

Appendix 4D

Half-year report Period ended 31 December 2010

Name of entity

Eumundi Group Limited

ABN or equivalent company reference

30 010 947 476

Financial year ended ('current reporting period')

31 December 2010 (previous reporting period 31 December 2009)

Results for announcement to the market

				\$A 000's
Revenues from ordinary activities	Down	0.04 %	to	10,312
Represented by:				
(a) Revenues from continuing ordinary activities	Down	0.1 %	to	9,757
(b) Revenues from discontinued ordinary activities	up	8.9 %	to	555
Profit from ordinary activities after tax attributable to members	Up		to	313
Represented by:	Up		to	277
(a) Profit from continuing ordinary activities after tax attributable to members				
(b) Profit from discontinued ordinary activities after tax attributable to members	Up		to	36
Net profit for the period attributable to members	Up	%	to	1,093

Dividends

It is not proposed to pay any dividends.

Discussion and analysis of results

Eumundi Group has delivered a net profit after tax of \$1.184 million (\$1.275 million profit before tax) compared with a loss of \$3.034 million after tax (\$4.323 million loss before tax) for the corresponding period in 2009.

Revenue from ordinary activities has decreased to \$10.312 million from \$10.358 million in the corresponding period in 2009.

The current period result includes \$841,000 profit on disposal of Keendove Holdings which constituted the Group's property management operations. Including this profit, property management contributed \$907,000 profit after tax (\$887,000 profit before tax) in the current period and \$13,000 loss after tax (\$8,000 loss before tax) in the corresponding prior period.

Discussion and analysis of results (continued)

Revenue from continuing ordinary activities of \$9.757 million represents an increase of \$0.091 million in comparison to last year. Hotel sales of goods and gaming decreased \$0.437 million or 5.8% over the prior period, while investment property rental and recovery revenues increased from \$2.184 million in the prior period to \$2.539 million for the current period due to additional leases at the Bribie Harbour Shopping Village and market rental reviews on properties.

Property revaluations in December 2010 resulted in decrements of \$0.082 million which are shown as expenses in the current half year results compared to decrements on fair value adjustment of \$5.022 million in the prior half-year. This is due to a stabilisation of market capitalisation rates.

Expenses from continuing operations for the year were \$9.370 million after adjusting for the net loss on fair value adjustment of \$0.082 million compared with expenses of \$9.131 million for the corresponding period in 2009 after adjusting for the net loss on fair value adjustment of \$5.022 million. Costs of goods sold decreased from \$4.214 million to \$3.849 million in line with turnover and due to increased pressure on margins. Finance costs increased by \$0.491 million to \$1.493 million due to higher interest rates offsetting the reducing level of borrowings.

On 17 November 2010, the company issued ordinary 70,974,845 shares following the completion of rights issue announced on 7 October 2010. These shares rank equally with existing shareholders. The issued capital following the rights issue consists of 141,949,690 ordinary shares. Proceeds of the capital raising was \$2.343 million after costs.

On 9 December 2010, the Group disposed of its shares (90% holding) in Keendove Holdings Pty Ltd for consideration of \$1,307,000.

Debt was reduced by \$3.7 million as a result of proceeds from capital raising and the sale of subsidiary.

	2010	2009
NTA BACKING		
<i>Net tangible asset backing per ordinary security</i>	\$0.11	\$0.19

Statement

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

Sign here:

Date: 25 February 2011

Print name: Leni Stanley

EUMUNDI GROUP LIMITED

ABN 30 010 947 476

INTERIM FINANCIAL REPORT

**FOR THE HALF-YEAR ENDED
31 DECEMBER 2010**

This interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Eumundi Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT

Your directors present their report on Eumundi Group Limited ("the Company") and the entities it controlled at the end of and during the six months ended 31 December 2010.

Directors

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

J M Ganim
G De Luca
V A Wills
M B Peacock (appointed 2 September 2010)

Principal Activities

The principal activities of the consolidated entity during the six months ended 31 December 2010 consisted of:

- a) the operation of the Ashmore Tavern;
- b) the holding of investment properties; and
- c) property management services (which was sold in December 2010).

Dividends

No dividends were paid or declared during or since the half-year ended 31 December 2010.

Review of Operations

In the six months ended 31 December 2010, the Group recorded a net profit for the half year of \$1,184,000 (Dec 09: a loss of \$3,034,000). During the half year the Group:

- Undertook an underwritten rights issue raising of \$2,343,000;
- Disposed of its property management business for \$1,451,000 before costs;
- Reduced debt by \$3,700,000; and
- Secured an extension of the Group's banking facilities to 31 August 2012.

The net profit for the half year from continuing operations was \$277,000 (Dec 09: a loss of \$3,021,000). A summary of the operations by segment is shown below.

(a) Hotel Operations

This segment comprises the Ashmore Tavern and its 3 detached bottle shops located on Queensland's Gold Coast. Revenues relate to retail sales at the bottle shops and Tavern, in addition to gaming revenue and bar sales at the Tavern.

(b) Investment Properties

The Group's investment properties comprise Aspley Central, Aspley Arcade, Bribie Harbour and Home Hill Shopping Centres. Revenue from investment properties includes rent received from tenants under commercial leases.

(c) Property Management

On 9 December 2010 the Group disposed of its subsidiary Keendove Holdings Pty Ltd which comprised the Groups Property Management segment. Refer note 3 for details of the disposal.

On 17 November 2010, the company issued ordinary 70,974,845 shares following the completion of rights issue announced on 7 October 2010. These shares rank equally with existing shareholders. The issued capital following the rights issue consists of 141,949,690 ordinary shares.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' REPORT (continued)

Significant After Balance Date Events

There are no matters or circumstances that have arisen since the end of the half-year, that have significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in future financial years.

Auditor's Independence Declaration

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

Rounding

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

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



J M Ganim
Director

Dated this 25th day of February 2011

The Directors
Eumundi Group Limited
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Dear Sirs,

Auditor's Independence Declaration

As lead engagement partner for the review of the financial report of Eumundi Group Limited for the half-year ended 31 December 2010, I declare that, to the best of my knowledge and belief, there have been:

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

JOHNSTON RORKE
Chartered Accountants



R.C.N. WALKER
Partner

Brisbane, Queensland
25 February 2011

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	Notes	31 Dec 10 \$'000	30 Jun 10 \$'000
ASSETS			
Current assets			
Cash and cash equivalents		962	751
Trade and other receivables		537	412
Inventories		1,435	1,551
Current tax asset		-	43
Other assets		422	358
Total current assets		<u>3,356</u>	<u>3,115</u>
Non-current assets			
Other receivables		-	138
Available-for-sale financial assets		58	83
Property, plant and equipment		7,774	7,783
Investment properties	6	42,950	42,830
Deferred tax asset		1,085	881
Intangible assets		77	896
Other assets		63	117
Total non-current assets		<u>52,007</u>	<u>52,728</u>
Total assets		<u>55,363</u>	<u>55,843</u>
LIABILITIES			
Current liabilities			
Trade and other payables		1,948	1,918
Borrowings		1,000	23,211
Provisions		148	289
Total current liabilities		<u>3,096</u>	<u>25,418</u>
Non-current liabilities			
Borrowings		36,386	17,872
Total non-current liabilities		<u>36,386</u>	<u>17,872</u>
Total liabilities		<u>39,482</u>	<u>43,290</u>
Net assets		<u>15,881</u>	<u>12,553</u>
EQUITY			
Contributed equity	8	11,038	8,695
Reserves		2,090	2,180
Retained profits		2,753	1,587
Parent entity interest		<u>15,881</u>	<u>12,462</u>
Non-controlling interest	3	-	91
Total equity		<u>15,881</u>	<u>12,553</u>

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

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Notes	31 Dec 10 \$'000	31 Dec 09 \$'000
Revenue			
Sale of goods		5,211	5,633
Gaming revenue		1,772	1,787
Rental income and recoveries from investment properties		2,539	2,184
Other revenue		235	244
		9,757	9,848
Expenses			
Purchase of inventories		(3,733)	(4,621)
Change in inventories		(116)	407
Employee benefits expense		(1,384)	(1,305)
Depreciation and amortisation		(160)	(204)
Insurance		(38)	(29)
Operating lease rentals		(165)	(146)
Rates and taxes		(49)	(47)
Outgoings – investment properties		(495)	(515)
Net loss on fair value adjustment - investment properties	6	(82)	(5,022)
Gaming machine tax		(832)	(823)
Finance costs		(1,493)	(1,002)
Other expenses		(823)	(846)
Total expenses		(9,370)	(14,153)
Profit/(loss) before income tax from continuing operations		387	(4,305)
Income tax expense / (benefit)	4	(110)	1,284
Profit/(loss) from continuing operations		277	(3,021)
Profit/(loss) from discontinued operations	3	907	(13)
Profit / (loss) for the half-year		1,184	(3,034)
Other comprehensive income			
Fair value gains/ (losses) on available-for-sale financial assets		(25)	25
Income tax on items of other comprehensive income		8	(7)
Other comprehensive income for the period, net of tax		(17)	18
Total comprehensive income for the half-year		1,167	(3,016)
Profit/(loss) for the period is attributable to:			
Owners of the parent		1,093	(3,033)
Non-controlling interest		91	(1)
		1,184	(3,034)
Total comprehensive income for the period is attributable to:			
Owners of the parent		1,076	(3,015)
Non-controlling interest		91	(1)
		1,167	(3,016)
Earnings per share for profit/(loss) attributable to the ordinary equity holders of the company:			
Basic and diluted earnings per share (cents per share)			
– from continuing operations		0.32¢	(4.29)¢
– from discontinued operations		0.92¢	0.02¢
		1.24¢	(4.27)¢

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

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2010**

	Issued capital	Revaluation reserve	Retained earnings	Attributable to owners of the parent	Non- controlling interest	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2009	8,695	4,046	5,059	17,800	101	17,901
Loss for the period	-	-	(3,033)	(3,033)	(1)	(3,034)
Changes in fair value of available-for-sale financial assets	-	25	-	25	-	25
Income tax relating to other components of comprehensive income	-	(7)	-	(7)	-	(7)
Total comprehensive income for the period	-	18	(3,033)	(3,015)	(1)	(3,016)
Balance at 31 December 2009	8,695	4,064	2,026	14,785	100	14,885
Balance at 1 July 2010	8,695	2,180	1,587	12,462	91	12,553
Profit for the period	-	-	1,093	1,093	91	1,184
Changes in fair value of available-for-sale financial assets	-	(25)	-	(25)	-	(25)
Income tax relating to other components of comprehensive income	-	8	-	8	-	8
Total comprehensive income for the period	-	(17)	1,093	1,076	91	1,167
Transfer from reserves	-	(73)	73	-	-	-
Transactions with owners in their capacity as owners:						
Contributions of equity net of transaction costs and tax	2,343	-	-	2,343	-	2,343
Dividend paid to non-controlling interest	-	-	-	-	(46)	(46)
Non-controlling interest in proceeds on disposal of subsidiary	-	-	-	-	(136)	(136)
Balance at 31 December 2010	11,038	2,090	2,753	15,881	-	15,881

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

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

	31 Dec 10	31 Dec 09
	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	10,941	11,407
Payments to suppliers and employees	(8,772)	(10,336)
Interest received	19	13
Finance costs	(1,478)	(1,027)
Income tax paid	(12)	-
Income tax received	-	6
Receipts from other debtors	150	150
Net cash provided by operating activities	<u>848</u>	<u>213</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for investment properties	(160)	(1,096)
Payments for property, plant and equipment	(167)	(173)
Proceeds on disposal of subsidiary net of cash transferred	1,152	-
Net cash provided by/(used in) investing activities	<u>825</u>	<u>(1,269)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	2,484	-
Payments for share issue costs	(200)	-
Payment of dividend to non-controlling interest	(46)	-
Proceeds from borrowings	150	950
Repayment of borrowings	(3,850)	(150)
Net cash provided by/(used in) financing activities	<u>(1,462)</u>	<u>800</u>
Net increase/(decrease) in cash and cash equivalents	211	(256)
Cash and cash equivalents at beginning of the reporting period	751	1,259
Cash and cash equivalents at end of the reporting period	<u>962</u>	<u>1,003</u>

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

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION OF INTERIM REPORT

These general purpose financial statements for the interim half-year reporting period ended 31 December 2010 have been prepared in accordance with the requirements of the *Corporations Act 2001* and Accounting Standard AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures that the interim financial statements and notes also comply with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Eumundi Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. SEGMENT INFORMATION

Reportable segments

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

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

Property Management - The property management segment provides lease administration, facility management and lease accounting services to investment property owners.

Half-year to 31 Dec 2010	Hotel Operations \$'000	Investment Property \$'000	Property Management* \$'000	Total \$'000
Revenue				
Sales to external customers	6,983	2,539	468	9,990
Intersegment sales	-	-	77	77
Total sales revenue	6,983	2,539	545	10,067
Other revenue/income	211	-	-	211
Total segment revenue/income	7,194	2,539	545	10,278
Intersegment elimination				(77)
Gain on disposal of subsidiary				841
Unallocated revenue				26
Consolidated revenue/income				11,068
Results				
Segment results	347	2,044	38	2,429
Unallocated revenue less unallocated expenses				(1,914)
Fair value adjustment on investment properties				(82)
Gain on disposal of subsidiary*				841
Profit before income tax				1,274
Income tax expense				(90)
Profit for the half-year				1,184

*Property management results represent the operations until disposal 9 December 2010 (refer note 3).

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

2. SEGMENT INFORMATION (continued)

Half-year to 31 Dec 2009	Hotel Operations \$'000	Investment Property \$'000	Property Management \$'000	Total \$'000
Revenue				
Sales to external customers	7,420	2,184	434	10,038
Intersegment sales	-	-	68	68
Total sales revenue	7,420	2,184	502	10,106
Other revenue/income	223	-	-	223
Total segment revenue/income	7,643	2,184	502	10,329
Intersegment elimination				(68)
Unallocated revenue				21
Consolidated revenue/income				10,282
Results				
Segment results	485	1,669	(23)	2,131
Unallocated revenue less unallocated expenses				(1,432)
Fair value adjustment on investment properties				(5,022)
Loss before income tax				(4,323)
Income tax benefit				1,289
Loss for the half-year				(3,034)

3. DISCONTINUED OPERATION

On 9 December 2010, the Group disposed of its shares (90% holding) in Keendove Holdings Pty Ltd for consideration of \$1,307,000.

The financial performance and cash flow information presented below are for the five months to 9 December 2010 and the prior year comparative is for the six months to 31 December 2009.

	Half-Year	
	31 Dec 10 \$'000	31 Dec 09 \$'000
Revenue	555	510
Expenses	(509)	(526)
Profit before income tax	46	(8)
Income tax expense/ (benefit)	10	5
Profit/(loss) after income tax of discontinued operations	36	(13)
Gain on sale of subsidiary before income tax	841	-
Income tax expense/(benefit)	(30)	-
Gain on disposal of subsidiary after income tax	871	-
Profit/(loss) from discontinued operation	907	(13)

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

3. DISCONTINUED OPERATION (continued)

The carrying amount of assets and liabilities as at 9 December 2010 were:

	9 Dec 10 \$'000
Assets	
Cash and cash equivalents	6
Trade and other receivables	56
Other assets	13
Current tax asset	34
Plant and equipment	8
Deferred tax asset	19
Intangible – management rights	749
	885
Liabilities	
Trade and other payables	72
Provisions	64
Deferred Tax liabilities	225
	361
Net assets	524
31 Dec 10 \$'000	
Consideration received or receivable:	
Cash	1,370
Amount owing	81
Total consideration	1,451
Carrying amount of net assets sold	(524)
Costs of sale	(86)
	841
Gain on sale before income tax	841
Income tax benefit	30
	871
Allocation of gain on sale between:	
Owners of the parent	784
Non-controlling interest	87
	871

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

4. NUMERICAL RECONCILIATION OF INCOME TAX TO PRIMA FACIE TAX PAYABLE

	31 Dec 10	31 Dec 09
	\$'000	\$'000
Profit/(loss) before income tax – continuing operations	387	(4,305)
– discontinued operations	887	(18)
	1,274	(4,323)
Income tax at the Australian tax rate of 30% (2009: 30%)	382	(1,297)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Sale of subsidiary	(269)	-
Sundry items	(23)	8
Income tax (benefit)/expense	90	(1,289)
Allocation of tax (benefit) expense between:		
Continuing operations	110	(1,284)
Discontinued operations	(20)	(5)
	90	(1,289)

5. 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 arms length transaction, based upon current prices in an active market for similar properties in the same location and condition.

In December 2010 the Directors reviewed the carrying value of the Group's land and building assets and determined that the carrying amount of these assets reflected their current value and that no revaluation was necessary. The June 2010 revaluation was based on an independent assessment by a member of the Australian Property Institute.

6. INVESTMENT PROPERTIES

Overall movement in investment properties was as follows:

	2010	2009
	\$'000	\$'000
At 30 June	42,830	47,585
Capitalised subsequent expenditure	160	1,096
Straight-line rentals	42	(29)
Net gain/(loss) from fair value adjustment	(82)	(5,022)
At 31 December	42,950	43,630

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 arms 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 31 December 2010 valuations for all investment properties were based upon Directors' valuations. In arriving at fair value, the Directors considered whether there was any changes to the last independent valuation and determined the fair value of each property by the capitalised income projections based upon the properties net market income.

The 30 June 2010 valuations for all investment properties were based on independent valuations carried out by CB Richard Ellis (registered property valuers) except for Home Hill Shopping Centre which was based upon Directors' valuation.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

7. FINANCE FACILITIES

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

	31 Dec 10	30 Jun 10
	\$'000	\$'000
Unused at balance date		
Bank overdraft	100	100
Finance lease liabilities	400	400
Commercial bill facility	3,215	1,315
	3,715	1,815

The facilities are subject to annual review next scheduled to occur on 31 August 2011. Unused facilities can be drawn down at any time. Further details are outlined below.

Amount Drawn (Face Value)		Expiry Date	Repayment Terms
31 Dec 10	30 Jun 10		
\$'000	\$'000		
12,500	12,350	31/08/12	Interest only until expiry
13,850	14,500	31/08/12	Interest only until expiry
3,000	3,450	31/01/13	Interest only until expiry
5,200	7,000	31/08/12	Quarterly amortisation of \$250,000 and interest until expiry
3,000	3,950	31/08/12	Interest only until expiry
37,550	41,250		

8. CONTRIBUTED EQUITY

	No. of Shares	Issue Price ¢	\$'000
Balance at 30 June 2010	70,974,845		8,695
Shares issued under Rights Issue	70,974,845	3.5	2,484
Share issue costs (net of tax)	-	-	(141)
Balance at 31 December 2010	141,949,690		11,038

On 17 November 2010, the company issued 70,974,845 ordinary shares following the completion of a 1:1 rights issue announced on 7 October 2010 to raise \$2,484,000 cash. These shares rank equally with existing shareholders.

There were no movements in the 30 June 2010 financial year.

9. SUBSEQUENT EVENTS

There are no matters or events that have arisen since 31 December 2010 that have significantly affected, or may significantly affect the consolidated entity's operations in future financial years or the results of those operations in future financial years or the state of affairs in future financial years.

10. CONTINGENCIES

There have been no material changes in contingencies from those disclosed in the June 2010 financial report.

**EUMUNDI GROUP LIMITED
AND CONTROLLED ENTITIES**

DIRECTORS' DECLARATION

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

- (a) comply with Accounting Standard AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*; and
- (b) give a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance, as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion:

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

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



J M Ganim
Director

Dated this 25th day of February 2011

INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Eumundi Group Limited

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eumundi Group Limited, which comprises the consolidated statement of financial position as at 31 December 2010, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time during the half year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eumundi Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of their performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

JOHNSTON RORKE
Chartered Accountants



R.C.N. WALKER
Partner

Brisbane, Queensland
25 February 2011