



EUMUNDI GROUP

ASX RELEASE

Eumundi Group announces net profit after tax of \$2.298 million for FY2015 Fully franked final dividend of 0.3 cents per share

Eumundi Group Limited (the "Group"), the Queensland hotel and investment property company, is pleased to report a profit after tax of \$2,298,000 for the year ended 30 June 2015. This represents earnings per share of 0.7 cents.

Excluding a net gain on fair value adjustment of investment properties of \$925,000 after tax, the Group's net profit after tax was \$1,373,000 compared with \$1,465,000 in the previous corresponding period.

The Board is pleased with the strong underlying performance of the Group's operations given the significant developments that occurred during the period. The result was achieved despite the extensive disruption to the business from the major refurbishment of the Aspley Central Tavern and the sale of the Bribie Harbour Shopping Village during the second half.

These factors were reflected in the 5% decline in total revenue for the year to \$22,444,000 compared with \$23,617,000 last year.

Year ended 30 June (\$'000)	2015	2014	Change
Total revenue	22,444	23,617	-5%
Reported profit after tax	2,298	3,166	-27%
Net gain on fair value adjustment of investment property	<u>925</u>	<u>1,701</u>	
Profit after tax excluding fair value adjustment	1,373	1,465	-6%

Highlights for the year

The 2015 financial year was a period of major achievement for the Group with the following highlights:

- The sale of Bribie Harbour Shopping Village for \$13,150,000 was completed in February 2015. The Bribie property was considered by the Board to be non-core and the divestment enabled the Group to strengthen its balance sheet, undertake capital management initiatives and focus on its prime property/hotel assets which have development upside. It should also be noted that the sale transaction costs of \$172,000 were expensed in the full year result.
- The major refurbishment of the Aspley Central Tavern commenced in March 2015 and was completed in late August 2015. The construction works required the closure of the venue's kitchen facilities and significantly constrained the operation of the business. These works have transformed a once tired, older style hotel with unusable floor space into an attractive, vibrant venue with a modern TAB and gaming lounge, increased internal and external dining capacity and function capability and improved service efficiency. The Board is very encouraged by the early trading results from this revitalised asset.

- The Group's leasing strategy at Aspley Shopping Centre and Aspley Arcade Shopping Village resulted in increased leasing income at these centres and a reduction in the overall rate of vacancies from around 9% to 6% at year end.
- The Ashmore Tavern made an increased contribution due to improved gaming revues and higher margins, despite a reduction in retail and commercial sales reflecting the very competitive trading environment on the Gold Coast.

The Group continued to generate excellent cash flow from operations during the year of \$2,674,000 which was unchanged from last year.

Improved financial position

The Group dramatically improved its financial position during the year:

- The Group's strong operating cash flows and the Bribie property sale enabled the Group to reduce bank debt significantly, while at the same time funding the capital works at the Aspley Central Tavern (approximately \$850,000 in total, most of which had been paid as at 30 June 2015).
- The Group's net debt was reduced by \$14,693,000 to \$8,230,000 at balance date, compared with \$22,923,000 at 30 June 2014.
- Net assets increased by \$2,644,000 to \$28,626,000 representing equity of 8.7 cents per share. Net tangible asset backing per share was also 8.7 cents at 30 June 2015.
- The Group's gearing ratio (net debt to total equity) declined from 88% to only 29% at 30 June 2015.

Overall, the Group's financial position is now the strongest in its history. This provides the scope for further development of the Group's hotel and property assets, continued capital management initiatives that will add shareholder value and acquisition investment opportunities with an emphasis on complementary hotel businesses.

Final dividend

The Board is pleased to declare a final fully franked dividend of 0.3 cents per share with a Record Date of 12 October 2015, to be paid to shareholders on 19 October 2015. The final dividend brings total fully franked dividends for the 2015 financial year to 0.5 cents per share (2014: 0.5 cents per share).

The Eumundi Group Limited Dividend Reinvestment Plan ("DRP") will apply to the final dividend with a DRP price cap of 6.6 cents per share. Shareholders who have not previously elected to participate in the DRP or wish to vary existing DRP participation should update their details online at www.investorcentre.com or by calling Computershare Investor Services on 1300 850 505 to obtain a DRP Election / Variation Form. The form must be received by the share registry on or before 5pm on Wednesday, 14 October 2015.

Outlook

The Group's strategy is firmly focussed on the further development of its quality property and hotel operations. It is superbly placed to improve the performance of these businesses in the current year and to take advantage of any expansion opportunities as they arise. The Board looks forward to updating shareholders of the Group's continued progress during the year.



Suzanne Jacobi-Lee
Chief Executive Officer