
Current tax liabilities		365	48	365	48
Provisions	25	145	112	-	-
TOTAL CURRENT LIABILITIES		2,447	2,430	365	48
NON-CURRENT LIABILITIES					
Borrowings	26	16,379	24,265	-	-
Deferred tax liabilities	27	1,653	17	-	-
Provisions	28	15	15	-	-
TOTAL NON-CURRENT LIABILITIES		18,047	24,297	-	-
TOTAL LIABILITIES		20,494	26,727	365	48
NET ASSETS		23,238	18,532	16,339	13,726
EQUITY					
Contributed equity	29	13,013	13,013	13,013	13,013
Reserves	30(a)	5,270	4,775	-	-
Retained profits	30(b)	4,955	744	3,326	713
TOTAL EQUITY		23,238	18,532	16,339	13,726

The above balance sheets are to be read in conjunction with the attached notes.

Statements of Changes in Equity

For the year ended 30 June 2006

	Notes	Consolidated		Parent Entity	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Total equity at the beginning of the financial year		18,532	12,476	13,726	9,595
Changes in the fair value of available-for-sale financial assets, net of tax	30	66	-	-	-
Gain on revaluation of land and buildings, net of tax	30	429	1,290	-	-
Net income recognised directly in equity		495	1,290	-	-
Profit for the year		4,211	2,595	2,613	1,960
Total recognised income and expense for the year		4,706	3,885	2,613	1,960
Contributions of equity, net of transaction costs	29	-	2,171	-	2,171
Total equity at the end of the financial year		23,238	18,532	16,339	13,726

The above statements of changes in equity are to be read in conjunction with the attached notes.

Cash Flow Statements
For the year ended 30 June 2006

	Notes	Consolidated		Parent Entity	
		2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Receipts from customers		16,494	18,814	-	-
Payments to suppliers and employees		(12,814)	(15,700)	-	-
Interest received		87	77	-	-
Finance costs		(1,461)	(1,965)	-	-
Income tax paid		(48)	-	(48)	-
Receipts from other debtors		150	150	-	-
Net cash inflows/(outflows) from operating activities	37	<u>2,408</u>	<u>1,376</u>	<u>(48)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from disposal of investment properties	19	14,994	-	-	-
Payments for investment properties	19	(8,501)	-	-	-
Payments for property, plant & equipment	18	(270)	(265)	-	-
Proceeds from disposals of property, plant & equipment		-	17	-	-
Proceeds from disposal of Imperial Hotel	18	-	4,474	-	-
Payments for other non-current assets		-	(16)	-	-
Loans to controlled entities		-	-	-	(2,142)
Repayment of loans to controlled entities		-	-	48	-
Net cash inflows/(outflows) from investing activities		<u>6,223</u>	<u>4,210</u>	<u>48</u>	<u>(2,142)</u>
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from borrowings		-	-	-	-
Repayment of borrowings		(8,250)	(6,500)	-	-
Repayment of lease liabilities		(28)	(130)	-	-
Proceeds from issue of share capital		-	2,239	-	2,239
Transaction costs arising on issue of share capital		-	(97)	-	(97)
Net cash inflows/(outflows) from financing activities		<u>(8,278)</u>	<u>(4,488)</u>	<u>-</u>	<u>2,142</u>
Net increase/(decrease) in cash and cash equivalents		353	1,098	-	-
Cash and cash equivalents at beginning of year		<u>2,050</u>	<u>952</u>	<u>-</u>	<u>-</u>
Cash and cash equivalents at end of year	9	<u>2,403</u>	<u>2,050</u>	<u>-</u>	<u>-</u>

There were no non-cash financing and investing activities during the current or prior year.

The above cash flow statements are to be read in conjunction with the attached notes.

Notes to the financial statements for the year ended 30 June 2006

1. Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Eumundi Group Limited as an individual entity and the consolidated entity consisting of Eumundi Group Limited and its subsidiaries.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian equivalents to the International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRSs

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements and notes of Eumundi Group Limited comply with the International Financial Reporting Standards (IFRSs). The parent entity financial statements and notes also comply with IFRSs except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in AASB 132 *Financial Instruments: Presentation and Disclosure*.

Application of AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards.

These financial statements are the first Eumundi Group Limited financial statements to be prepared in accordance with AIFRSs. AASB1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* has been applied in preparing these financial statements.

Financial statements of Eumundi Group Limited until 30 June 2005 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Eumundi Group Limited 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments. The Group has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 July 2005.

Reconciliations and descriptions of the effect of the transition from previous AGAAP to AIFRSs on the Group's equity and its net profit are given in note 40.

Historical cost convention

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

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Eumundi Group Limited ("company" or "parent entity") as at 30 June 2006 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 those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to note 1(h)).

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.

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.

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

(c) Segment Reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

1. Summary of Significant Accounting Policies (continued)

(d) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Eumundi Group Limited's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(e) Revenue Recognition

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

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

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

Revenue from gaming machines is recognised on the basis of daily takings.

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

(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 national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

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 settle the asset and realise the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

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

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

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

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

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

Eumundi Group Limited & Controlled Entities

1. Summary of Significant Accounting Policies (continued)

(g) Leases

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

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 the income statement on a straight-line basis over the lease term.

(h) Business Combinations

The purchase method of accounting is used to account for all business combinations regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

(i) Impairment of Assets

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

(j) 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 balance sheet.

(k) Trade and Other Receivables

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

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

(l) 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. Summary of Significant Accounting Policies (continued)

(m) Investments and Other Financial Assets

From 1 July 2004 to 30 June 2005

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 July 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries, were brought to account at cost and dividend income was recognised in the income statement when receivable.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are the reclassifications of certain assets.

For further information concerning the adjustments on transition date reference should be made to the following notes:

- Available-for-sale financial assets – notes 12 and 16
- Other financial assets – notes 13 and 17
- Other assets – note 22.

From 1 July 2005

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

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

(i) Loans and receivables

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

(ii) Held-to-maturity investments

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

(iii) Available-for-sale financial assets

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

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

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

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

1. Summary of Significant Accounting Policies (continued)

(n) Fair Value Estimation

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

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

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

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(o) Property, Plant and Equipment

Land and buildings (except for investment properties – refer to note 1(p)) are shown at fair value, based upon periodic 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 the income statement during the financial period in which they are incurred.

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

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.

The depreciation rates used for each class of depreciable assets are:

Buildings	2.5%
Plant and equipment	11-40%
Plant and equipment under finance lease	20%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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(i)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, it is Group policy to transfer the amounts included in revaluation reserves in respect of those assets to retained earnings.

(p) Investment Property

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

(q) Intangible Assets

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.

1. Summary of Significant Accounting Policies (continued)

(r) 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.

(s) Employee Benefits

(i) Wages and salaries, annual and sick leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. 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 reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

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

(iv) Share-based payments

Share-based compensation benefits are provided to employees from time to time.

Share options granted before 7 November 2002 and/or vested before 1 January 2005

No expense is recognised in respect of these options. The shares are recognised when the options are exercised and the proceeds received allocated to share capital.

Share options granted after 7 November 2002 and vested after 1 January 2005

The fair value of options granted is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is determined using an option pricing model that takes into account the exercise price, the term of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets and performance and service criteria). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

(t) 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 income statement 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 balance sheet date.

(u) 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.

1. Summary of Significant Accounting Policies (continued)

(v) Earnings Per Share

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit or loss attributable to equity holders 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.

(w) 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 balance date.

(x) Goods and Services Tax (GST)

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

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

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

(y) Rounding of Amounts

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

(z) New Accounting Standards and UIG Interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2006 reporting periods. The Group's assessment of the impact of these new standards and interpretations is as set out below.

AASB Amendment	Affected Standard (s)	Application Date of Standard	Application Date for Group
2004-3	AASB 1 <i>First-time adoption of AIFRS</i> , AASB 101 <i>Presentation of Financial Statements</i> and AASB 124 <i>Related Party Disclosures</i>	1 January 2006	1 July 2006
2005-1	AASB 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2006	1 July 2006
2005-4	AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> , AASB 1 <i>First-time adoption of AIFRS</i> , AASB 1023 <i>General Insurance Contracts</i> and AASB 1038 <i>Life Insurance Contracts</i>	1 January 2006	1 July 2006
2005-5	AASB 1 <i>First-time adoption of AIFRS</i> and AASB 139 <i>Financial Instruments: Recognition and Measurement</i>	1 January 2006	1 July 2006
2005-6	AASB 3 <i>Business Combinations</i>	1 January 2006	1 July 2006
2005-9	AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General Insurance Contracts</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 132 <i>Financial Instruments: Disclosure and Presentation</i>	1 January 2006	1 July 2006
2005-10	AASB 132 <i>Financial Instruments: Disclosure and Presentation</i> , AASB 101 <i>Presentation of Financial Statements</i> , AASB 114 <i>Segment Reporting</i> , AASB 117 <i>Leases</i> , AASB 133 <i>Earnings per Share</i> , AASB 139 <i>Financial Instruments: Recognition and Measurement</i> , AASB 1 <i>First-time adoption of AIFRS</i> , AASB 4 <i>Insurance Contracts</i> , AASB 1023 <i>General Insurance Contracts</i> , AASB 1038 <i>Life Insurance Contracts</i>	1 January 2007	1 July 2007
2006-1	AASB 121 <i>The Effects of Changes in Foreign Exchange Rates</i>	1 January 2006	1 July 2006

The implementation of all of these AASB amendments is not expected to materially affect the consolidated entity's accounting policies.

1. Summary of Significant Accounting Policies (continued)

(z) New Accounting Standards and UIG Interpretations (continued)

New Standard/UIG	Application Date	Application Date for Group
AASB 119 <i>Employee Benefits</i>	1 January 2006	1 July 2006
AASB 7 <i>Financial Instruments: Disclosures</i>	1 January 2007	1 July 2007
UIG 4 <i>Determining whether an Arrangement contains a Lease</i>	1 January 2006	1 July 2006
UIG 5 <i>Rights to Interests in Decommissioning, Restoration and Environmental Rehabilitation Funds</i>	1 January 2006	1 July 2006
UIG 7 <i>Applying the Restatement Approach under AASB 129 Financial Reporting in Hyperinflationary Economies</i>	1 March 2006	1 July 2006
UIG 8 <i>Scope of AASB 2</i>	1 May 2006	1 July 2006
UIG 9 <i>Reassessment of Embedded Derivatives</i>	1 June 2006	1 July 2006

The implementation of these new AASB standards and UIGs is also not expected to materially affect the consolidated entity's accounting policies.

(aa) General

This financial report covers both Eumundi Group Limited as an individual entity (parent entity) and the consolidated entity consisting of Eumundi Group Limited and its controlled entities.

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

Principal places of business:

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

Registered Office:

- Level 8, 1 Eagle Street, Brisbane Qld 4000

Eumundi Group Limited changed its name from Eumundi Brewing Group Limited on 1 December 2004.

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk (including price risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate 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.

(a) Market risk

Foreign exchange risk

The Group has no foreign exchange risk.

Price Risk

The Group is exposed to equity securities price risk. This arises from investments held by the Group and classified on the balance sheet as available-for-sale. The Group is not exposed to commodity price risk.

Fair value interest rate risk

Refer to (d) below.

(b) Credit risk

Credit risk represents the risk of counterparty default. The maximum credit risk exposure is represented by the carrying amount of assets in the balance sheet, net of any provisions for losses.

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

The consolidated entity had no significant concentrations of credit risk from any single debtor or group of debtors with the exception of an amount of \$778,000 (2005: \$885,000) included in other receivables disclosed in notes 10 and 15.

At balance date 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, commercial bill facilities, and finance leases.

As at 30 June 2006, 4.6% of the Group's debt will be payable in the next 12 months (2005: 4.9%)

(d) Cash flow risk and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are not materially exposed to changes in market interest rates.

The Group's interest rate risk primarily arises from the Group's long term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk.

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

3. Critical Accounting Estimates and Judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the actual related results.

The Group has investment properties with a carrying amount of \$27,300,000 and land and buildings (included in Property, Plant & Equipment) with a carrying amount of \$11,250,000 representing estimated fair value. These carrying amounts are based upon independent valuations of the properties. The independent valuers form their estimates based on certain assumptions about expected future rentals, rent-free periods, operating costs and appropriate discount and capitalisation rates, as well as taking into account sales of properties similar to those owned by the Group.

4. Segment Information

(a) Description of segments

Business segments

The consolidated entity operates predominantly in the following business segments:

Hotel operations - Operations comprise the operation of Ashmore Tavern and Imperial Hotel (sold January 2005).

Investment - Operations comprise investment in commercial properties.

Geographical segments

The consolidated entity operates predominantly in one geographic segment, being Australia.

(b) Primary reporting format – business segments

2006	Hotel Operations \$'000	Investment \$'000	Total \$'000
Revenue			
Sales to external customers	11,077	2,991	14,068
Other revenue/income	879*	3,917*	4,796
Total segment revenue/income	11,956	6,908	18,864
Unallocated revenue			134
Total revenue/income			18,998
Results			
Segment results	1,912**	6,307*	8,219
Unallocated revenue less unallocated expenses			(2,220)
Profit before income tax			5,999
Income tax expense			(1,788)
Profit for the year			4,211
Assets			
Segment assets	15,422	27,480	42,902
Unallocated assets			830
Total assets			43,732
Liabilities			
Segment liabilities	1,029	-	1,029
Unallocated liabilities			19,465
Total liabilities			20,494
Other segment information			
Acquisitions of property, plant and equipment, investment properties intangibles and other non-current assets	252	8,501	8,753
Unallocated acquisitions			18
Total acquisitions			8,771
Depreciation and amortisation	272	-	272
Unallocated			6
Total depreciation and amortisation			278
Other non-cash expenses (other than depreciation and amortisation)	-	-	-

* includes gain on sale of Sunnybank Shopping Centre of \$2,586,000 and fair value adjustment to investment properties \$1,265,000

** includes termination fee of \$600,000 (refer note 5)

4. Segment Information (continued)

(b) Primary reporting format – business segments (continued)

2005	Hotel Operations \$'000	Investment \$'000	Total \$'000
Revenue			
Sales to external customers	13,411	3,599	17,010
Other revenue/income	1,156*	-	1,156
Total segment revenue/income	<u>14,567</u>	<u>3,599</u>	<u>18,166</u>
Unallocated revenue			166
Total revenue/income			<u>18,332</u>
Results			
Segment results	<u>2,017*</u>	<u>2,651</u>	<u>4,668</u>
Unallocated revenue less unallocated expenses			<u>(2,532)</u>
Profit before income tax			2,136
Income tax benefit			459
Profit for the year			<u>2,595</u>
Assets			
Segment assets	<u>14,960</u>	<u>29,770</u>	<u>44,730</u>
Unallocated assets			529
Total assets			<u>45,259</u>
Liabilities			
Segment liabilities	<u>955</u>	<u>-</u>	<u>955</u>
Unallocated liabilities			25,772
Total liabilities			<u>26,727</u>
Other segment information			
Acquisitions of property, plant and equipment, intangibles and other non-current assets	<u>255</u>	<u>-</u>	<u>255</u>
Unallocated acquisitions			10
Total acquisitions			<u>265</u>
Depreciation and amortisation	<u>283</u>	<u>-</u>	<u>283</u>
Unallocated			10
Total depreciation and amortisation			<u>293</u>
Other non-cash expenses (other than depreciation and amortisation)	<u>-</u>	<u>313</u>	<u>313</u>

* includes gain on sale of Imperial Hotel of \$768,000

(c) Accounting policies

Segment information is prepared in conformity with the accounting policies of the entity as disclosed in Note 1 and accounting standard *AASB 114 Segment Reporting*.

Segment revenues, expenses, assets and liabilities are those that are directly attributable to a segment and the relevant portion that can be allocated to the segment on a reasonable basis. Segment assets include all assets used by a segment and consist primarily of operating cash, receivables, inventories, property, plant and equipment and other intangible assets and investment properties, net of related provisions. While most of these assets can be directly attributable to individual segments, the carrying amounts of certain assets used jointly by segments are allocated based on reasonable estimates of usage. Segment liabilities consist primarily of trade and other creditors and employee benefits. Segment assets and liabilities do not include income taxes.

(d) Inter-segment sales/transfers

There are no material inter-segment sales/transactions.

Notes to the financial statements
for the year ended 30 June 2006
(continued)

5. Revenue

	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Sale of goods	7,774	9,983	-	-
Gaming revenue	3,303	3,428	-	-
Rental income and recoveries from investment properties	2,991	3,599	-	-
	14,068	17,010	-	-
Termination fee *	600	-	-	-
Royalties	-	1	-	-
License fees	75	75	-	-
Interest	91	77	-	-
Imputed interest on long term receivable	43	71	-	-
Rent	4	47	-	-
Consulting fees	67	-	-	-
Commissions	129	141	-	-
Reversal of provision for non-recovery no longer required	-	-	2,613	879
Other	70	139	-	-
Total revenue	15,147	17,561	2,613	879

* In May 2006 the licence agreement with Castlemaine Perkins Pty Ltd was terminated early. On termination the Group received a lump payment of \$600,000, with the ownership of the Eumundi beer brands vesting with Castlemaine Perkins Pty Ltd.

6. Other Income

	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Net gain on fair value adjustment – investment properties (note 19)	1,265	-	-	-
Net gain on disposal of Imperial Hotel (note 18)	-	768	-	-
Net gain on disposal of plant and equipment	-	3	-	-
Net gain on disposal of investment property (note 19)	2,586	-	-	-
	3,851	771	-	-

7. Expenses

	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Profit before income tax includes the following specific expenses:				
Cost of goods sold	5,598	6,898	-	-
Depreciation				
- Buildings	87	107	-	-
- Plant and equipment	173	147	-	-
- Plant and equipment under finance leases	16	36	-	-
Total depreciation	276	290	-	-
Amortisation – intangibles	2	3	-	-
Finance costs				
- Amortisation of loan establishment costs	57	83	-	-
- Interest and finance charges paid/payable	1,471	1,990	-	-
	1,528	2,073	-	-
Operating lease rentals – minimum lease payments	224	240	-	-
Defined contribution superannuation expense	135	120	-	-
Net loss on disposal of plant and equipment	45	-	-	-

Notes to the financial statements
for the year ended 30 June 2006
(continued)

8. Income Tax Expense	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
(a) Income tax expense				
Current tax	1,166	152	(10)	(9)
Deferred tax	622	470	10	9
Prior year tax losses not recognised now recouped against current and deferred tax	-	(1,081)	-	(1,081)
	1,788	(459)	-	(1,081)
(b) Numerical reconciliation of income tax to prima facie tax payable is as follows:				
Profit before income tax expense	5,999	2,136	2,613	1,960
Income tax calculated at 30% (2005: 30%)	1,800	641	784	588
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Reversal of provision for non-recovery of amount owing by controlled entity	-	-	(784)	(588)
Sundry items	(12)	(19)	-	-
	1,788	622	-	-
Prior years tax losses not recognised now recouped	-	(1,081)	-	(1,081)
Income tax expense	1,788	(459)	-	(1,081)
(c) Amounts recognised directly in equity				
Aggregate current and deferred tax arising in the reporting period and not recognised in the net profit or loss but directly debited or credited to equity:				
Net deferred tax debited/(credited) directly to equity	213	523	-	(29)

(d) 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(f).

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.

(e) Deferred Income Tax at 30 June relates to the following:

	Balance Sheet		Income Statement	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Consolidated				
Investment properties	(682)	(27)	655	292
Property, plant and equipment	(2,057)	(1,926)	(54)	108
Employee benefits	48	38	(10)	3
Accrued expenses	14	10	(4)	(3)
Sundry Items	127	190	35	70
Tax losses	897	1,698	-	-
Net deferred tax liabilities	(1,653)	(17)		
Net deferred tax expense			622	470
Parent entity				
Sundry Items	25	35	10	9
Tax losses	897	1,698	-	-
Net deferred tax assets	922	1,733		
Net deferred tax expense			10	9

8. Income Tax Expense (continued)

(f) Franking credits

	Parent Entity	
	2006	2005
	\$'000	\$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2005: 30%)	413	48

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. Current Assets – Cash and Cash Equivalents

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Cash at bank and in hand	837	2,050	-	-
Deposits	1,600	-	-	-
	2,437	2,050	-	-

Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the cash flow statements as follows:

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Balances as above	2,437	2,050	-	-
Bank overdraft (note 24)	(34)	-	-	-
Balances per cash flow statements	2,403	2,050	-	-

Deposits have an average maturity of 30 days. Refer note 39 for details relating to interest rates.

10. Current Assets – Trade and Other Receivables

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Trade receivables	16	34	-	-
Other receivables*	263	180	-	-
	279	214	-	-

* Refer to note 15

11. Current Assets – Inventories

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Finished goods – at cost	799	764	-	-

12. Current Assets – Available-for-sale Financial Assets

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Shares in listed companies – at fair value	135	-	-	-
At beginning of year	-	-	-	-
Reclassification on adoption of AASB 132 and AASB 139	41	-	-	-
Fair value adjustment – transfer to equity	94	-	-	-
At end of year	135	-	-	-

Refer note 13 for discussion of transition to AASB 132 and AASB 139

Notes to the financial statements
for the year ended 30 June 2006
(continued)

13. Current Assets – Other Financial Assets	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Shares in listed companies – at recoverable amount	-	41	-	-

Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. At the date of transition to these standards at 1 July 2005, for the Group equity securities with a carrying value of \$41,000 that were classified in the balance sheet under previous AGAAP as other financial assets were designated and reclassified as available-for-sale financial assets. The carrying amount at 1 July 2005 equalled fair value.

No adjustment was required for the parent entity.

14. Current Assets – Other Assets	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Short term deposits	10	10	-	-
Prepayments	116	54	-	-
	<u>126</u>	<u>64</u>	<u>-</u>	<u>-</u>

15. Non-Current Assets – Other Receivables	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Other receivables	672	779	-	-
Amounts owing from subsidiaries	-	-	17,803	16,675
Provision for non-recovery	-	-	(6,608)	(9,221)
	<u>672</u>	<u>779</u>	<u>11,195</u>	<u>7,454</u>

Other receivables

Other receivables includes amounts owing by Carlton and United Beverages Ltd of \$778,000 (2005: \$885,000), being the proceeds from termination of a brewing contract. The receivable will be settled by way of a further 6 annual instalments of \$150,000 per annum ending on 1 November 2011. The Carlton and United Beverages Ltd receivable has been discounted to its present value using a discount rate of 5.9% pa. Imputed interest is brought to account as income over the term of the receivable.

Amounts owing from subsidiaries

During the year the parent entity reduced a provision for non-recovery of loans to a subsidiary by \$2,613,000 (2005: \$1,960,000). For further information relating to amounts owing from subsidiaries refer note 35.

16. Non-Current Assets – Available-for-sale Financial Assets	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Unlisted securities	64	-	-	-

Refer note 17 for discussion of transition to AASB 132 and AASB 139

17. Non-Current Assets – Other Financial Assets	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Shares in subsidiaries (unlisted)	-	-	4,587	4,587
Other unlisted securities	-	64	-	-
	<u>-</u>	<u>64</u>	<u>4,587</u>	<u>4,587</u>

Refer note 36 for details of subsidiaries

Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. At the date of transition to these standards at 1 July 2005, for the Group equity securities with a carrying value of \$64,000 that were classified in the balance sheet under previous AGAAP as other financial assets were designated and reclassified as available-for-sale financial assets.

No adjustment was required for the parent entity.

18. Non-Current Assets – Property, Plant and Equipment

Consolidated	Freehold land	Buildings	Plant and equipment	Leased plant and equipment	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2004					
Cost or fair value	8,275	3,700	2,033	248	14,256
Accumulated depreciation	-	-	(1,480)	(68)	(1,548)
Net book amount	<u>8,275</u>	<u>3,700</u>	<u>553</u>	<u>180</u>	<u>12,708</u>
Year ended 30 June 2005					
Opening net book amount	8,275	3,700	553	180	12,708
Revaluation increment	1,500	343	-	-	1,843
Additions	-	53	212	-	265
Transfer from lease	-	-	8	(8)	-
Disposals	(2,750)	(256)	(166)	(83)	(3,255)
Depreciation charge	-	(107)	(147)	(36)	(290)
Closing net book amount	<u>7,025</u>	<u>3,733</u>	<u>460</u>	<u>53</u>	<u>11,271</u>
At 30 June 2005					
Cost or fair value	7,025	3,733	1,597	105	12,460
Accumulated depreciation	-	-	(1,137)	(52)	(1,189)
Net book amount	<u>7,025</u>	<u>3,733</u>	<u>460</u>	<u>53</u>	<u>11,271</u>
Year ended 30 June 2006					
Opening net book amount	7,025	3,733	460	53	11,271
Revaluation increment	475	138	-	-	613
Additions	-	11	259	-	270
Transfer from lease	-	-	37	(37)	-
Disposals	-	(45)	-	-	(45)
Depreciation charge	-	(87)	(173)	(16)	(276)
Closing net book amount	<u>7,500</u>	<u>3,750</u>	<u>583</u>	<u>-</u>	<u>11,833</u>
At 30 June 2006					
Cost or fair value	7,500	3,750	1,904	-	13,154
Accumulated depreciation	-	-	(1,321)	-	(1,321)
Net book amount	<u>7,500</u>	<u>3,750</u>	<u>583</u>	<u>-</u>	<u>11,833</u>

Parent Entity

The parent entity holds no property, plant and equipment.

18. Non-Current Assets – Property, Plant and Equipment (continued)

(a) Valuation of land and buildings

The basis of valuation of land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. The 2006 revaluation was based on an independent assessment by a member of the Australian Property Institute as at 22 June 2006. Based on this valuation the fair value of the Ashmore Tavern was reassessed resulting in a revaluation increment of \$475,000 being recognised for freehold land and \$138,000 for buildings.

As at 31 December 2004 an independent valuation of the Ashmore Tavern was carried out by Burgess Rawson (registered property valuers) for refinance purposes on behalf of the company's lender. The valuers were instructed to assess the market value of the property on a going concern basis. Based on this valuation the fair value of the Ashmore Tavern was reassessed resulting in a revaluation increment of \$1,500,000 being recognised for freehold land and \$343,000 for buildings. As at 30 June 2005 the directors assessed the fair value of land and buildings and determined that it approximated the carrying amount.

(b) Non-Current assets pledged as security

Refer to note 26(a) for information on assets pledged as security by the parent entity and its controlled entities.

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

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

	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Freehold land				
Cost	3,026	3,026	-	-
Accumulated depreciation	-	-	-	-
Net book amount	3,026	3,026	-	-
Buildings				
Cost	1,276	1,329	-	-
Accumulated depreciation	(290)	(268)	-	-
Net book amount	986	1,061	-	-

(d) Disposal – Imperial Hotel

During January 2005 the Group sold the Imperial Hotel. Details of the sale were as follows:

	Consolidated 2005 \$'000
Consideration – cash	4,474
Less carrying amount of assets sold	
Freehold land	2,750
Buildings	256
Plant and equipment	235
Licence	6
Inventories	424
Other	9
Carrying amount of assets sold	3,680
Disposal costs	26
Gain on disposal of Imperial Hotel	768

The assets sold were held by Eumundi Group Hotels Pty Ltd, a subsidiary of Eumundi Group Limited.

19. Non-current Assets – Investment Properties	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
At fair value				
Opening balance at 1 July	29,770	29,770	-	-
Acquisition (c)	8,501	-	-	-
Straight line rentals	172	313	-	-
Disposal (d)	(12,408)	-	-	-
Net gain /(loss) from fair value adjustment	1,265	(313)	-	-
Closing balance at 30 June	27,300	29,770	-	-

(a) Valuation basis

The basis of valuation of investment properties is fair value being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The 30 June 2006 revaluations were based on independent assessments made by a member of the Australian Property Institute.

As at 31 December 2004 an independent valuation of both properties was carried out by Knight Frank (registered property valuers) for refinancing purposes on behalf of the company's lender. The total valuation amount for the properties was \$29,650,000. At 30 June 2005, based on this valuation the directors assessed that the fair value of the properties did not differ significantly from the carrying amount and as such no adjustment was required.

Property	Acquisition Date	Purchase Price* \$'000	Valuation	
			2005 \$'000	2006 \$'000
Aspley Shopping Centre	March 2004	17,362	17,400	19,000
Sunnybank Shopping Centre	March 2004	12,408	12,250	N/A
Banksia Beach Shopping Village	November 2005	7,925	N/A	8,300

* excluding acquisition costs

(b) Non-current assets pledged as security

Refer to note 26(a) for information on assets pledged as security by the parent entity and its controlled entities.

(c) Acquisition – Banksia Beach Shopping Village

In November 2005 the Group acquired the Banksia Beach shopping centre plus two adjoining vacant land lots for \$7.925 million (being the purchase price) plus acquisition costs of approximately \$576,000 which included stamp duty, legal fees, commissions and other ancillary costs.

(d) Disposal – Sunnybank Hills Shopping Centre

In November 2005 the Group sold the Sunnybank Hills hotel/shopping centre. Details of the sale are as follows –

	\$'000
Consideration – cash	15,300
Disposal costs	(306)
	<u>14,994</u>
Less:	
Carrying value of investment property	(12,408)
Gain on disposal	<u>2,586</u>

(e) Amounts recognised in profit and loss for investment property	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Rental income and recoveries from investment properties	2,991	3,599	-	-
Direct operating expenses from property that generated rental income	(601)	(635)	-	-
	<u>2,390</u>	<u>2,964</u>	-	-

(f) Contractual obligations

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

(g) Leasing arrangements

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

Within one year	2,175	2,772	-	-
Later than one year but not later than five years	6,660	9,268	-	-
Later than five years	3,241	8,185	-	-
Total	<u>12,076</u>	<u>20,225</u>	-	-

Notes to the financial statements
for the year ended 30 June 2006
(continued)

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
20. Non-current Assets – Deferred Tax Assets				
Net deferred tax assets (note 8)	-	-	922	1,733

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
21. Non-current Assets – Intangible Assets				
Hotel Licences				
At 1 July				
Cost	104	110	-	-
Accumulated amortisation	(15)	(12)	-	-
Net book amount	89	98	-	-
Year Ended 30 June				
Opening net book amount	89	98	-	-
Disposal	-	(6)	-	-
Amortisation charge	(2)	(3)	-	-
Closing net book amount	87	89	-	-
At 30 June				
Cost	104	104	-	-
Accumulated amortisation	(17)	(15)	-	-
Net book amount	87	89	-	-

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
22. Non-current Assets – Other Assets				
Loan establishment costs	-	282	-	-
Less accumulated amortisation	-	(129)	-	-
	-	153	-	-

Loan establishment costs related to the renegotiation and extension of the commercial bill facilities and were being amortised over the terms of the commercial bills on a proportionate basis. The expense was included in finance costs.

Transition to AASB 132 and AASB 139

The Group has taken the exemption available under AASB 1 *First-time adoption of Australian Equivalents to International Financial Reporting Standards* to apply AASB 132 *Financial Instruments: Disclosure and Presentation* and AASB 139 *Financial Instruments: Recognition and Measurement* from 1 July 2005. At the date of transition to these standards at 1 July 2005, for the Group loan establishment costs with a carrying value of \$153,000 classified under previous AGAAP as other non-current assets were reclassified and offset against the commercial bills to which they relate (as they comprised transaction costs relating to the borrowings).

No adjustment was required for the parent entity.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
23. Current Liabilities – Trade and Other Payables				
Trade payables	589	566	-	-
Other payables	514	426	-	-
	1,103	992	-	-

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
24. Current Liabilities – Borrowings				
<i>Secured</i>				
Bank overdraft	34	-	-	-
Commercial bills	800	1,250	-	-
Lease liabilities	-	28	-	-
	834	1,278	-	-

Refer to note 26 for details regarding borrowings.

Notes to the financial statements
for the year ended 30 June 2006
(continued)

	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
25. Current Liabilities – Provisions				
Employee benefits	145	112	-	-

26. Non-Current Liabilities – Borrowings

<i>Secured</i>				
	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Commercial bills	16,379	24,265	-	-

(a) Assets pledged as security

Bank overdraft and bills payable are wholly secured by way of:

- (i) Registered mortgage debenture over the assets and undertakings of the consolidated entity;
- (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 consolidated entity.

As such all assets are pledged as security for borrowings.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

(b) Financing arrangements

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

	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Credit standby arrangements				
Total facilities				
Bank overdraft	100	100	-	-
Finance lease liabilities	400	400	-	-
Commercial bill facility	18,950	25,750	-	-
	<u>19,450</u>	<u>26,250</u>	<u>-</u>	<u>-</u>
Used at balance date				
Bank overdraft	34	-	-	-
Finance lease liabilities	-	28	-	-
Commercial bill facility *	17,500	25,750	-	-
	<u>17,534</u>	<u>25,778</u>	<u>-</u>	<u>-</u>
Unused at balance date				
Bank overdraft	66	100	-	-
Finance lease liabilities	400	372	-	-
Commercial bill facility	1,450	-	-	-
	<u>1,916</u>	<u>472</u>	<u>-</u>	<u>-</u>

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

Bank overdraft

Standby funds provided by the consolidated entity's bankers are in the form of a bank overdraft which has a limit of \$100,000 (2005: \$100,000). The interest rate is variable and is based on prevailing market rates. This facility is subject to annual review, may be drawn down at any time and may be terminated by the bank without notice.

Commercial bills

The facilities are subject to annual review. Unused facilities can be drawn down at any time. Further details are outlined below.

Amount Drawn (Face Value)		Interest Rate		Interest Type	Expiry Date	Repayment Terms
2006 \$'000	2005 \$'000	2006 %	2005 %			
-	450	-	6.8	Variable	30/4/07 *	Interest only until expiry
15,000	15,800	7.1	7.1	Fixed	30/3/09	Quarterly principal payments of \$200,000
<u>2,500</u>	<u>9,500</u>	7.0	6.8	Variable	31/7/07	Interest only until expiry
<u>17,500</u>	<u>25,750</u>					

* During the 2006 year the term of the \$450,000 commercial bill facility was extended to 30/04/07 (2005: 30/04/06).

26. Non-Current Liabilities – Borrowings (continued)

Finance lease liabilities

The consolidated entity has a lease finance facility of \$400,000 (2005: \$400,000) which may only be used to finance plant and equipment. Where applicable the leases are repayable in fixed monthly instalments of principal and interest over the term of the respective leases.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
27. Non-Current Liabilities – Deferred Tax Liabilities	\$'000	\$'000	\$'000	\$'000
Net deferred tax liabilities (note 8)	1,653	17	-	-

	Consolidated		Parent Entity	
	2006	2005	2006	2005
28. Non-Current Liabilities – Provisions	\$'000	\$'000	\$'000	\$'000
Employee benefits	15	15	-	-

	Parent Entity		Parent Entity	
	2006	2005	2006	2005
29. Contributed Equity	Number of	Number of	\$'000	\$'000
Share capital	Shares	Shares	\$'000	\$'000
Fully paid ordinary shares	84,331,609	84,331,609	13,013	13,013

Effective 1 July 1998, the Corporations legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the parent does not have authorised capital nor par value in respect of its issued shares.

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

Movements in share capital

Date	Details	Number of	Issue	\$'000
		Shares	Price	
1 July 2004	Balance	68,341,946		10,842
16 July 2004	Issued pursuant to a share placement	15,989,663	14¢	2,239
	Share issue costs (net of tax of \$29,000)	-		(68)
30 June 2005	Balance	84,331,609		13,013

All shares issued under the share placement were issued for cash.

There was no movement in share capital in the 2006 financial year.

Options

As at 30 June 2006, there were no options to purchase ordinary shares in the parent entity (2005 – nil).

30. Reserves and Retained Profits/(Accumulated Losses)

(a) Reserves	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Available-for-sale asset revaluation reserve	66	-	-	-
Property, plant and equipment revaluation reserve	5,204	4,775	-	-
	<u>5,270</u>	<u>4,775</u>	-	-

Movements in reserves:

Property, plant and equipment revaluation reserve

Balance at the beginning of the year	4,775	5,025	-	-
Gain on revaluation of freehold land and buildings (net of tax) *	429	1,290	-	-
Transfer to accumulated losses on disposal of Imperial Hotel	-	(1,540)	-	-
Balance at the end of the year	<u>5,204</u>	<u>4,775</u>	-	-

* Gross before tax - \$613,000 (2005 - \$1,843,000)

Available-for-sale asset revaluation reserve

Balance at the beginning of the year	-	-	-	-
Change in fair value of listed securities (net of tax) *	66	-	-	-
Balance at the end of the year	<u>66</u>	-	-	-

* Gross before tax - \$94,000 (2005 - \$nil)

(b) Retained Profits/(Accumulated Losses)	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Retained profits/(accumulated losses) at the beginning of the year	744	(3,391)	713	(1,247)
Profit for the year	4,211	2,595	2,613	1,960
Transfer from asset revaluation reserve	-	1,540	-	-
Retained profits at the end of the year	<u>4,955</u>	<u>744</u>	<u>3,326</u>	<u>713</u>

(c) Nature and purpose of reserves

(i) Property, plant and equipment revaluation reserve

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

(ii) Available-for-sale asset revaluation reserve

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

31. Key Management Personnel Disclosures

(a) Directors

The following persons were directors of Eumundi Group Limited during the financial year:

Mr. J M Ganim	Chairman – Non-Executive
Mr. G De Luca	Non-Executive
Mr. V A Wills	Non-Executive (appointed 1 September 2004)

Mr B D Weller resigned as non-executive director on 27 August 2004.

31. Key Management Personnel Disclosures (continued)

(b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

<i>Name</i>	<i>Position</i>	<i>Employer Entity</i>
Mr A Moffat	Chief Executive Officer (resigned 21 April 2006)	Eumundi Property Group Pty Ltd
Mr I Thomson	Chief Executive Officer (appointed 01 June 2006)	Eumundi Property Group Pty Ltd
Ms L Stanley	Company Secretary	Eumundi Property Group Pty Ltd
Ms S Jacobi-Lee	Chief Financial Officer (appointed 16 January 2006)	Eumundi Property Group Pty Ltd

Mr S Coxon (Chief Executive Officer) was included as key management personnel up to the date of his resignation on 25 February 2005. Mr A Moffat was appointed 1 June 2005. Ms L Stanley was appointed 28 November 2004.

There were no other key management personnel during the 2005 and 2006 financial years.

(c) Key management personnel compensation

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$	\$	\$	\$
Short-term employee benefits	359,651	173,730	-	-
Post-employment benefits	22,399	12,301	-	-
	<u>382,050</u>	<u>186,031</u>	<u>-</u>	<u>-</u>

The company has taken advantage of the relief provided by *Corporations Regulations 2001* and has transferred the detailed remuneration disclosures to the director's report. The relevant information can be found in sections A to C of the remuneration report in the directors' report.

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

There have been no share based payment compensation benefits granted, vested or exercised during the year (2005: nil).

(ii) Option holdings

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

31. Key Management Personnel Disclosures/(Accumulated Losses) (continued)

The number of options over ordinary shares in the parent entity held during the 2005 financial year by the directors and other key management personnel of the consolidated entity, including their personally-related parties, is set out below.

	Balance at 1/7/04	Granted as Compensation	Options Exercised	Options Lapsed	Balance at 30/6/05
Other key management personnel					
S Coxon	2,500,000	-	-	(2,500,000)	-

The above options were issued to the executive officer in December 2001. The options were granted for no consideration and lapsed without vesting when the executive ceased to be an employee of the consolidated entity on 25 February 2005. Options granted carried no dividend or voting rights. When exercisable, each option was convertible to one ordinary share. No remuneration expense was recognised at the time of granting options (refer note 1(s)).

No other key management personnel held options over ordinary shares in the parent entity during, or at the end of, the 2005 year.

(iii) Share holdings

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

	Balance at Start of Year or Date of Appointment	Granted as Compensation	On Exercise of Options	Allocation from common entities	Net Change Other	Balance Upon Resignation	Balance at End of Year
2006							
Directors							
J M Ganim	15,821,692	-	-	-	-	-	15,821,692
G De Luca	8,496,711	-	-	-	-	-	8,496,711
V A Wills	16,857	-	-	-	(16,857)	-	-
Other key management personnel							
A Moffat	-	-	-	-	-	-	-
I Thomson	-	-	-	-	-	-	-
L Stanley	-	-	-	-	-	-	-
S Jacobi-Lee	-	-	-	-	-	-	-
2005							
Directors							
J M Ganim	12,754,242	-	-	3,323,044	(255,594)	-	15,821,692
G De Luca	5,220,068	-	-	3,323,043	(46,400)	-	8,496,711
V A Wills	-	-	-	-	16,857	-	16,857
BD Weller	3,594,614	-	-	-	-	(3,594,614)	-
Common Entities*	13,292,173	-	-	(13,292,173)	-	-	-
Other key management personnel							
S Coxon	210,000	-	-	-	(210,000)	-	-
A Moffat	-	-	-	-	-	-	-
L Stanley	-	-	-	-	-	-	-

* Shares held by entities which were under joint or several control or significant influence of JM Ganim, G De Luca and BD Weller. During the 2005 year the shares held by the common entities were transferred to the shareholders or their other personally-related parties.

(e) Loans to key management personnel

There were no loans to key management personnel at any time during the financial year (2005 - \$nil).

(f) Other transactions with key management personnel

Directors

Hopgood Ganim, a firm of solicitors, of which JM Ganim is a partner, provides legal services to the consolidated entity under normal commercial terms and conditions.

31. Key Management Personnel Disclosures/(Accumulated Losses) (continued)

Weller Hotel Group of entities (controlled by BD Weller) –

- During a prior year the consolidated entity entered into a management agreement with the Weller Hotel Group in relation to the management of the Ashmore Tavern. Management fees paid/payable by the consolidated entity have been charged under the management agreement and are under normal commercial terms and conditions.
- The consolidated entity purchased various goods/services from the Weller Hotel Group. All transactions were under normal commercial terms and conditions. These services consist of provision of bookkeeping services.
- The consolidated entity was reimbursed for the costs of shared advertising and promotion it incurred on behalf of the Weller Hotel Group.

Other key management personnel

Stanley Yeates & Associates, a firm of chartered accountants, of which L Stanley is a partner, provided accounting and administration services to the consolidated entity under normal commercial terms and conditions. The firm also provided office space for the use of the chief executive officer.

No other transactions were undertaken between the consolidated entity and key management personnel during 2005 and 2006 other than compensation as disclosed above.

	2006 \$	2005 \$
Amounts recognised as expense		
Legal fees (JM Ganim)	61,347	67,124
Management fees (BD Weller)	-	19,678
Bookkeeping services and other contractors fees (BD Weller)	-	2,182
Accounting and administration services (L Stanley)	55,685	32,420
Serviced offices (L Stanley)	18,750	10,416
	135,782	109,960
 Amounts recognised as revenue		
Advertising and promotion reimbursement (BD Weller)	-	12,075
 Amounts recognised as non-current assets		
Legal fees included in other assets (JM Ganim)	-	1,391
Legal fees included in investment properties acquisition costs (JM Ganim)	19,143	-
	19,143	1,391
 Amounts recognised in equity		
Legal fees included in transaction costs (JM Ganim)	-	3,952
 Aggregate amounts receivable/payable arising from the above types of transactions		
Current receivables	-	2,325
Current trade payables	3,759	1,976

32. Auditor's Remuneration

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

	Consolidated		Parent Entity	
	2006 \$	2005 \$	2006 \$	2005 \$
(a) Assurance services				
<i>Audit services</i>				
Audit and review of financial reports	52,500	41,000	52,500	41,000
<i>Other assurance services</i>				
IFRS accounting services	10,000	-	10,000	-
Total remuneration for assurance services	62,500	41,000	62,500	41,000
 (b) Taxation services				
Tax compliance services including review of company income tax returns	12,750	8,950	12,750	8,950
Total remuneration for taxation services	12,750	8,950	12,750	8,950
 (c) Advisory services				
Advice relating to property trusts	1,500	-	1,500	-
Total remuneration for advisory services	1,500	-	1,500	-

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

33. Contingencies

Contingent liabilities

The parent entity and Group had no material contingent liabilities.

Contingent asset

The consolidated entity acquired a minority (23.3%) interest in Airlie Beach Lagoon Holding Ltd (ABLH).

ABLH is controlled by FKP Limited and had secured a lease to develop a property at Airlie Beach, Queensland to be known as Airlie Beach Lagoon Resort.

On 5th September 2006 the Queensland Government announced that if re-elected they would not approve the planned development of this site. The Directors are considering the available alternatives in respect of this matter.

At 30 June 2006, the consolidated entity had incurred expenditure totalling \$116,000 (2005:\$114,000) which has been expensed. No value is held in relation to this matter in the consolidated financial statements.

34. Commitments

Operating leases

The Group leases an office and certain retail premises under non-cancellable operating leases expiring within six months to three years.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Commitments for minimum lease payments under non-cancellable operating leases are payable as follows:				
Within one year	157	143	-	-
Later than one year but not later than five years	155	226	-	-
	312	369	-	-

Finance leases

In the 2005 year the Group leased plant and equipment with a carrying value of \$53,000 under finance leases. These finance leases expired in the current financial year at which time the acquired assets were reclassified as plant and equipment.

	Consolidated		Parent Entity	
	2006	2005	2006	2005
	\$'000	\$'000	\$'000	\$'000
Commitments in relation to finance lease commitments are payable as follows:				
Within one year	-	36	-	-
Later than one year but not later than five years	-	-	-	-
Minimum lease payments	-	36	-	-
Future finance charges	-	(8)	-	-
Recognised as a lease liability (current)	-	28	-	-

35. Related Party Transactions

(i) Parent entity

The ultimate parent entity is Eumundi Group Limited.

(ii) Subsidiaries

Interests in subsidiaries are set out in note 36.

(iii) Key management personnel

Disclosures relating to key management personnel are set out in note 31.

(iv) Transactions with subsidiaries

The following transactions occurred with subsidiaries:

	Parent Entity	
	2006	2005
	\$	\$
<i>Tax consolidation legislation</i>		
Current tax payable assumed from wholly-owned tax consolidated entities	1,174,340	387,758
Tax losses assumed from wholly-owned tax consolidated entities	-	(225,382)

In accordance with UIG 1052 - *Tax Consolidation Accounting*, at 30 June 2005 the parent entity directly recognised tax losses of \$1,081,157 from a wholly owned tax consolidated entity which did not meet the criteria to be recognised previously.

(v) Loans to subsidiaries

	Parent Entity	
	2006	2005
	\$	\$
<i>Loans to subsidiaries</i>		
Beginning of the year	16,677,417	14,373,247
Loans advanced	-	2,141,794
Loan repayments received	(47,807)	-
Current tax payable assumed	1,174,340	387,758
Tax losses assumed	-	(225,382)
End of the year	17,803,950	16,677,417

The parent has provided for non-recovery of certain amounts owing by subsidiaries – refer note 15.

(vi) Guarantees

No material guarantees have been given by the parent entities or subsidiaries other than those disclosed in note 26.

(vii) Terms and conditions

The terms and conditions of the tax funding agreement are set out in note 8(d).

The parent entity has received, free of charge, administrative and accounting assistance from entities in the wholly-owned group during the current and/or previous financial years.

The loans to subsidiaries are interest free, unsecured and repayable in cash at call.

36. Subsidiaries

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*		Carrying value of parent entity's investment	
			2006	2005	2006 \$'000	2005 \$'000
Eumundi Property Group Pty Ltd (formerly Eumundi Brewing Company Pty Ltd)	Australia	Ordinary	100%	100%	-	-
Eumundi Group Hotels Pty Ltd (formerly Imperial Hotel Eumundi Pty Ltd)	Australia	Ordinary	100%	100%	4,587	4,587
Airlie Beach Lagoon Hotel Pty Ltd	Australia	Ordinary	100%	100%	-	-
					4,587	4,587

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

37. Reconciliation of Profit for the Year to Net Cash Flow from Operating Activities

	Consolidated		Parent Entity	
	2006 \$'000	2005 \$'000	2006 \$'000	2005 \$'000
Profit for the year	4,211	2,595	2,613	1,960
Depreciation and amortisation	278	293	-	-
Net (gain)/loss on disposal of property, plant and equipment excluding Imperial Hotel	45	(3)	-	-
Straight line rental adjustment	(172)	(313)	-	-
Net (gain)/loss on fair value adjustment of investment properties	(1,265)	313	-	-
Net gain on disposal of Imperial Hotel	-	(768)	-	-
Net gain on disposal of Sunnybank Shopping Centre	(2,586)	-	-	-
Other	67	(70)	-	-
Reversal of provision for non-recovery no longer required	-	-	(2,613)	(879)
Changes in operating assets and liabilities (net of assets sold): (Increase)/decrease in:				
Trade receivables	18	191	-	-
Other receivables	24	34	446	(161)
Deferred tax asset	-	-	(811)	(968)
Inventories	(35)	(1)	-	-
Other current assets	(62)	76	-	-
Increase/(decrease) in:				
Trade and other payables	111	(504)	-	-
Income tax payable	317	48	317	48
Deferred tax liability*	1,424	(506)	-	-
Employee benefits	33	(9)	-	-
Cash flows from operating activities	<u>2,408</u>	<u>1,376</u>	<u>(48)</u>	<u>-</u>

* net amounts recognised directly in equity

38. Earnings Per Share

	Consolidated	
	2006	2005
(a) Basic earnings per share		
Basic earnings per share	4.99¢	3.10¢
(b) Diluted earnings per share		
Diluted earnings per share	4.99¢	3.07¢
(c) Reconciliation of earnings used in calculating earnings per share		
	Consolidated	
	2006 \$'000	2005 \$'000
<i>Basic earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculation of basic earnings per share	4,211	2,595
<i>Diluted earnings per share</i>		
Profit attributable to the ordinary equity holders of the company used in calculation of diluted earnings per share	4,211	2,595

38. Earnings Per Share (continued)

(d) Weighted average number of shares used the denominator	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings per share	84,331,609	83,630,692
Adjustment for calculation of diluted earnings per share options	-	875,533
Weighted average number of ordinary shares and potential ordinary shares used in calculating diluted earnings per share	84,331,609	84,506,225

(e) Information concerning the classification of securities

(i) Partly paid ordinary shares

There are no partly paid ordinary shares

(ii) Options

Options granted to employees are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive. The options have not been included in the determination of basic earnings per share. Details relating to the options are set out in note 31(d).

39. Financial Instruments

Interest rate risk exposure

Exposures of the consolidated entity to interest rate risks on financial assets and liabilities are summarised below.

2006	Weighted average interest rate %	Floating interest rate \$000	1 Yr or less \$000	Fixed interest rate maturing in:					Non- interest bearing \$000	Total \$000
				Over 1 to 2 years \$000	Over 2 to 3 years \$000	Over 3 to 4 years \$000	Over 4 to 5 years \$000	Over 5 years \$000		
Cash and cash equivalents	7.7	2,290	-	-	-	-	-	-	147	2,437
Trade receivables	-	-	-	-	-	-	-	-	16	16
Other receivables	5.9	-	148	140	133	126	119	112	157	935
Available for sale financial assets	-	-	-	-	-	-	-	-	199	199
		2,290	148	140	133	126	119	112	519	3,587
Trade and other payables	-	-	-	-	-	-	-	-	1,103	1,103
Bank overdraft	7.3	34	-	-	-	-	-	-	-	34
Bills payable	7.0	2,478	800	800	13,101	-	-	-	-	17,179
		2,512	800	800	13,101	-	-	-	1,103	18,316

2005	Weighted average interest rate %	Floating interest rate \$000	1 Yr or less \$000	Fixed interest rate maturing in:					Non- interest bearing \$000	Total \$000
				Over 1 to 2 years \$000	Over 2 to 3 years \$000	Over 3 to 4 years \$000	Over 4 to 5 years \$000	Over 5 years \$000		
Cash and cash equivalents	3.6	1,911	-	-	-	-	-	-	139	2,050
Trade receivables	-	-	-	-	-	-	-	-	34	34
Other receivables	5.9	-	288	133	126	119	113	106	74	959
Other financial assets	-	-	-	-	-	-	-	-	105	105
		1,911	288	133	126	119	113	106	352	3,148
Trade and other payables	-	-	-	-	-	-	-	-	992	992
Bills payable	7.0	9,950	800	800	800	13,165	-	-	-	25,515
Lease liabilities	7.1	-	28	-	-	-	-	-	-	28
		9,950	828	800	800	13,165	-	-	992	26,535

39. Financial Instruments (continued)

Net fair value of financial assets and liabilities

The net fair value of financial assets and financial liabilities approximates their carrying values.

Derivative financial instruments

The consolidated entity does not normally use derivative financial instruments.

40. Explanation of Transition to Australian Equivalents to IFRS

The impacts of adopting AIFRS on the total equity and profit after tax as reported under Australian Accounting Standards applicable before 1 January 2005 ("AGAAP") are illustrated below.

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRSs (AIFRS)

(a) At date of transition to AIFRS: 1 July 2004

	Notes	Consolidated			Parent Entity		
		Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS							
Current assets							
Cash and cash equivalents		1,022	-	1,022	-	-	-
Receivables		353	-	353	-	-	-
Inventories		1,187	-	1,187	-	-	-
Other financial assets		41	-	41	-	-	-
Other assets	(x)	395	(255)	140	-	-	-
Total current assets		2,998	(255)	2,743	-	-	-
Non-current assets							
Receivables	(vi) (vii)	865	-	865	4,023	249	4,272
Other financial assets		50	-	50	4,587	-	4,587
Property, plant and equipment		12,708	-	12,708	-	-	-
Investment properties	(i) (ii)	29,770	-	29,770	-	-	-
Deferred tax assets	(v) (vi)	-	-	-	-	736	736
Intangible assets		98	-	98	-	-	-
Other assets	(iv)	350	(114)	236	-	-	-
Total non-current assets		43,841	(114)	43,727	8,610	985	9,595
Total assets		46,839	(369)	46,470	8,610	985	9,595
LIABILITIES							
Current liabilities							
Payables		1,496	-	1,496	-	-	-
Borrowings		4,537	-	4,537	-	-	-
Provisions		128	-	128	-	-	-
Other liabilities		139	-	139	-	-	-
Total current liabilities		6,300	-	6,300	-	-	-
Non-current liabilities							
Borrowings	(x)	27,941	(255)	27,686	-	-	-
Provisions		8	-	8	-	-	-
Total non-current liabilities		27,949	(255)	27,694	-	-	-
Total liabilities		34,249	(255)	33,994	-	-	-
Net assets		12,590	(114)	12,476	8,610	985	9,595
EQUITY							
Contributed equity	(viii)	10,827	15	10,842	10,827	15	10,842
Reserves	(iii) (v)	6,700	(1,675)	5,025	-	-	-
Accumulated losses	(i) (ii) (iii)	(4,937)	1,546	(3,391)	(2,217)	970	(1,247)
Total equity	(iv) (vi)	12,590	(114)	12,476	8,610	985	9,595

40. Explanation of Transition to Australian Equivalents to IFRS (continued)

(1) Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS) (continued)

(b) At the end of last reporting period under previous AGAAP: 30 June 2005

Notes	Consolidated			Parent Entity		
	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000	Previous AGAAP \$'000	Effect of transition to AIFRS \$'000	AIFRS \$'000
ASSETS						
Current assets						
	2,050	-	2,050	-	-	-
Cash and cash equivalents						
Receivables	214	-	214	-	-	-
Inventories	764	-	764	-	-	-
Other financial assets	41	-	41	-	-	-
Other assets	(x) 299	(235)	64	-	-	-
Total current assets	3,368	(235)	3,133	-	-	-
Non-current assets						
Receivables	(vi) (vii) 779	-	779	7,225	229	7,454
Other financial assets	64	-	64	4,587	-	4,587
Property, plant and equipment	11,271	-	11,271	-	-	-
Investment properties	(i) (ii) 29,770	-	29,770	-	-	-
Deferred tax assets	(v) (vi) 42	(42)	-	42	1,691	1,733
Intangible assets	89	-	89	-	-	-
Other assets	(iv) 269	(116)	153	-	-	-
Total non-current assets	42,284	(158)	42,126	11,854	1,920	13,774
Total assets	45,652	(393)	45,259	11,854	1,920	13,774
LIABILITIES						
Current liabilities						
Payables	992	-	992	-	-	-
Borrowings	1,278	-	1,278	-	-	-
Current tax liabilities	(v) 533	(485)	48	533	(485)	48
Provisions	112	-	112	-	-	-
Total current liabilities	2,915	(485)	2,430	533	(485)	48
Non-current liabilities						
Borrowings	(x) 24,500	(235)	24,265	-	-	-
Deferred tax liabilities	(viii) -	17	17	-	-	-
Provisions	15	-	15	-	-	-
Total non-current liabilities	24,515	(218)	24,297	-	-	-
Total liabilities	27,430	(703)	26,727	533	(485)	48
Net assets	18,222	310	18,532	11,321	2,405	13,726
EQUITY						
Contributed equity	(viii) 12,969	44	13,013	12,969	44	13,013
Reserves	(v) 6,821	(2,046)	4,775	-	-	-
Retained profits/(accumulated losses)	(i)(ii)(iv)(v)(vi) (vii) (1,568)	2,312	744	(1,648)	2,361	713
Total equity	18,222	310	18,532	11,321	2,405	13,726

40. Explanation of Transition to Australian Equivalents to IFRS (continued)

(2) Reconciliation of profit for the year ended 30 June 2005

Notes	Consolidated			Parent Entity			
	Previous AGAAP	Effect of transition to AIFRS	AIFRS	Previous AGAAP	Effect of transition to AIFRS	AIFRS	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Revenue	(i) (vii)	17,248	313	17,561	1,060	(181)	879
Proceeds on disposal of assets*							
- Imperial Hotel		4,474	(4,474)	-	-	-	-
- Other		17	(17)	-	-	-	-
Gain on disposal of assets*							
- Imperial Hotel		-	768	768	-	-	-
- Other		-	3	3	-	-	-
Other income		4,491	(3,720)	771	-	-	-
Expenses							
Purchase of inventories		(6,899)	-	(6,899)	-	-	-
Change in inventories		1	-	1	-	-	-
Employee benefits expense**		(2,073)	211	(1,862)	-	-	-
Depreciation and amortisation expense		(293)	-	(293)	-	-	-
Insurance		(159)	-	(159)	-	-	-
Operating lease rentals		(240)	-	(240)	-	-	-
Rates and taxes		(102)	-	(102)	-	-	-
Outgoings – investment properties		(635)	-	(635)	-	-	-
Net loss on fair value adjustment – investment properties	(ii)	-	(313)	(313)	-	-	-
Management fee		(121)	-	(121)	-	-	-
Gaming machine tax		(1,535)	-	(1,535)	-	-	-
Finance costs		(2,073)	-	(2,073)	-	-	-
Carrying amount of assets sold/ written off*							
- Imperial Hotel		(3,680)	3,680	-	-	-	-
- Other		(14)	14	-	-	-	-
Other expenses**	(iv)	(1,778)	(187)	(1,965)	-	-	-
Total Expenses		(19,601)	3,405	(16,196)	-	-	-
Profit before income tax		2,138	(2)	2,136	1,060	(181)	879
Income tax (expense) / benefit	(v) (vi) (vii)	(491)	950	459	491	590	1,081
Profit for the year		1,647	948	2,595	569	409	1,960

*reclassification of proceeds and carrying amount to show gain as other income under AIFRS

** reclassification of oncosts to other expenses

40. Explanation of Transition to Australian Equivalents to IFRS's (continued)

(2) Reconciliation of profit for the year ended 30 June 2005 (continued)

Summarised reconciliation of profit as at 30 June 2005

	Notes	Consolidated 30 June 2005 \$'000	Parent 30 June 2005 \$'000
Profit after tax under AGAAP		1,647	569
AIFRS adjustments:			
Recognition of straight-line rentals	(i)	313	-
Fair value adjustment of investment properties	(ii)	(313)	-
Derecognised deferred asset	(iv)	(2)	-
Correction of error	(ix)	485	485
Recognition of deferred tax assets	(vi)	465	1,087
Provision for non-recovery-revision	(vii)	-	(181)
Profit after tax under AIFRS		2,595	1,960

(3) Reconciliation of cash flow statement for the year ended 30 June 2005

The adoption of AIFRSs has not resulted in any material adjustments to the cash flow statement.

(4) Notes to the reconciliations

The adoption of AIFRS has resulted in adjustments to the balance sheets and income statements as follows:

(i) Rental revenue

Under AGAAP rental revenue was recognised in the income statement on an accruals basis as earned. Under *AASB 117 Leases*, rental revenue under leases which contain fixed increases is recognised in income on a straight-line basis over the lease term. At the date of transition this resulted in the creation of an asset which became a component of the investment properties.

(ii) Investment properties

Under AGAAP the consolidated entity initially recorded investment properties at cost, and subsequently revalued investment properties to fair value. Under *AASB 140 Investment Property*, if investment properties are measured at fair value, gains or losses arising from changes in fair value are recognised in net profit or loss, for the period in which they arise.

(iii) Decrement on revaluation of building

Under *AASB 116 Property Plant and Equipment* the consolidated entity has elected to record land and buildings on the revaluation model. Under the AASB 116 revaluation model the treatment of increments and decrements on revaluations is determined on an individual asset basis rather than the class basis adopted by AGAAP. The effect of this change in policy is to transfer a decrement of \$478,000 (recognised in respect of the Imperial Hotel building and offsetting a greater increment on the Ashmore Tavern building) from the Asset Revaluation Reserve to accumulated losses at transition date (1 July 2004). This adjustment is not necessary in the 2005 financial year as the property was sold in January 2005.

(iv) Deferred asset

Under AGAAP deferred costs in respect of the consolidated entity's interest in Airlie Beach Lagoon Holding Ltd were recorded as other non-current assets. As these costs do not relate specifically to the cost of the investment and they do not meet the definition of an intangible asset under AASB 138, they have been written off under AIFRS.

(v) Tax effect of revalued assets

AASB 112 Income Taxes requires the consolidated entity to use a balance sheet liability method, rather than the AGAAP income statement method. The balance sheet method recognises deferred tax balances where there is a difference between the carrying value of an asset or liability and its tax base. This has had an impact in respect of the revaluation of the land and buildings. Under the AIFRS balance sheet method of tax effect accounting, the difference between the carrying value of an asset (ie land and buildings) and its tax base when revalued upwards gives rise to a deferred tax liability.

(vi) Deferred tax assets

Under AGAAP the consolidated entity did not recognise certain deferred tax assets as it was determined that in accordance with the relevant standard the 'virtual certainty' test could not be met. Under AIFRS it has been determined that a deferred tax asset should be recognised at transition date in accordance with *AASB 112 Income Taxes* as it is 'probable' that taxable profit will be available against which unused tax losses and deductible temporary differences can be utilised. A significant component of the deferred tax asset comprises the benefit of the tax losses which have been recognised to the extent of the deferred tax liability recognised in (v) above.

40. Explanation of Transition to Australian Equivalents to IFRS's (continued)

(vi) Deferred tax assets (continued)

In addition, Eumundi Group Limited and its wholly-owned Australian controlled entities implemented the tax consolidation legislation as of 1 July 2003. Under previous AGAAP, the parent entity recognised current and deferred tax amounts relating to transactions, events and balances of the tax consolidated entities as if those transactions, events and balances were its own.

Under AIFRS the parent entity only recognises the current tax payable and deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

(vii) Revision of provision for non-recovery

Due to the above adjustments upon adoption of AIFRS the recoverability of the amounts owing from controlled entities in the parent entity was reassessed and revised accordingly. This revision had no effect on the consolidated entity.

(viii) Share issue costs

Under AGAAP the tax benefit of certain items such as share issue costs was treated as a permanent difference with the reduction in income tax expense. Under AIFRS the tax benefit of these items is initially recognised as a credit to equity and a deferred tax asset. This has resulted in a reversal of the tax benefit recognised in income tax expense under AGAAP.

(ix) Correction of error

At 30 June 2005 the consolidated entity recognised current tax liabilities based on a calculation prepared at the time which included an estimate of the tax cost base of the Imperial Hotel which was sold during the 2005 financial year. The tax cost base of the Imperial Hotel was subsequently found to be significantly greater than the amount used in determining the current tax liability at 30 June 2005 for accounting purposes. The impact of the difference has been shown as an error in the above reconciliation.

(x) Prepaid discounts on commercial bills

Prepaid discounts on commercial bills have been reclassified from prepaid assets and deducted from the related borrowings.

Directors' declaration

In the directors' opinion:

- (a) the attached financial statements and notes (including the remuneration disclosures that are contained in sections A to D of the remuneration report in the directors' report) are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory financial reporting requirements; and
 - (ii) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2006 and of their performance, as represented by the results of their operations, changes in equity and their cash flows, for the financial year ended on that date; and
- (b) 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
- (c) the remuneration disclosures contained in sections A to D of the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

The directors have been given the declarations by the chief executive officer and chief financial officer for the financial year ended 30 June 2006 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 26th day of September, 2006.

Independent Audit Report to the Members of Eumundi Group Limited

Scope

The financial report and directors' responsibility

The financial report comprises the income statements, balance sheets, statements of changes in equity, cash flow statements, accompanying notes to the financial statements, the disclosures made as required by Australian Accounting Standard AASB124 *Related Party Disclosures* in sections A to D of the remuneration report in the directors' report as permitted by the *Corporations Regulations 2001* (the remuneration disclosures) and the directors' declaration for both Eumundi Group Limited (the company) and Eumundi Group Limited and its controlled entities (the consolidated entity) for the financial year ended 30 June 2006. The consolidated entity comprises both the company and the entities it controlled during that financial year.

The remuneration report also contains information not required by Australian Accounting Standard AASB 124 which is not subject to our audit.

The directors of the company are responsible for the preparation and true and fair presentation of the financial report in accordance with the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report. The directors are also responsible for preparing the relevant reconciling information regarding the adjustments required under the Australian Accounting Standard AASB 1 *First-time Adoption of Australian Equivalents to International Financial Reporting Standards*.

Audit approach

We conducted an independent audit in order to express an opinion to the members of the company. Our audit was conducted in accordance with Australian Auditing Standards, in order to provide reasonable assurance as to whether the financial report is free of material misstatement and the remuneration disclosures comply with Australian Accounting Standard AASB 124 and the *Corporations Regulations 2001*. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore, an audit cannot guarantee that all material misstatements have been detected.

We performed procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia, a view which is consistent with our understanding of the company's and the consolidated entity's financial position, and of their performance as represented by the results of their operations, changes in equity and cash flows and whether the remuneration disclosures comply with Australian Accounting Standard AASB 124 and the *Corporations Regulations 2001*.

We formed our audit opinion on the basis of these procedures, which included:

- examining, on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

Independence

In conducting our audit, we have followed applicable independence requirements of Australian professional and ethical pronouncements and the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of the company would be in the same terms if provided to the directors as at the date of this audit report.

Audit Opinion

1. In our opinion, the financial report of Eumundi Group Limited is in accordance with:
 - (a) the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and the consolidated entity's financial position as at 30 June 2006 and of their performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
 - (b) other mandatory financial reporting requirements in Australia.
2. The remuneration disclosures that are contained in sections A to D of the remuneration report in the directors' report comply with Australian Accounting Standard AASB 124 *Related Party Disclosures* and the *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants



RCN WALKER
Partner

Brisbane, Queensland
26 September 2006

Shareholder information

The shareholder information below was applicable as at 31 August 2006.

A. Distribution of Equity Securities

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

	Ordinary Shares
1 – 1,000	136
1,001 – 5,000	564
5,001 – 10,000	284
10,001 – 100,000	298
100,001 and over	93
	1,375

There are 298 shareholders who hold less than a marketable parcel of ordinary shares in the company.

B. Equity security holders

Twenty largest quoted equity security holders

	Number held	Percentage
1. TW Hedley Pty Ltd Hedley Shares Unit a/c	14,140,475	16.77%
2. De Luca Group Superannuation Fund – De Luca Group Super Fund	6,204,792	7.36%
3. Ganbros Pty Ltd	4,902,693	5.81%
4. Ganboys Pty Ltd	4,730,190	5.61%
5. Gansons Pty Ltd	3,868,490	4.59%
6. Jalsea Pty Ltd	3,308,914	3.92%
7. Deluca (Adm) Pty Ltd	1,777,519	2.11%
8. RBC Dexia Investor Services Australia Nominees Pty Ltd	1,430,000	1.70%
9. Archer Management Pty Ltd – Archer Super Fund	1,422,000	1.69%
10. Mr. J M Ganim	1,326,400	1.57%
11. Natpac Financial Services Pty Ltd - Robert Blann Superfund	1,158,932	1.37%
12. Chriswell Pty Ltd – Christine Weller Family Account	1,107,681	1.31%
13. Dreamtouch Pty Ltd – Brian Weller Family Account	1,107,681	1.31%
14. Niprma Pty Ltd – Kim Weller Family Account	1,107,681	1.31%
15. Mrs. Tracy Fraser	1,047,080	1.24%
16. ANZ Nominees Limited - Cash Income Account	994,204	1.18%
17. Hatfree Pty Ltd - Freeman Super Fund	917,500	1.09%
18. Bawden Custodians Pty Ltd Terton Corp P/L S/F	860,000	1.02%
19. Atkone Pty Ltd	750,000	0.89%
20. Ruminator Pty Ltd	750,000	0.89%
	52,912,232	62.74%

C. Substantial holders

Substantial holders in the company are set out below:

	Number held	Percentage
TW Hedley Pty Ltd Hedley Shares Unit a/c	14,140,475	16.77%
De Luca Group Superannuation Fund	6,204,792	7.36%
Ganbros Pty Ltd	4,902,693	5.81%
Ganboys Pty Ltd	4,730,190	5.61%

D. Voting rights

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

a) Ordinary Shares

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

b) Options

No voting rights.

Eumundi Group Limited & Controlled Entities