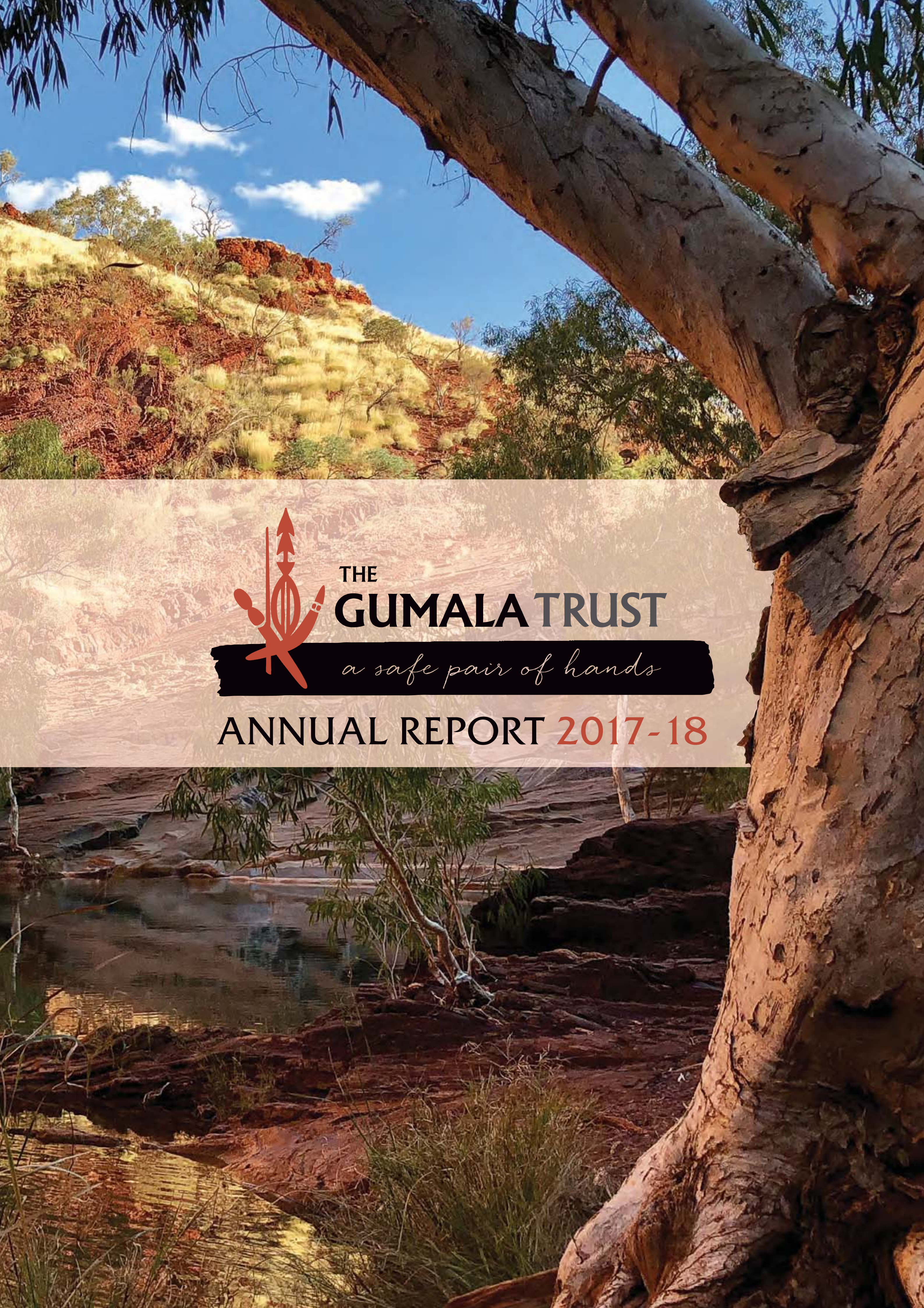

THE GUMALA TRUST

a safe pair of hands

ANNUAL REPORT 2017-18

THE GUMALA TRUST

a safe pair of hands

ANNUAL REPORT 2017-18

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Landscape Photos by: **Atilla Bak, BakPak Artists**

CHAIR'S REPORT

It has been an important year of consolidation for the Gumala family. On behalf of the Gumala Investments Pty Ltd (GIPL) Board I welcome the opportunity to document the achievements in the 2017/18 annual report. As I reflect on the 12 months, it is important to recognise the steps taken by Gumala Aborginal Corporation (GAC), Gumala Enterprises Pty Ltd (GEPL) and ourselves to ensure the best possible outcomes for Beneficiaries.

In last year's Chair's report, I commented on the volatility of the Rio Tinto (RTIO) land use payments and the uncertainty this system has created for Gumala, the importance of the move to arrears-based funding for GAC and expressed hope that the Yandi Land Use Agreement (YLUA) Review could provide the forum for that volatility to be recognised and addressed. As I write this year's report, I am less confident than last year that RTIO would be willing to address this fundamental issue of concern with the YLUA. We face the risk of enshrining uncertainty from the 21-year old Land Use Agreement (LUA) that provides certainty to RTIO and none to Gumala. This is particularly disappointing and worrying given RTIO does provide that certainty to other LUA signatories, so I urge all Beneficiaries to raise this issue with RTIO if an opportunity arises.

INVESTMENTS

Land use payments from RTIO totalled $9.9 million for the year and added to investment gains of $8.8 million and rental incomes of $0.60 million. Our income totalled $19.3 million which was an improvement on the budget revenues by $2.86 million or 15%. Total Operating costs were $1.9 million, with investment costs and GIPL operating costs being below budget projections.

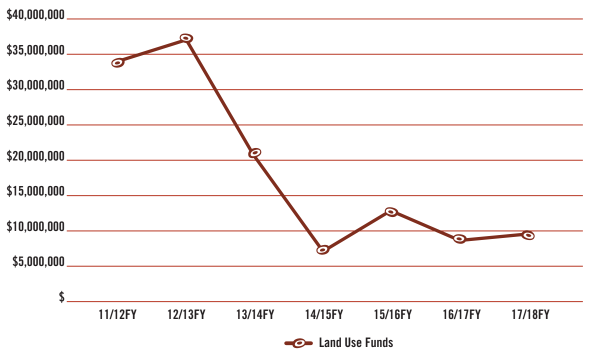
The GIPL Board would like to congratulate John Raftis and his team for this tight focus on cost control and we will continue to strive to find efficiencies in spending to ensure costs in managing our future fund are reduced.

INVESTMENTS (CONT.)

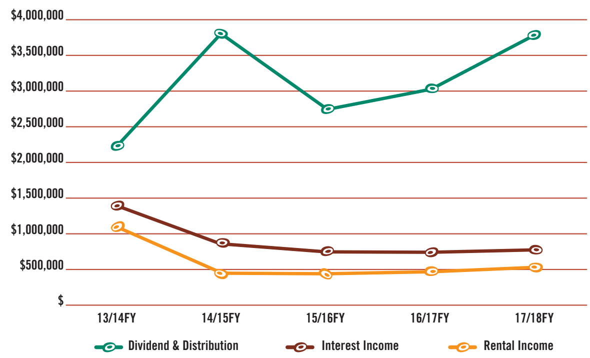
Total assets at June 30 sit at $112 million, an increase of $10 million since last year's financial report. Financial investments performed well in 2017/18 with gains in value and increased dividends, however, our fund managers' recent forecast advice has predicted a more difficult investment environment for 2018/19 which will place further pressure on Foundation income. We hope to see a rebound in the asset values of our property portfolio, specially those in the Pilbara which is experiencing an economic upswing after declining property values over the previous two years.

Consolidating the future fund above $100 million is of great credit to the Gumala family and we now strive to achieve strong compounding growth in the Future Fund to ensure the Gumala family is less reliant on RTIO land use payments for future program delivery.

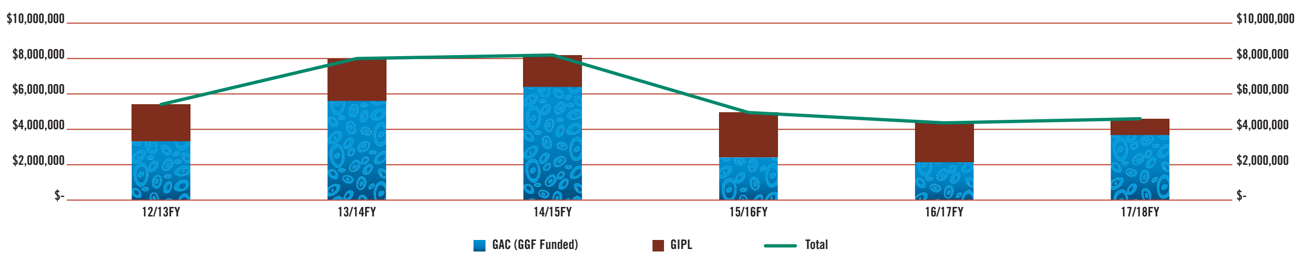
Land Use Funds Revenue



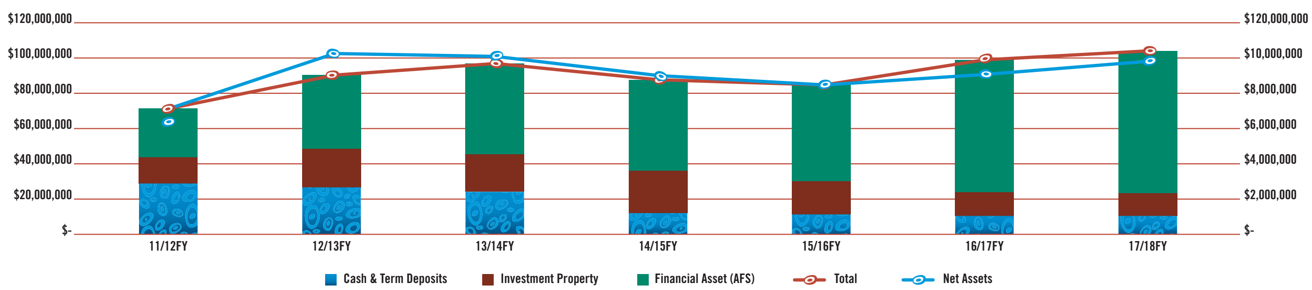
Investment Revenue



Foundation Administration Costs



Investment Portfolio



PROGRAMS

With a starting balance of $9.3 million, during the 2017/18 financial year a further $5.8 million was allocated to programs and $2.6 million was expended, leaving $12.5 million of funds held within the program budget for future distribution. GAC has worked very hard to implement member programs for the support of all Gumala Beneficiaries. It has acted on the feedback from the GAC and GIPL consultation meetings to implement a new flexible program model as requested by Beneficiaries as part of the suite of programs released for 2018/19. This new program allows for $3,000 per adult member to be spent on the needs of the individual rather than a set limit per program and allows much more discretion within the policy guidelines and Trust Deed requirements. Feedback from Beneficiaries has been positive to this new program and GIPL congratulates GAC on its successful implementation, along with the full range of programs submitted and approved for 2018/19.

NEW MAJOR MEMBER PROGRAMS

Flexible Member Program	$4,800,000.00
Traineeships and Internships	$135,000.00
Bidiltha Homeland Visits Works	$290,000.00
Community Project Pool	$208,518.00
3A Support	$301,600.00
School Support Programs (Kindergarten, Primary and Secondary)	$716,667.00
Tertiary Fees Assistance	$375,000.00
Festive Season Cards	$808,000.00

OUR TEAM

Your Directors would like to recognise the efforts of the GIPL team for the past year. We welcome the formalising of the contract of Executive Officer John Raftis and thank him for his hard work, and recognise the efforts of Hima Nyapathi and Sarisa Htay. We wish Sarisa all the best for the new addition to her family. We welcome Vicki Sly to the new role of PR and Communications Officer to be shared between GAC and GIPL. We are a small team managing an important task. I thank everyone for their focus and efforts.

THE FUTURE

"All together for a brighter future" is the Gumala family motto which greets you when you visit the GIPL office in Perth. Your Board of Directors will continue working hard to ensure a 'brighter future' for all Beneficiaries. We will continue to focus on stability in the organisation, minimising costs and prioritising members.

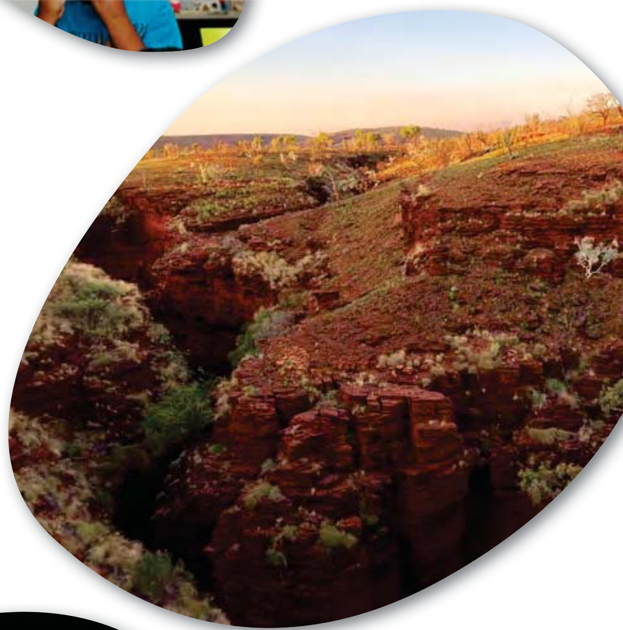
The coming year will see a focus on our key tourism asset the Karijini Eco Retreat, which is currently managed by GEPL, and the upgrades it needs to service the growing number of visitors to this most unique and culturally significant attraction, as well as continuing to deliver a strong investment performance in what is predicted to be a softening investment market.

An increase in economic activity in the Pilbara should create more opportunities for Pilbara-based Gumala members and improved performance from our Pilbara property portfolio.

GIPL will also invest time and focus on the five-year review of the Foundation as required by Clause 33 of the Trust Deed. This independent review will allow us to reflect on our past and plan for the future and in particular, focus on new innovative ways to consult our membership and keep them informed of the activities and outcomes of the Trust.

We do this on behalf of the Banyjima, Yinhawangka and Nyiyaparli people and strive to build a positive culture and Gumala brand for future generations to benefit from, and we look forward to achieving this in the years ahead.

Brendon Grylls
Chair
GIPL



DIRECTORS

BRENDON GRYLLS
CHAIRMAN
INDEPENDENT DIRECTOR

Brendon Grylls brings a wealth of regional development and north-west experience to the Gumala Foundation team. A background in small business, farming and manufacturing preceded a 16 year term in state parliament and he maintains an ongoing focus on Indigenous policy and programs.

He is well known for his advocacy of regional issues, his commitment to expanding Indigenous opportunities, the Royalties for Regions program and his leadership of the Nationals WA during the eight year Liberal/National Government.

Brendon has developed and delivered a host of new infrastructure and service programs across the North West, and has been a strong advocate for Indigenous business development in the region. Projects such as Pilbara Cities, Ord Stage 2 and the Transitional Housing Program have included substantial policy reform initiatives to assist the Indigenous community.

As Chair of the Gumala Foundation, he looks forward to working closely with the traditional owners of the Banyjima, Nyiyaparli and Yinhawangka language groups to honour the objectives of the Trust Deed.

DENNIS LONG
NYIYAPARLI DIRECTOR

Dennis previously trained at Pundulmarra College as a builder. Dennis is experienced in the Lore and Culture of the Bunjima, Nyiyaparli and Yinhawangka people. Dennis looks forward to shaping the future direction of one of Australia's largest Aboriginal Foundations and looks forward to contributing back to Gumala.

GAVIN MACLEAN
BANYJIMA DIRECTOR

Gavin has 18 years experience in the areas of Employment Law, Civil Litigation and Criminal Law. Gavin regularly advises Employers and Employees in relation disputes that arise in the workplace.

Gavin has considerable experience and expertise in the litigation of employment disputes in the Federal Court, Federal Circuit Court, Fair Work Commission, Industrial Magistrates Court and Western Australian Industrial Relations Commission.

Prior to commencing at MacLean Legal, Gavin was the In-House Counsel at the CFMEU WA where he specialised in all areas of employment law, workplace disputes and managing friction in the workplace.

Gavin also has expertise in criminal law and is regularly engaged in trial and appeal work in the Magistrates Court, Children's Court, District Court and Supreme Court of Western Australia. Prior to commencing at MacLean Legal, Gavin also worked for the Aboriginal Legal Service in Perth and ran the Aboriginal Legal Service in Kununurra and Derby.

Gavin is a member of the Law Society of Western Australia and the Criminal Lawyer's Association of Western Australia.

IAN McPHERSON
INDEPENDENT DIRECTOR

After a successful career in financial services with leading Australian investment management organisations locally and internationally, Ian joined the GIPL Board in 2016 as a specialist in investment management.

Ian's role includes portfolio construction and management, supervision, development and feedback on the investment process and monitoring the Fund's investment managers. Ian has over 30 years of experience in the banking, financial advisory and investment industry including managing large investment portfolios. Ian's role includes ensuring compliance with investment guidelines by the external Managers.

Ian holds a Bachelor of Commerce from the University of WA and a post Graduate Diploma in Financial Planning. He is active in maximising investment returns to build the Fund, so it can satisfy the long-term needs of the Gumala members.

IRINA CATTALINI
INDEPENDENT DIRECTOR

Irina Cattalini is a highly driven and energetic executive, with over 15 years of experience in community and public services. She is highly regarded in Australia and abroad for her strategic thinking, exceptional management skills and personal integrity. Irina is an accomplished leader of change, skilled in navigating teams and sectors through reform. She has a talent for translating complex policy analysis with clarity and strategic influence, resulting in positive and high-impact outcomes.

Prior to her current role as Executive Manager of One Tree Community Services, Irina served as CEO of the WA Council of Social Service, the State's leading community service peak body. She has a very keen commitment to social justice and has made a strong contribution to the local, national and international community. Irina has served as Vice President of the Australian Conservation Foundation, as a founding Board member of Reconciliation WA, and on the CEO's for Gender Equity group.

Her international work has included hosting the Commonwealth People's Forum at CHOGM, serving as a member of the Civil Society Advisory Council at the Commonwealth Foundation, and as a member of the Alumni of the USA State Department International Visitor Leadership Program. Irina has also contributed to United Nations General Assembly hearings with civil society on the Post 2015 Global Development Agenda 17 Sustainable Development Goals.

Irina graduated from the University of WA with a Bachelor of Arts majoring in Political Science with Honours in International Relations. She also has a Diploma of Business and is an Alumni of Leadership WA. She has been awarded as one of WA Business News 40 under 40, the winner of IPAA's Non-Profit Leader of the Year and UWA's Strategic Alliance Award.

ROY TOMMY
YINHAWANGKA DIRECTOR

Roy Tommy (Pitithangu, meaning dry leaf) grew up on Mininer, Mount Vernon and Pingandy pastoral stations. His Yinhawangka name was given to him in traditional song by his grandmother, Maggie Bimba. His mother was the last fluent speaker of Yinhawangka, and in 1980 commenced recording the language, songs, stories, genealogy, birth and burial places, and the names of Yinhawangka lands.

He was an Yinhawangka representative on the Yandi Land Use Agreement (YLUA) 1997 negotiating team, one of the founding 25 members of Gumala Aboriginal Corporation, one of its inaugural Governing Committee members, and has served on the Boards of Gumala Aboriginal Corporation and Gumala Enterprises Pty Ltd on a number of occasions.

Pitithangu is currently working on a project for the preservation of Yinhawangka with assistance from Wangka Maya Language Centre, IBN Corporation, the Innawonga (Yinhawangka) Trust and the Resource Network for Linguistic Diversity.

GUMALA INVESTMENTS PTY LTD AS TRUSTEE FOR THE GENERAL GUMALA FOUNDATION

ABN 50 336 714 927

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

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Trustee Information

ABN 50 336 714 927

DIRECTORS

Brendon Grylls (Chair)

Irina Cattalini

Dennis Long

Gavin Stuart MacLean

Ian McPherson

Roy Tommy

COMPANY SECRETARY

John Raftis

REGISTERED OFFICE

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165 Adelaide Terrace

East Perth WA 6004

Tel: +61 8 9287 3900

Fax: +61 8 9325 2660

AUDITORS

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Perth WA 6000

Tel: +61 8 9226 4500

Fax: +61 8 9226 4300

WEBSITE

www.gumalatrust.com

DIRECTORS' REPORT

The Directors of the trustee company, Gumala Investments Pty Ltd (GIPL), present their report on the operations of the General Gumala Foundation Trust (GGF) for the financial year ended 30 June 2018.

DIRECTORS

The names of the Directors of GIPL in office during the year are:

	Summary of Director's Term		Summary of Board Attendance	
	Term of Office	Position on GIPL Board	Number of Meetings Eligible to Attend	Number of Meetings Attended
BANYJIMA				
Gavin MacLean	1 July 17 – 30 June 18	Director	9	6
YINHAWANGKA				
Roy Tommy	1 July 17 – 30 June 18	Director	9	6
NYIYAPARLI				
Dennis Long	1 July 17 – 30 June 18	Director	9	5
INDEPENDENTS				
Brendon Grylls	1 July 17 – 30 June 18	Chairperson**	9	9
Irina Cattalini	1 July 17 – 30 June 18	Director	9	9
Ian McPherson	1 July 17 – 30 June 18	Director	9	9

** Mr Grylls was elected Chairperson as of 23 June 2017.

Note: During the financial year there were 9 GIPL Board Meetings.

DIRECTORS' REMUNERATION

During the year the Directors of the trustee company were entitled to the following remuneration for their services as Directors.

NAME	REMUNERATION ($)	ALLOWANCE ($)	SUPERANNUATION ($)	TOTAL ($)	TERM OF OFFICE DURING FINANCIAL YEAR
Brendon Grylls	76,000	790	7,220	84,010	1 July 2017 – 30 June 2018
Irina Cattalini	40,000	790	3,800	44,590	1 July 2017 – 30 June 2018
Dennis Long	40,000	720	3,800	44,520	1 July 2017 – 30 June 2018
Gavin MacLean	40,000	720	3,800	44,520	1 July 2017 – 30 June 2018
Ian McPherson	40,000	790	3,800	44,590	1 July 2017 – 30 June 2018
Roy Tommy	40,000	720	3,800	44,520	1 July 2017 – 30 June 2018
TOTAL	**276,000**	**4,530**	**26,220**	**306,750**	

Note 1: The Directors did not accept any performance bonus or any other incentives.

Note 2: The table refers to actual remuneration entitlements and does not include costs incurred by GIPL for travel related expenses.

REVIEW OF OPERATIONS

The operating revenue for the Foundation increased to $14,993,610 from $13,222,211 in 2017 due to Yandi Land Use Agreement ("YLUA") income increasing by $951,076 and Investment Income increasing by $764,399 in 2018. This increase in revenue, along with the benefits from the ongoing cost management commenced in FY2015, has resulted in the Foundation returning a higher total comprehensive net surplus for 2018.

The total comprehensive net surplus for the 2018 financial year is $7,946,341 (2017: Surplus of $3,066,532), which includes unrealised losses of $337,500 for changes in the values of investment properties, $1,205,778 for changes in the values of available for sale investments, and unrealised gains of $5,586,147 on available for sale assets. Excluding these unrealised revenue and expense items, the surplus for the Trust would be $3,903,472 (2017: $3,716,890). In terms of operating cash flow, the Trust generated a positive $3,388,677 in 2018 (2017: $11,236,602).

Please refer to the audited financial report from Page 23 for details on the financial performance and results for the financial year.

KEY HIGHLIGHTS

The 2018 financial year saw a continuation of the growth in member program funding with revenue increases alongside controlled costs for the Foundation. Funds allocated to run the administrative functions of Gumala Investments ("GIPL") and Gumala Aboriginal Corporation ("GAC") were maintained at $4.60M after allowing forincreased member services support for the increased range of programs offered by GAC.

Yandi Land Use Agreement compensation increased by 11% in 2018 to $9.90M (FY2017: $8.95M). With the land use payment calculation dominated by the area of land disturbed, and not by volume of ore removed from the ground, the income will rise and fall in line with mine expansion as opposed to mine production.

Investment holdings increased to $106.766M as at 30 June 2018, which is an increase of $7.768M on the previous figure of $98.997M as at 30 June 2017.

The Trustee Company's liabilities total $13.13M, which includes $12.52M for the funding of future member programs and $0.49M for the funding of GAC for the June 2018 quarter.

Within these figures are some significant movements, as can be seen in the table below and in Note 15.

	30 JUNE 2018	30 JUNE 2017
Cash and cash equivalents	9,584,587	10,085,0677
Investment properties	12,905,000	13,242,500
Available for sale financial assets	84,275,936	75,669,256
Total Investments	**106,765,523**	**98,997,433**

CASH POSITION

The cash position of the Trust has decreased by $501K in 2018 as the Foundation invested $4.09M to increase its holdings in available-for-sale financial assets and obtain better rates of return than bank interest. Operating cash flow generated a positive $3.39M to contribute the bulk of the funds that were added to the investment holdings.

INVESTMENT PROPERTY

After significant declines in value over the previous three years, the positive signs for the Pilbara economy from new investments in mines has resulted in property prices in the region stabilising, and in some areas recovering previous lost value. The rental market has been steady with the majority of houses leased and generating rental income. Office properties in the Perth CBD continue to be impacted due to high levels of vacancy and as a result the commercial building values decreased. The Trustee welcomed a major tenant and is actively seeking tenants for the remaining vacant space within the building at 165 Adelaide Terrace.

The Foundation has an accounting policy of performing formal valuations for investment properties at least once every three years and, given the ongoing uncertain state of the real estate market in 2018, the Foundation had the values of its commercial and residential investment properties independently valued by qualified registered valuers again. Following this valuation, the Foundation recognised a net reduction in the fair value of $0.34M for the investment properties portfolio (2017: Reduction in value of $1.63M).

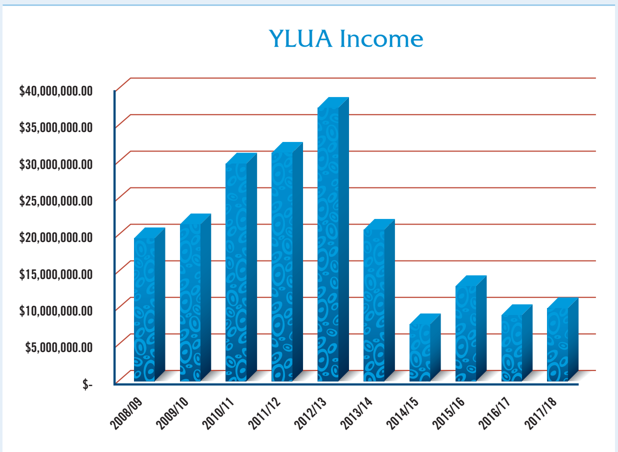
TRADE AND RECEIVABLES

The trade and receivables position of the Trust has increased by $2.68M.

Trade and receivables includes the accrued income, with the primary component being the amount earned from the Yandi Land Use Agreement for the final three months of the year. Other accrued income includes the amount for dividends and distributions from investments that are declared prior to 30 June but paid in the new financial year.

REVENUES

Revenue from the Yandi Land Use Agreement increased 11% to $9,899,732 from $8,948,656 in 2017, with income fluctuating between $1.1M and $4.9M for any quarter. This revenue continues at levels well below the historic high amounts received in 2013 ($37,121,649) and 2012 ($30,919,004).

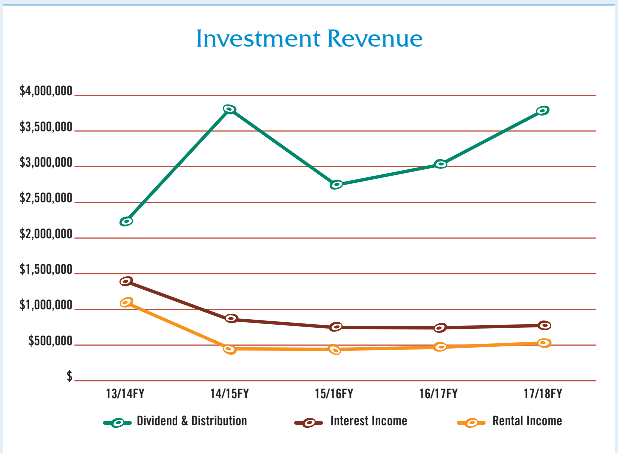


YLUA Income

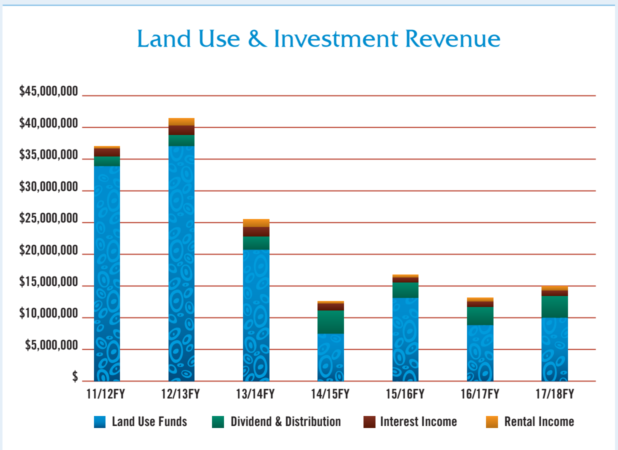
Dividend and distribution revenues increased due to the shift of additional funds across to financial market investments during the FY2017 and FY2018 to generate higher returns on Trust assets. The FY2018 returns of $3.723M were up 25% from the $2.985M earned in FY2017.

Interest income was stable overall with the return from the Bond portfolio remaining solid and funds in term deposits being minimised to allow higher investments in market investments. Interest income for FY2018 was $797K, up 3% from the $770K earned in FY2017.

The tenanting out of the residential properties in 2018 remained solid, however, there were periods where a small number of properties were vacant. This effect was offset slightly by some slight upward movement in rents for various properties. Overall the rent from residential properties in FY2018 remained at $512K, as it was in FY2017. Commercial rent increased by $56K and is expected to increase further in the future as a result of a new sizeable tenant late in the financial year, and the ongoing efforts to attract further tenants to the Adelaide Terrace building.



Investment Revenue



Land Use & Investment Revenue

ADMINISTRATION COSTS

GIPL decreased its employee benefits costs by $795K and its management and administration expenses by $452K in 2018. The primary reason for the decrease was the cessation of the Foundation Shared Services Team and the shift of direct responsibility for administrative functions back to GAC. Other savings were generated through the ongoing review of operational costs and supplier contracts to seek the most efficient use of Trust funds.

PAYMENTS TO GAC

Following the shift of administrative expense responsibility back to GAC in June 2017, and the increased number of member programs run in 2018, the level of GAC administration funding increased by $1.31M to $3.59M compared to $2.28M in 2017. Funds to be made available for member benefits from 2018 total $5.78M (2017: $4.72M), with an accumulated total of $12.52M (2017: $9.36M) being carried forward and made available for future member programs.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

BOARD AND STAFF CHANGES

There have been no changes to the Board with all independent and Traditional Owner Directors serving for the full 2018 financial year.

In February 2018 the Board appointed Mr John Raftis as Executive Officer for the Trust following a recommendation from a Board sub-committee formed for the recruitment of the Executive Officer. Mr Raftis had previously been appointed as Acting Executive Officer in April 2017.

PRINCIPAL ACTIVITIES

The principal activities of the GGF are the funding of community projects which benefit Beneficiaries and investment of trust funds as directed by the GGF Trust Deed.

AFTER BALANCE DATE EVENTS

Under the Trust Deed, every five years the Trustee will conduct a review of the operation of the Foundation and the Trust Deed. The review will include consultations with the Beneficiaries and GAC as the Manager of the Foundation. The review process has been commenced with the appointment of external consultants and is anticipated to complete over the coming months.

FUTURE DEVELOPMENTS

In October 2018 the three Traditional Owner Directors are scheduled to finish their appointments to the GIPL Board. The process for the new appointments will be conducted by GAC as per the Trust Deed.

GIPL will continue to review all income into the Foundation while looking to diversify income streams to grow the Future Fund. As Trustee, GIPL is also mindful of the need to provide monies to fund projects and programs that fall within approved Income Utilisation Categories.

The GIPL Board continues to look to further enhance the opportunity to work with GAC to achieve greater self-determination and cost efficiencies for the Foundation.

GIPL supports GAC's strategic approach to foster partnerships with specialist providers to assist the Foundation in service delivery of programs to achieve specific outcomes across the spectrum of approved Income Utilisation Categories.

RISK MANAGEMENT

ENVIRONMENTAL RISK MANAGEMENT

GIPL, as GGF Trustee, acknowledges the importance of environmental regulations and is aware of its responsibilities in this area. The Entity is not required to report on any specific issues relating to this area, nor has it received any correspondence from any regulatory body to that effect. Similarly, GIPL has not received any complaints in relation to potential environmental non-compliance issues.

INTERNAL RISKS

The three GIPL independent Directors were appointed in May 2017 and the three Traditional Owner Director positions are due for renewal in October 2018. GIPL Director appointments are typically for a five year period. With the potential change to 50% of the GIPL Board there is a risk of an impact to organisational direction.

FUNDING RISK

The amount of compensation received from Rio Tinto under the terms of the Yandi Land Use Agreement for the benefit of the Traditional Owners increased in 2018, however, it is still well down on the sums received in 2013 and 2012. For the Foundation to better manage the risk from income fluctuations, the Foundation has implemented an arrears-based funding arrangement for GAC, which includes all member programs being funded from Foundation available income determined in prior years. The Foundation is aware of the importance of continually monitoring administrative costs to ensure the maximum amount of funds is made available for member programs.

INVESTMENT RISKS

Listed investments held in the Trustee's portfolio are exposed to securities price risk and their market prices will fluctuate according to the public market forces. Such risk is managed through diversification of investments across industries and geographic locations by the investment advisers.

OTHER EXTERNAL RISKS

Governments, and their policies and procedures, regularly change. On a global level, the political landscape is constantly evolving. Wars and conflicts affect many countries every day and can impact on the global economy which can have a knock-on effect on the Foundation investment income.

BOARD COMMITTEE MEETINGS

In 2017/18 the following Committees were operational:

- Joint Investments Committee;
- Audit & Risk Committee; and
- Joint Applications Committee

All committees have been reconstituted as Foundation committees with membership comprising Directors from both GIPL and GAC. Foundation Charters have been endorsed by both GAC and GIPL Boards in relation to both the Investments and Audit and Risk Committees.

FOUNDATION INVESTMENTS COMMITTEE

The Investments Committee was established in 2012 to fulfil obligations by The Trustee to consult with The Manager in relation to Investments, as reflected in Clause 8 of the Trust Deed. A primary responsibility of the Foundation Investments Committee is to review the GGF policies relating to the execution of the 'Utilisation of Income' of the Trust, as well as making recommendations to the GIPL Board on matters concerning the implementation of these policies and on matters concerning implementation of the Trustee's endorsed investment strategy. The Investments Committee is an advisory committee to the Board.

FOUNDATION AUDIT AND RISK COMMITTEE

The Audit and Risk Committee's primary role is to oversee GAC and GIPL's Governance, Risk and Internal Control Framework to ensure the organisation sustains effective and efficient operations, maintains the integrity of financial and non-financial information, protects its assets, and complies with applicable laws, standards, policies and procedures, contracts and best practice, including the fulfilment of its external accountability responsibilities. The principal responsibilities of the Foundation Audit and Risk Committee are in the areas of Risk Management, Control Framework, Legislative and Regulatory Compliance, Internal Audit and External Audit.

FOUNDATION APPLICATIONS REVIEW COMMITTEE

The Committee is established as a sub-committee of the GIPL and GAC Boards for reviewing and making recommendations on individual applications for Beneficiary Status under the Trust Deed and Membership Status under the GAC Rule Book respectively. This Committee is the "representative committee" under Clause 12.4 of the GGF Trust Deed, for deeming Traditional Owners, and making recommendations in that regard.

The major responsibilities of the Committee are to:

- Assess all received applications for Beneficiary/ Membership Status in a deliberative, consultative and good faith manner;
- Make recommendations to the GIPL and GAC Boards about received applications, with advice to accept, reject or defer;
- For Directors to provide leadership, advice and lead debate with regards to applications that are the same as their respective language group;
- Provide advice about process, policy and procedures in connection to the Traditional Owner Register and the GAC Register of Members;
- Consult with the Traditional Owners, particularly Elders; and
- Manage any risks associated with the application process.

	Foundation Investments Committee Number of Meetings Eligible to Attend	Number of Meetings Attended	Foundation Audit & Risk Committee Number of Meetings Eligible to Attend	Number of Meetings Attended	Foundation Applications Review Committee Number of Meetings Eligible to Attend	Number of Meetings Attended
BANYJIMA						
Gavin MacLean	-	-	3	2	3	2
YINHAWANGKA						
Roy Tommy **	-	-	3	3	3	3
NYIYAPARLI						
Dennis Long	-	-	-	-	3	2
INDEPENDENTS						
Brendon Grylls	2	2	-	-	-	-
Irina Cattalini	2	1	3	2	-	-
Ian McPherson	2	2	-	-	-	-

COMPENSATION OF KEY MANAGEMENT PERSONNEL

The aggregate compensation made to Directors and other members of key management personnel is set out below.

	YEAR ENDED 30 JUNE 2018	YEAR ENDED 30 JUNE 2017
Directors	306,750	329,027
Key Management Personnel	186,150	704,928
Total	**492,900**	**1,033,955**

KEY MANAGEMENT PERSONNEL

Key management personnel of The General Gumala Foundation consist of the following:

NAME	TITLE
John Raftis	GIPL Executive Officer

Note: Mr John Raftis was appointed as Executive Officer in February 2018 following his appointment as Acting Executive Officer in April 2017.

REMUNERATION BANDS

REMUNERATION BAND ($)	2017/18	2015/16
0 – 50K	-	1
50 – 100K	-	-
100 – 150K	-	2
150 – 200K	1	1
200 – 250K	-	1
250 – 300K	-	-

INDEMNIFYING OFFICERS OR AUDITORS

During the Financial Year, the Trustee has paid a premium in respect of insuring Directors and Officers of the Trustee. The terms of the premium paid are commercial-in-confidence and, therefore, have not been disclosed.

The Trustee has not entered into any arrangement to indemnify the auditors.

PROCEEDINGS ON BEHALF OF THE ENTITY

There are no current or outstanding proceedings against the Trustee. No person has applied for leave of court to bring proceedings on behalf of the Trustee or intervene in any proceedings to which the Trustee is a party for the purpose of taking responsibility on behalf of the Trustee for all or any part of those proceedings. The Trustee was not a party to any such proceedings during the year and up to the signing of this report.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Auditor's Independence Declaration for the financial year ended 30 June 2018 has been received and is included on the following page.

The Directors' Report is made in accordance with a resolution of the Board of Directors made pursuant to s298(2) of the Corporations Act 2001:

On behalf of the Board of Directors:

Director: ______________________

Chairperson – Brendon Grylls

Dated this 15th day of August 2018

AUDITOR'S INDEPENDENCE DECLARATION

Bentleys
THINKING AHEAD

Bentleys Audit & Corporate (WA) Pty Ltd
London House
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216 St Georges Terrace
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PO Box 7775
Cloisters Square WA 6850

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T +61 8 9226 4500
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To The Board of Directors

Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

As lead audit partner for the audit of the financial statements of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation for the financial year ended 30 June 2018, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

Yours faithfully

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 15th day of August 2018

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 ($)	30 June 2017 ($)
REVENUE			
Land Use Funds	2(a)	9,899,732	8,948,656
Investment Income	2(a)	4,519,309	3,754,910
Rental Income	2(a)	574,569	518,645
Total Revenue		**14,993,610**	**13,222,211**
OTHER INCOME			
Profit on Sale of Property, Plant & Equipment		160	275
Fair value gain on disposal of available-for-sale financial assets		788,223	434,111
Reversal of Provision for Doubtful Debt	4	-	1,146,850
Other Income		103,707	16,845
Total Other Income		**892,090**	**1,598,081**
Total Revenue and Other Income		**15,885,700**	**14,820,292**
EXPENDITURE			
Impairment of available-for-sale financial assets	8	1,205,778	990,179
Impairment of investment properties	7	337,500	1,632,500
Employee benefits expense	2(b)	629,838	1,425,339
Management & administration expenses	2(c)	670,996	1,123,151
Depreciation expense	5	25,001	25,893
Amortisation expense	6	-	101,186
Impairment of Property Plant & Equipment	5	70,000	69,500
Home Loan Debt Forgiven	4	-	269,287
Investment rental expenses and outgoings		565,365	594,381
Manager operating costs	2(d)	3,591,584	2,280,819
Member benefit grant funding costs	2(e)	5,780,750	4,724,490
Total Expenditure		**12,876,812**	**13,236,725**
INCOME (DEFICIT) FOR THE YEAR		**3,008,888**	**1,583,567**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Net unrealised gain / (loss) on available-for-sale financial assets	8	5,586,147	1,972,321
Items that will not be reclassified subsequently to profit or loss:			
Unrealised loss from revaluation of property, plant and equipment	11	-	(50,300)
Net realised loss from previous unrealised gains on available-for-sale financial assets	11	(648,694)	(439,056)
Total Other Comprehensive Income		**4,937,453**	**1,482,965**
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		**7,946,341**	**3,066,532**

This Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2018

	Note	30 June 2018 ($)	30 June 2017($)
ASSETS			
Current Assets			
Cash and cash equivalents	3	9,584,587	10,085,677
Trade and other receivables	4	4,483,309	1,807,231
Total Current Assets		**14,067,896**	**11,892,908**
Non-Current Assets			
Trade and other receivables	4	300,459	501,185
Property, plant and equipment	5	162,596	253,726
Intangible assets	6	-	-
Investment properties	7	12,905,000	13,242,500
Available for sale financial assets	8	84,275,936	75,669,256
Total Non-Current Assets		**97,643,991**	**89,666,667**
TOTAL ASSETS		**111,711,887**	**101,559,575**
LIABILITIES			
Current Liabilities			
Trade and other payables	9	13,092,646	10,899,430
Provisions	10	38,563	27,190
Total Current Liabilities		**13,131,209**	**10,926,620**
Non-Current Liabilities			
Provisions	10	1,962	580
Total Non-Current Liabilities		**1,962**	**580**
TOTAL LIABILITIES		**13,133,171**	**10,927,200**
NET ASSETS		**98,578,716**	**90,632,375**
FUNDS			
Member funds		86,370,597	83,361,709
Asset revaluation reserve	11	-	-
Financial assets reserve	11	12,208,119	7,270,666
TOTAL FUNDS		**98,578,716**	**90,632,375**

This Statement of Financial Position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN FUNDS FOR THE YEAR ENDED 30 JUNE 2018

	Note	Member Funds ($)	Asset Revaluation Reserve ($)	Financial Assets Reserve ($)	Total ($)
30 JUNE 2017 FINANCIAL YEAR					
Balance at 1 July 2016		81,778,142	50,300	5,737,401	87,565,843
Net Income		1,583,567	-	-	1,583,567
Other comprehensive income		-	(50,300)	1,533,265	1,482,965
Total comprehensive income for the year		**1,583,567**	**(50,300)**	**1,533,265**	**3,066,532**
BALANCE AT 30 JUNE 2017		**83,361,709**	**-**	**7,270,666**	**90,632,375**
30 JUNE 2017 FINANCIAL YEAR					
Balance at 1 July 2017		83,361,709	-	7,270,666	90,632,375
Net income		3,008,888	-	-	3,008,888
Other comprehensive income		-	-	4,937,453	4,937,453
Total comprehensive income for the year		**3,008,888**	**-**	**4,937,453**	**7,946,341**
BALANCE AT 30 JUNE 2018		**86,370,597**	**-**	**12,208,119**	**98,578,716**

This Statement of Changes in Funds should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2018

	Note	30 June 2018 ($)	30 June 2017 ($)
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from:			
Land use YLUA funds		7,488,797	12,977,047
Dividend income		3,395,119	3,211,621
Interest income		865,212	779,201
Rental income		596,949	601,239
Other Income		103,707	16,845
Payments to suppliers and employees		(1,941,527)	(3,460,865)
Payment for grant funding of member benefits		(7,119,580)	(2,888,486)
NET CASH PROVIDED BY / (USED IN) OPERATING ACTIVITIES	**12**	**3,388,677**	**11,236,602**
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		160	275
Purchase of property, plant and equipment & software		(3,872)	(24,384)
Purchase of available-for-sale investments and property investments		(20,184,609)	(21,241,576)
Proceeds from disposal of available-for-sale investments		16,097,827	6,430,929
NET CASH USED IN INVESTING ACTIVITIES		**(4,090,494)**	**(14,834,756)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of GHOS loans		727	48,097
Repayment of GET loan		200,000	450,000
NET CASH PROVIDED BY FINANCING ACTIVITIES		**200,727**	**498,097**
Net decrease in cash held		(501,090)	(3,100,057)
Cash and cash equivalents at beginning of the financial year		10,085,677	13,185,734
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	**3**	**9,584,587**	**10,085,677**

There are no restrictions on any funds on deposit.
This Statement of Financial Position should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2018

The financial statements cover the economic entity of Gumala Investments Pty Ltd as trustee for the General Gumala Foundation as a Reporting Trust and is established and domiciled in Australia with its registered office at Level 2, 165 Adelaide Terrace, East Perth, WA 6004.

The financial statements were authorised for issue on 15th August 2018 by the Directors of the trustee company.

Note 1: Summary of Significant Accounting Policies

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations of the Australian Accounting Standards Board as issued by the International Accounting Standards Board. The Trust is a not-for-profit entity for financial reporting purposes under Australian Accounting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities. The amounts presented in the financial statements have been rounded to the nearest dollar.

(b) New Accounting Standards for Application in Current and Future Periods

In the financial year ended 30 June 2018, the Trust has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016. It has been determined by the Trust that there is no impact, material or otherwise, of the new and revised standards and interpretations on its business and therefore no change is necessary to Trust accounting policies.

In addition, the AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Trust has taken steps to ensure timely application of these standards. The new and amended standards that are relevant to the Company are listed below:

AASB 9 Financial Instruments

AASB 9 introduces new requirements for the classification and measurement of financial assets and liabilities. These requirements improve and simplify the approach for classification and measurement of financial assets compared with the requirements of AASB 139.

The effective date for this standard is for annual reporting periods beginning on or after 1 January 2018. GIPL is yet to undertake a detailed assessment of the impact of AASB 9. However, based on the Trust's preliminary assessment, the Standard is expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019. Assets currently recognised as "Available-for-sale financial assets" have any decreases in value against cost recognised through the Profit or Loss whilst increases in value against cost are recognised through Other Comprehensive Income and held in the Financial Assets Reserve until they are sold, upon which any gain is transferred through to the Statement for Profit or Loss. Under the new standard, these assets will be reclassified as "Investments fair-value-through-Profit-or-Loss" (FVTPL) or "Investments fair-value-through-Other-Comprehensive-Income" (FVTOCI) with all increases/decreases in value recognised in accordance with that election.

For the FY2018 financial reports, if the standard had been implemented, the Total Comprehensive Income (Loss) for the year would not change in total, however, the Income/Deficit) for the Year and the Total Other Comprehensive Income would vary depending upon the treatment election made.

Investments fair value through Profit or Loss	30 June 2018 ($)	30 June 2017 ($)
Income (Deficit) for Year	7,946,341	3,116,832
Total Other Comprehensive Income	-	(50,300)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**7,946,341**	**3,066,532**
Investments fair value through Other Comprehensive Income	**30 June 2018**	**30 June 2017**
Income (Deficit) for Year	4,214,666	2,573,746
Total Other Comprehensive Income	3,731,675	492,786
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	**7,946,341**	**3,066,532**

AASB 15 Revenue from Contracts with Customers

AASB 15 replaces AASB 118: Revenue, AASB 111 Construction Contracts and some revenue-related Interpretations. In summary, AASB 15:

- establishes a new revenue recognition model;
- changes the basis for deciding whether revenue is to be recognised over time at a point in time;
- provides a new and more detailed guidance on specific topics (e.g. multiple element arrangements, variable pricing, rights of return and warranties); and
- expands and improves disclosures about revenue.

When this Standard is first adopted for the year ending 30 June 2019, there is not expected to be any material impact on the transactions and balances recognised in the financial statements.

AASB 16 Leases

AASB 16 introduces new requirements for the classification and measurement of operating leases. These requirements involve the recognition of a lease liability and a corresponding right-of-use asset for all lease arrangements.

The effective date for this standard is for annual reporting periods beginning on or after 1 January 2019. GIPL is yet to undertake a detailed assessment of the impact of AASB 16. However, based on the Trust's preliminary assessment, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(c) Income Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Trust and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised.

(i) Land Use Funds

Land use compensation payments from Rio Tinto arising from the Yandi Land Use Agreement (YLUA) are recognised at the time the right to receive payment is established.

(ii) Interest Revenue

Interest revenue is recognised using the effective interest method, with interest accrued over the relevant period using the effective interest rate, which for floating rate financial assets is the rate inherent in the instrument.

(iii) Dividend and distributions

Dividend revenues from the AFS financial assets are recognised at the time the right to the dividends payment is established. Distributions from GET are recognised when they are declared.

(iv) Fair value gain on disposal of available-for-sale financial assets

Gains or losses on the disposal of AFS financial assets are calculated as the difference between the fair value at sale and the cost value when it was purchased. They are recognised in profit or loss once sold, after removing any gains that are contained in the AFS Reserve.

(v) Rental Income

Rent received is as a result of income earned on a rental property. The rent received is recognised on a straight-line basis over the period of the lease term so as to reflect a constant periodic rate of return on the net investment.

All revenue is stated net of the amount of goods and services tax.

(d) Income Tax

The Trust has been registered under the provisions of The Charitable Fundraising Act 1991 and under Subdivision 50-B of the Income Tax Assessment Act 1997, it is an income tax exempt charitable entity.

(e) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). 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 ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

(f) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, short term bank deposits with maturities of six months or less. Cash is recognised at its nominal value.

(g) Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost or fair value as indicated, less, where applicable, any accumulated depreciation and impairment losses.

The carrying amount of plant and equipment is reviewed annually by key management personnel to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives using the straight-line method of depreciation. Depreciation rates (useful lives) and methods are reviewed at each reporting date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate.

The estimated useful lives used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
• Buildings	2 - 3%
• Furniture and Equipment	20 - 40%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

(h) Intangible Assets

Recognition of intangible assets
Acquired computer software and computer licenses are capitalised on the basis of the costs incurred to acquire and install the specific software.

Subsequent measurement
All intangible assets, are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, as these assets are considered finite. Residual values and useful lives are reviewed at each reporting date. In addition, they are subject to impairment testing.

The following estimated useful lives are applied:
Software: 20 - 40%

Amortisation has been included within depreciation, amortisation and impairment of non-financial assets. Subsequent expenditures on the maintenance of computer software are expensed as incurred.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

(i) Investment Properties

Investment properties are properties held to earn rentals and/or for capital appreciation, and are accounted for using the fair value model.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are re-valued at least once every three years and are included in the statement of financial position at their open market value. These values are supported by market evidence and are determined by external professional valuers with sufficient experience with respect to both the location and the nature of the investment property.

Any gain or loss resulting from either a change in the fair value or the sale of an investment property is immediately recognised in profit or loss within change in fair value of investment property.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on disposal of an investment property is recognised in profit or loss in the year of disposal.

(j) Impairment of Assets

At the end of each reporting period, the Trust assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Trust estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(k) Trade and Other Payables

Trade and other payables represent the liabilities for goods and services received by the Trust that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

(l) Provisions

Provisions are recognised when the Trust has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting period.

(m) Employee Benefits

Provision is made for the Trust's obligation for short-term employee benefits. Short-term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service, including wages, salaries and sick leave. Short-term employee benefits are measured at the (undiscounted) amounts expected to be paid when the obligation is settled.

The Trust's obligations for short-term employee benefits are recognised as a part of current trade and other payables in the statement of financial position.

The Trust's obligations for long-term employee benefits are presented as non-current provisions in its statement of financial position, except where the Trust does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

Superannuation

The Trust pays fixed contributions at the statutory rate to defined contribution plans as specified by the choice of the employees. The Trust has no legal or constructive obligations to pay contributions in addition to its fixed contributions, which are recognised as an expense in the period that relevant employee services are received.

(n) Financial Instruments

Initial Recognition and Measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Classification and Subsequent Measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest method or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the effective interest method.

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying amount with a consequential recognition of an income or expense item in profit or loss.

(i) Available-for-sale financial assets

Available-for-sale financial assets ('AFS Financial Assets') are non-derivative financial assets, principally equity securities, which are either designated as such by management or not suitable to be classified into other categories of financial assets due to their nature. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

AFS financial assets are stated at fair value and gains that arise from changes in fair value are recognised in other comprehensive income and accumulated in the financial assets reserve. Losses in fair value below cost are recognised directly in profit and loss.

AFS financial assets are included in non-current assets, except for those which are expected to mature within 12 months after the end of the reporting period, (All other financial assets are classified as current assets).

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period. (All other loans and receivables are classified as non-current assets.)

(iii) Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Fair Value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

In the case of AFS financial assets, a significant or prolonged decline in the market value of the equity investments classified as AFS Financial Assets is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non cash assets or liabilities assumed is recognised in profit or loss.

(p) Leases

Lease payments for operating leases, where substantially all of the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the life of the lease term.

(q) Economic Dependence

The Trust is dependent upon the ongoing receipt of land use compensation payments from Rio Tinto arising from the Yandi Land Use Agreement (YLUA) to ensure the ongoing continuance of its operations. At the date of this report, the Directors of the Trustee has no reason to believe that this financial support will not continue but note that the amount of compensation payable under the YLUA is dependent on the area of land disturbance at the Yandi mine which can change significantly from period to period.

(r) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Trust.

Key Estimates – Impairment

The Trust assesses impairment at each reporting date by evaluating conditions specific to the Trust that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

As a result of this impairment assessment, the following has been recorded:

- A value of $337,500 (2017: $1,632,500) has been recorded as impairment of investment properties in the statement of profit or loss and other comprehensive income. Refer to Note 7;
- A value of $70,000 (2017: $69,500) has been recorded as impairment of property, plant and equipment due to the revaluation of the property, plant and equipment. Refer to Note 5;
- A value of $1,205,778 (2017: $990,179) has been recorded as impairment of AFS financial assets during the year in line with the policy at Note 1(n). This amount has been recorded in the statement of profit or loss and other comprehensive income. Refer to Note 8.

Key Judgement – Receivables

The Trust assesses at each reporting date the recoverability of its receivable balances. Where evidence exists that the amount might not be recoverable, the recoverable amount to be recorded is considered.

In the 2015 financial year, based on the financial position of the Gumala Enterprises Trust ("GET"), the Trust provided fully for a debt of $3,329,302 owing from distributions from the GET. During the 2017, year the GET and the Trust finalised a repayment arrangement with $1,308,785 being forgiven, the 2015 distribution being amended from $901,929 to $28,262, and $450,000 being paid back in accordance with the agreed schedule. Due to the demonstration of capacity to repay the debt, the Trust has reversed the previously provided-for balance of $1,146,850 and the full remaining debt of $696,850 was recognised as fully recoverable. In 2018 GET met their repayment obligations and the remaining debt of $496,850 is recognised as fully recoverable.

Note 2

(a) Revenue

	30 June 2018 ($)	30 June 2017 ($)
Land use funds	9,899,732	8,948,656
TOTAL LAND USE FUNDS	**9,899,732**	**8,948,656**

The above represents land use compensation payments from Rio Tinto arising from the Yandi Land Use Agreement (YLUA).

	30 June 2018 ($)	30 June 2017 ($)
Investment Income		
Dividend and distributions	3,722,534	2,984,592
Interest income	796,775	770,318
TOTAL INVESTMENT INCOME	**4,519,309**	**3,754,910**

The above relates to the return of income from term deposits and available-for-sale financial investments. Refer to Note 8.

	30 June 2018 ($)	30 June 2017 ($)
Rental Income		
Rental income – Tom Price and South Hedland Houses	512,482	512,692
Rental income – 165 Adelaide Terrace	62,087	5,953
TOTAL RENTAL INCOME	**574,569**	**518,645**

The above relates to the receipt of gross rental income which is derived from investment properties. Refer to Note 7.

	30 June 2018 ($)	30 June 2017 ($)
GET Distribution	-	-
DECLARED DISTRIBUTION FROM GUMALA ENTERPRISES TRUST	**-**	**-**

The above represents the profit distribution declared from the Gumala Enterprises Trust for the 2018 and 2017 financial years. There was no distribution for 2018 or 2017.

(b) Employee benefits expense

	30 June 2018 ($)	30 June 2017 ($)
Wages & Salaries	563,939	1,311,745
Superannuation	53,144	123,717
Employee benefit provisions	12,755	(10,123)
TOTAL EMPLOYEE BENEFITS EXPENSE	**629,838**	**1,425,339**

The majority of employee benefit expenses in 2017 relate to employees whose duties comprised of providing services to both GAC and GIPL under a Shared Services approach implemented on 1 September 2015 and discontinued on 31 May 2017. The 'employee benefit provisions' expense accounts for the increase/(decrease) in accrued annual and long service leave entitlements for employees during this period.

	30 June 2018 ($)	30 June 2017 ($)
GIPL	629,838	586,429
Foundation Shared Services (GIPL & GAC)	-	838,910
TOTAL EMPLOYEE BENEFITS EXPENSE	**629,838**	**1,425,339**

For 2017 the GIPL employee benefits costs includes Directors' remuneration, the CEO and Acting EO salary costs for the full year in addition to the costs of all other staff for the period 1 June – 30 June 2017. The Foundation Shared Services Team performed work for both GIPL and GAC until 31 May 2017, at which point the structure was terminated.

(c) Management and administration expenses

	30 June 2018 ($)	30 June 2017 ($)
Auditors	29,852	28,726
Investment adviser fees	294,537	230,398
Legal fees	9,983	46,459
Consultant fees - Administration	9,000	58,986
Other management and administration expenses	327,624	758,582
TOTAL	**670,996**	**1,123,151**

Included above are amounts recorded as an expenses to auditors, consultants, lawyers, and investment advisers for the financial year.

	30 June 2018 ($)	30 June 2017 ($)
GIPL	670,996	580,708
Foundation Shared Services (GIPL & GAC)	-	542,443
TOTAL MANAGEMENT AND ADMINISTRATION EXPENSES	**670,996**	**1,123,151**

The Foundation Shared Services Team was created on 1 September 2015 and the costs incurred for providing support services for both GIPL and GAC are recognised from that date until 30 June 2017. In 2018 the administration teams of GAC and GIPL were separate.

(d) Manager operating cost

	30 June 2018 ($)	30 June 2017 ($)
Manager operating costs	3,591,584	2,280,819
TOTAL MANAGER OPERATING COSTS	**3,591,584**	**2,280,819**

Administration expenses, requested by and paid to the Foundation Manager, Gumala Aboriginal Corporation for the financial year.

(e) Member grant funding expenses

	30 June 2018 ($)	30 June 2017 ($)
Business Development Grants	34,238	31,862
Community Development Grants	524,078	277,075
Cultural Purposes Grants	741,819	90,489
Education & Training Grants	692,741	347,647
Health & Wellbeing Grants	619,213	76,477
Other Grant Funding	-	22,360
Unassigned Grant Funding	3,168,661	3,878,580
TOTAL MEMBER GRANT FUNDING EXPENSE	**5,780,750**	**4,724,490**

Grant funding expenses, requested by and paid to the Foundation Manager, Gumala Aboriginal Corporation for the financial year, and unassigned grant funding as at 30 June 2018.

Note 3 Cash and Cash Equivalents

	30 June 2018 ($)	30 June 2017 ($)
Current		
Cash at bank	3,952,122	5,185,677
Short-term deposits with banks	5,632,465	4,900,000
TOTAL	**9,584,587**	**10,085,677**

Cash at bank earns interest at floating rates based on daily deposit rates. Short term deposits are held with reputable financial institutions and earn interest at market rates.

Note 4 Trade and Other Receivables

	Note	30 June 2018 ($)	30 June 2017 ($)
Current			
Trade receivables		29,036	34,987
Distribution receivable from - GET	(b)	200,000	200,000
Accrued income		3,297,922	875,026
Prepayments		114,026	111,555
Franking credits receivable		842,325	585,663
TOTAL		**4,483,309**	**1,807,231**
Non-Current			
Gumala Housing Scheme loans receivable	(a)	3,609	4,335
Distribution receivable from - GET	(b)	296,850	496,850
TOTAL		**300,459**	**501,185**

Current trade receivables are non interest bearing and are generally on 30-60 day terms. A provision for impairment loss is recognised when there is objective evidence that an individual trade receivable is impaired. No impairment loss has been recognised for the financial year.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due.

Credit Risk

The Trust has no significant concentration of credit risk with respect to any single counter party or group of counter parties other than those receivables specifically provided for and mentioned within Note 4.

(a) During the 2017 year, for consistency and equitability for remaining Beneficiaries under the Gumala home ownership scheme, the Board agreed to forgive $67,321.83, being the highest amount granted to other Beneficiaries in prior years, from the balance of each of the remaining four home loans. The total forgiven was $269,287.

(b) In the 2015 financial year, based on the financial position of the Gumala Enterprises Trust ("GET"), the Trust provided fully for a debt of $3,329,302 owing from prior year profit distributions from the GET. During the 2017 year the GET and the Trust finalised a repayment arrangement, with:

(i) $1,308,785 being forgiven and written off as non-recoverable,

(ii) the 2015 distribution being amended from $901,929 to $28,262, and

(iii) a repayment plan for the balance of $1,146,850 at $50,000 per quarter, with payments to be completed in 2020. Of this balance, $450,000 was paid back in accordance with the agreed schedule during the 2017 year. Due to the demonstration of capacity to repay the debt, the Trust reversed the previously provided-for balance of $1,146,850 and the full remaining debt of $696,850 was recognised as fully recoverable.

In the 2018 year, the GET met its repayment obligations of $200,000 and the balance remaining is $496,850.

Note 5 Property, Plant and Equipment

Details of the Trust's property, plant and equipment and their carrying value are as follows:

(i) Carrying amount as at 30 June

	30 June 2018 ($)	30 June 2017 ($)
Land and buildings	140,000	210,000
Office Equipment	110,571	107,096
Accumulated Depreciation	(87,975)	(63,370)
TOTAL	**162,596**	**253,726**

(ii) Carrying amount as at 30 June

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

	Land and Buildings ($)	Office Equipment ($)	Total ($)
Balance at 1 July 2016	329,800	45,235	375,035
Additions	-	24,384	24,384
Revaluation decrease through Asset Revaluation Reserve *	(50,300)	-	(50,300)
Revaluation decrease through Impairment expense	(69,500)	-	(69,500)
Depreciation expense	-	(25,893)	(25,893)
CARRYING AMOUNT AT 30 JUNE 2017	**210,000**	**43,726**	**253,726**
Additions	-	4,952	4,952
Revaluation decrease through Impairment expense	(70,000)	-	(70,000)
Office Equipment sold	-	(1,081)	(1,081)
Depreciation expense	-	(25,001)	(25,001)
CARRYING AMOUNT AT 30 JUNE 2018	**140,000**	**22,596**	**162,596**

All depreciation charges are included within the depreciation expense in the statement of comprehensive income.

*The revaluation of the Limpet Crescent property in FY2018 has resulted in a decrease of $70,000 being expensed in the Statement of Profit or Loss. In FY2017 the revaluation of the Limpet Crescent property resulted in a decrease of $119,800 with $50,300 being taken to the Asset Revaluation Reserve (Refer to Note 11) and the balance of $69,500 being expensed in the Statement of Profit or Loss.

Note 6 Intangible Assets

Details of the Trust's intangible assets and their carrying value are as follows:

(i) Carrying amount as at 30 June

	30 June 2018 ($)	30 June 2017 ($)
Software	-	493,401
Accumulated amortisation	-	(493,401)
TOTAL	**-**	**-**

(ii) Movements in carrying amounts

Movement in the carrying amounts for each class of intangible assets between the beginning and the end of the current financial year.

	Software Costs ($)	Total ($)
Balance at 1 July 2016	101,186	101,186
Amortisation expense	(101,186)	(101,186)
CARRYING AMOUNT AT 30 JUNE 2017	**-**	**-**
Amortisation expense	-	-
CARRYING AMOUNT AT 30 JUNE 2018	**-**	**-**

All depreciation charges are included within the depreciation expense in profit or loss.

Note 7 Investment Properties

	30 June 2018 ($)	30 June 2017 ($)
Balance at beginning of the period	13,242,500	14,875,000
Fair value adjustments	(337,500)	(1,632,500)
BALANCE AT END OF THE PERIOD	**12,905,000**	**13,242,500**

During the year the investment properties held by the Foundation were formally valued to fair value. This resulted in a reduction in the current year of $337,500 (2017: $1,632,500) being recognised directly in the profit or loss as the fair values of these properties are below their carrying value.

The property appraisals were performed by external valuation organisations experienced in property valuations and who are unrelated to the GGF.

The methodology used was a comparison to similar sales in each of the regions for similar properties.

Refer to Note 16 for disclosures regarding the fair value measurement of the Trust's investment properties.

Note 8 AFS Financial Investments

	30 June 2018 ($)	30 June 2017 ($)
AFS financial assets comprise:		
Fixed interest securities, at fair value	26,306,211	23,808,085
Listed equities securities, at fair value	57,969,725	51,861,171
TOTAL AFS FINANCIAL ASSETS	**84,275,936**	**75,669,256**

Reconciliation of AFS Financial Assets:

	30 June 2018 ($)	30 June 2017 ($)
Balance at the start of the financial year	75,669,256	59,881,412
Purchases	20,184,609	21,241,576
Disposals	(15,958,298)	(6,435,874)
Revaluation increase/(decrease) through AFS Reserve	5,586,147	1,972,321
Impairment of AFS financial assets	(1,205,778)	(990,179)
BALANCE AT 30 JUNE	**84,275,936**	**75,669,256**

Available-for-sale financial assets (AFS) are stated at fair value (Note 16). The equity securities are denominated in AUD and are publicly traded and listed in Australia. The Trust holds a variety of AFS investments which generate a return based on income from those investments and changes in their market value. The growth in the values of the investments held over and above the original cost price is recognised in the Financial Assets Reserve (Note 11) until the investments are physically sold.

Note 9 Trade and Other Payables

	30 June 2018 ($)	30 June 2017 ($)
Trade payables	28,110	286,320
Unassigned Member Program Funding	12,524,932	9,356,271
Other payables and accruals	539,604	1,256,839
TOTAL	**13,092,646**	**10,899,430**

Unassigned member program funding is the balance of program funding, calculated under the Trust Deed, which is carried forward and available for future member programs. (Refer Note 2(e))

Note 10 Provisions

	Employee Benefits	
	30 June 2018 ($)	**30 June 2017 ($)**
Current		
Annual leave	38,563	27,190
TOTAL CURRENT	**38,563**	**27,190**
Non-Current		
Long Service Leave	1,962	580
TOTAL NON-CURRENT	**1,962**	**580**

Provision for employee benefits represents amounts accrued for annual leave and long service leave.

The current portion for this provision includes the total amount accrued for annual leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the Trust does not expect the full amount of annual leave balances classified as current liabilities to be settled within the next 12 months, however, these amounts must be classified as current liabilities since the Trust does not have an unconditional right to defer the settlement of these amounts in the event employees wish to use their leave entitlement.

The non-current portion includes the total amount accrued for long service leave entitlements that have not vested as at 30 June 2018 due to employees not having completed the required period of service.

Note 11 Reserves

This reserve is used to record the increases in fair value of land and buildings, and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve.

	30 June 2018 ($)	30 June 2017 ($)
Balance at 1 July	-	50,300
Revaluation of land and buildings	-	(50,300)
BALANCE AT 30 JUNE	**-**	**-**

During the 2017 financial year, an amount of $50,300 was recognised as a reduction to the asset revaluation reserve due to the revaluation of property, plant & equipment. Refer to Note 5.

Financial Assets Reserve

This reserve is used to record the increases in fair value of assets-held-for-sale, and decreases to the extent that such decreases relate to an increase in the value of that class of assets previously recognised in the reserve.

	30 June 2018 ($)	30 June 2017 ($)
Balance at 1 July	7,270,666	5,737,401
Profits realised on sale of AFS Investments	(648,694)	(439,056)
Revaluation increment of AFS Investments	5,586,147	1,972,321
BALANCE AT 30 JUNE	**12,208,119**	**7,270,666**

Note 12 Cash Flow Information

	30 June 2018 ($)	30 June 2017 ($)
RECONCILIATION OF SURPLUS/(DEFICIT)TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Surplus/(Deficit) for the year	3,008,888	1,583,567
Add (less) non-cash items:		
Depreciation	25,001	25,893
Amortisation	-	101,186
Gain on disposal of intangible assets	(160)	(275)
Forgiveness of beneficiary loans	-	269,287
Reversal of Provision for doubtful debt	-	(1,146,850)
Impairment of AFS investment	1,205,778	990,179
(Gain)/loss on sale of AFS investments	(788,223)	(434,111)
Impairment of investment properties	337,500	1,632,500
Impairment of Property, Plant & Equipment	70,000	69,500
Increases and decreases in operating assets and liabilities:		
(Increase)/decrease in trade and other receivables	(2,676,077)	4,326,402
Increase/(decrease) in provisions	12,755	(81,569)
Increase/(decrease) in trade and other payables	2,193,215	3,900,893
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,388,677**	**11,236,602**

Note: There were not any non-cash financing or investing transactions.
There are no restrictions on cash held.

Note 13 Auditor's Remuneration

	30 June 2018 ($)	30 June 2017 ($)
Fees paid or payable to the auditor, Bentleys, for:		
Auditing the financial report	28,000	28,000
Fees paid or payable to the auditor, Grant Thornton Audit Pty Ltd, for:		
- Auditing the financial report	-	-
- Additional fees in respect to prior year audits	-	1,400
TOTAL	**28,000**	**29,400**

These fees relate to the audit of the financial statements of GIPL.

Note 14 Related Party Transactions

Related Parties

The Trust's main related parties are as follows:

a. Key management personnel

The Directors of Gumala Investments Pty Ltd, being the trustee company of the General Gumala Foundation Trust, have the authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, and are considered key management personnel of the trust. Directors during the year are listed on Page 2 in the Directors' Report. Other key management personnel (other than Directors) are detailed on Page 9 of the Directors' Report.

The totals of remuneration paid to key management personnel (KMP) of the Trust during the year are as follows:

	30 June 2018 ($)	30 June 2017 ($)
Short-term employee benefits	450,530	947,676
Post-employment benefits *	42,370	86,279
TOTAL	**492,900**	**1,033,955**

* Post-employment benefits comprise contributions paid to defined contribution superannuation plans on behalf of the KMP.

b. Other Gumala entities

The Statement of Profit or Loss and Other Comprehensive Income for the General Gumala Foundation includes the following expenses arising from transactions with related entities:

	30 June 2018 ($)	30 June 2017 ($)
Gumala Aboriginal Corporation (GAC)		
Expenses from provision of funding and acquisition of services from GAC	6,316,835	3,426,031
Recovery of expenses from GAC	111,040	15,077
Gumala Enterprises Trust (GET)		
Reversal of Doubtful Debt Provision	-	1,146,850

The Balance Sheet for the General Gumala Foundation includes the following assets and liabilities arising from transactions with related entities.

	30 June 2018 ($)	30 June 2017 ($)
Gumala Aboriginal Corporation (GAC)		
Accounts Receivable (Current)	-	13,311
Accounts Payable	-	272,774
Other Payable	489,668	1,137,335
Gumala Enterprises Trust (GET)		
Accounts Receivable (Current)	200,000	200,000
Accounts Receivable (Non-Current)	296,850	496,850

c. Other related parties

Other related parties include close family members of KMP, and entities that are controlled or jointly controlled by those KMP or their close family members, individually or collectively with family members or KMP.

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

The following transactions occurred with related parties:
Mr Gavin MacLean, a current Director of GIPL, was the recipient of a loan under the Gumala Home Ownership Scheme (GHOS) program offered to Beneficiaries in 2008 and 2009. Under that program Beneficiaries were able to apply for assistance to purchase their own home through the provision of an interest-free loan to supplement borrowing from their primary lender. Applicants could apply for loan assistance up to $100,000 with a 30-year repayment schedule, secured with a caveat against the property.

In 2010 the program was redesigned so that the assistance to buy a home was provided by non-repayable grants. In line with this a number of the original GHOS loans were partially converted to a grant and the balance of debt was reduced accordingly. In February 2017 the GIPL Board reviewed the four remaining and outstanding GHOS loans granted and, for consistency and equitable purposes, resolved to apply a similar conversion to grants with balances reduced by $67,321.83 for each of those loans. Mr MacLean received the benefit of $67,321.83 against his loan and repaid the balance to finalise his loan. As at 30 June 2017 his loan balance was nil and remained so for 30 June 2018.

Note 15 Financial Risk Management

Risk management objectives and policies

The Trust is exposed to various risks in relation to financial instruments. The Trust's financial instruments consist mainly of deposits with banks, equity securities, accounts receivable and payable, and loans.

The risk management is monitored by the Board of Directors in consultation with the investment advisors and focuses on actively securing the Trust's short to medium-term cash flows by minimising the exposure to financial markets. Long-term financial investments are managed to generate lasting returns.

Given the investment nature of the Trust's operations, the Directors of the trustee company do not consider that the trust is exposed to any significant financial risks. Notwithstanding this, the trustee monitors the trust's financial position and liquidity on a monthly basis.

The main risks that the Trust is exposed to are credit risk, liquidity risk and market risk relating to interest rate risk and other price risk. There have been no substantive changes in the types of risks the Trust is exposed to, how these risks arise, or the trustee's objectives, policies and processes for managing or measuring the risks from the previous period.

The Trust does not actively engage in the trading of financial assets for speculative purposes and does not use any form of derivatives as it is not at a level of exposure that requires the use of derivatives to hedge its exposure. The most significant financial risks to which the Group is exposed are described below.

Classes of financial assets	Note	30 June 2018 ($)	30 June 2017 ($)
CARRYING AMOUNTS:			
Cash and cash equivalents	3	9,584,587	10,085,677
Trade and other receivables	4	4,483,309	1,807,231
Available-for-sale financial investments	8	84,275,936	75,669,256
TOTAL		**98,343,832**	**87,362,164**

The credit risk for cash and cash equivalents and term deposits is considered negligible since the counterparties are reputable banks with high quality external credit ratings. The carrying amounts disclosed above are the Trust's maximum possible credit risk exposure in relation to these instruments.

Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

The Trust is exposed to two sources of market price risk in fluctuations in interest rates applicable to its financial cash at bank and term deposits assets and fluctuations in the market value of its available-for sale investment assets. The Trust has taken steps to increase its exposure to intermediate-risk assets through the investment with NWQ Investments.

The Trust is reviewing the appointment of a consolidated investment manager with proposed risk benefits resulting from better co-ordination of investments across the various asset classes.

(i) Interest rate risk

The Trust is exposed to interest rate risk, which is the risk that a financial instrument's fair value and future cash flow will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The company does not use derivatives to mitigate these exposures.

The Trust adopts a policy of ensuring that as far as possible it maintains excess cash and cash equivalents on term deposits at interest rates maturing from three to six month rolling periods.

The financial instruments that expose the Trust to interest rate risk are limited to cash and cash equivalents (see Note 3).

(ii) Other price risk

Other price risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) of available-for-sale (AFS) securities held.

The available-for-sale securities are publically listed and tradeable on the Australian Stock Exchange.

The Trust is exposed to securities price risk on investments held for medium-to-longer terms. Such risk is managed through diversification of investments across industries and geographic locations. The Board has approved risk and return parameters for investments in AFS investments and receives timely reports from its investment advisors on the performance of the respective investment portfolios.

At the reporting date the market value of AFS investments was:

	30 June 2018 ($)	30 June 2017 ($)
Available-for-sale financial assets comprise:		
Fixed interest securities, at fair value	26,306,211	23,808,085
Listed equities securities, at fair value:	57,969,725	51,861,171
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	**84,275,936**	**75,669,256**

The listed securities are classified as available-for-sale, therefore an effect on profit and loss would have occurred if values decreased below cost or if the assets were sold, however, if values increased above cost the gains would be recognised in the Financial Assets Reserve until the assets were sold. There were impairment losses of $1,205,778 recognised at reporting date 30 June 2018 (2017: losses of $990,179).

Sensitivity Analysis

The following table illustrates sensitivities to the Trust's exposures to changes in interest rates and equity prices of AFS investments. The table indicates the impact on how profit and equity values reported at the end of the reporting period would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

	Profit ($)	Trust Funds ($)
YEAR ENDED 30 JUNE 2018		
+/– 1% in interest rates	39,521	39,521
+/– 10% in equity prices	5,796,972	5,796,972
YEAR ENDED 30 JUNE 2017		
+/– 1% in interest rates	51,857	51,857
+/– 10% in equity prices	5,186,117	5,186,117
YEAR ENDED 30 JUNE 2016		
+/– 1% in interest rates	53,175	53,175
+/– 10% in equity prices	4,216,145	4,216,145

These sensitivities assume that the movement in a particular variable is independent of other variables.

The columns for Profit and Equity reflect the same amount due to any increase or decrease in interest rates or investment equity prices impacting the operating surplus and flowing through equally to the Trust Funds.

Liquidity Risk

Liquidity risk arises from the possibility that the Trust might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Trust manages liquidity risk by monitoring cash flows and ensuring that adequate cash funds are maintained and available to meet its liquidity requirements for 30 day periods at a minimum.

The Trust considers expected cash flows from financial assets in assessing and managing liquidity risk, particularly its cash resources. The Trust's existing cash resources (see Note 3) exceed the current cash outflow requirements.

As at 30 June 2018, the table below reflects an undiscounted contractual maturity analysis for non-derivative financial liabilities. The Trust does not directly hold any derivative financial liabilities.

Financial liability analysis

	Current			Non-current	
	Carrying Amount ($)	**Within 6 months ($)**	**6 to 12 months ($)**	**1 to 2 years ($)**	**More than 2 years ($)**
30 June 2018					
Trade and other payables	28,110	28,110	-	-	-
TOTAL FINANCIAL LIABILITIES	**28,110**	**28,110**	**-**	**-**	**-**
30 June 2017					
Trade and other payables	286,320	286,320	-	-	-
TOTAL FINANCIAL LIABILITIES	**286,320**	**286,320**	**-**	**-**	**-**

Note 16 Fair Value Measurements

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 Financial Instruments - Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

(c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair values of assets and liabilities that are not traded in an active market are determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

The following tables provide the fair values of the Trust's assets and liabilities measured and recognised on a recurring basis after initial recognition and their categorisation within the fair value hierarchy:

	Note	Level 1 ($)	Level 2 ($)	Level 3 ($)	Total ($)
30 June 2018					
Financial assets					
Available-for-sale financial investments	8	84,275,936	-	-	84,275,936
NET FAIR VALUE		**84,275,936**	**-**	**-**	**84,275,936**
Non-financial assets					
Investment properties	7	-	12,905,000	-	12,905,000
Property, plant and equipment - buildings	5	-	140,000	-	140,000
NET FAIR VALUE		**-**	**13,045,000**	**-**	**13,045,000**
30 June 2017					
Financial assets					
Available-for-sale financial investments	8	75,669,256	-	-	75,669,256
NET FAIR VALUE		**75,669,256**	**-**	**-**	**75,669,256**
Non-financial assets					
Investment properties	7	-	13,242,500	-	13,242,500
Property, plant and equipment - Buildings	5	-	210,000	-	210,000
NET FAIR VALUE		**-**	**13,452,500**	**-**	**13,452,500**

Valuation techniques

The Trust selects a valuation technique that is appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the Trust are consistent with one or more of the following valuation approaches:

Market approach: valuation techniques that use prices and other relevant information generated by market transactions for identical or similar assets or liabilities.

Income approach: valuation techniques that convert estimated future cash flows or income and expenses into a single discounted present value.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Trust gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

The fair value of the investment property assets is determined based on appraisals performed by independent, professionally qualified property valuers at least every three years. At the end of each intervening period, the Directors review the independent valuation and, when appropriate, update the fair value measurement to reflect current market conditions using a range of valuation techniques, including recent observable market data and discounted cash flow methodologies. The fair values of all investment property holdings were valued by third parties and their values adjusted accordingly for 30 June 2018.

Note 17 Contingent Assets and Contingent Liabilities

The Gumala Foundation is a beneficiary of the Gumala Enterprises Trust ("GET") and may be entitled to a distribution of profits for the year ended 30 June 2018.

Note 18 Events after the End of the Reporting Period

In July 2018 the Foundation commenced the process of conducting the five-yearly Review with the appointment of consultants to undertake the review.

Note 19 Trust Details

The Trust is known as The General Gumala Foundation. The trustee of the General Gumala Foundation is Gumala Investments Pty Ltd (ACN 077 593 581).

The registered office of the trustee and the principal place of business of the General Gumala Foundation is:

Level 2, 165 Adelaide Terrace
East Perth WA 6004

As at 30 June 2018, Gumala Investments Pty Ltd had three employees and six Directors. The principal activities of the General Gumala Foundation are the funding of benefits to members and investment of trust funds as directed by the Trust Deed.

DIRECTORS' DECLARATION OF THE TRUSTEE COMPANY

In accordance with a resolution of the Directors of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation Trust, the Directors of the Trustee Company declare that:

(a) the financial statement and notes, as set out on page 23 to 47 present fairly the Trust's financial position as at 30 June 2018 and its performance for the year ended on that date in accordance with Australian Accounting Standards; and

(b) in the Directors' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors made pursuant to s295(5) of the Corporations Act 2001:

Director: ______________________

Chairperson – Brendon Grylls for and on behalf of the Board of Gumala Investments Pty Ltd
Dated this 15th day of August 2018

INDEPENDENT AUDITOR'S REPORT

Bentleys
THINKING AHEAD

Independent Auditor's Report

To the Members of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation

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Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation ("the Company"), which comprises the statement of financial position as at 30 June 2018, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion:

a. the accompanying financial report of the Company is in accordance with the *Corporations Act 2001* and the *Australian Charities and Not-for-profits Commission ("ACNC") Act 2012*, including:

   (i) giving a true and fair view of the Company's financial position as at 30 June 2018 and of its financial performance for the year then ended; and

   (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001* and the *ACNC Regulations 2013*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001;* the *Australian Charities and Not-for-profits Commission ("ACNC") Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Members of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation *(Continued)*

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 30 June 2018, but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; the *Australian Charities and Not-for-profits Commission ("ACNC") Act 2012* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Report

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

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

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the Members of Gumala Investments Pty Ltd as Trustee for the General Gumala Foundation *(Continued)*

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

Bentleys

BENTLEYS
Chartered Accountants

CHRIS NICOLOFF CA
Partner

Dated at Perth this 15th day of August 2018

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