



EUMUNDI GROUP

ASX RELEASE

Eumundi Group announces net profit after tax of \$1.976 million for FY2016 Fully franked final dividend of 0.33 cents per share, up 10%

Eumundi Group Limited (the “Group”), the Queensland hotel and investment property company, is pleased to report a profit after tax of \$1,976,000 for the year ended 30 June 2016. This represents earnings per share of 0.58 cents.

The Group’s net profit after tax increased by 1% to \$1,382,000 compared with \$1,373,000 in the previous corresponding period, excluding a net gain on fair value adjustment of investment properties of \$594,000 after tax (prior year gain of \$925,000 after tax).

The Board is pleased with the strong underlying performance of the Group’s operations in a year which targeted long term growth initiatives. The most significant developments during the period were the major refurbishments of the Aspley Central Tavern and the Ashmore Tavern liquor barn. Overall, the business performed very well in the context of these operational disruptions and the Group is well position for future growth.

Total revenue for the year increased 3% to \$23,139,000 compared with \$22,444,000 last year.

Year ended 30 June (\$'000)	2016	2015	Change
Total revenue	23,139	22,444	3%
Reported profit after tax	1,976	2,298	-14%
Net gain on fair value adjustment of investment property	<u>594</u>	<u>925</u>	
Profit after tax excluding fair value adjustment	1,383	1,373	1%
Dividends (cents per share, fully franked)			
- Interim	0.22	0.2	
- Final	<u>0.33</u>	<u>0.3</u>	
Total dividends	0.55	0.5	10%

Highlights for the year

The 2016 financial year was marked by the successful completion of the major capital works projects at Aspley and Ashmore, together with other highlights as follows:

- The major refurbishment of the Aspley Central Tavern completed in late August 2015 having commenced in March 2015. The premises are substantially improved and as a result EBITDA (before internal rent) from the venue increased by more than 40% over the prior year and continues to strengthen. The growth in gaming revenues in particular were a highlight of the performance.

- Upgrades to the Group's retail liquor premises, including the main Ashmore Tavern liquor barn refurbishment, commenced in February 2016 and were completed during the second half of the financial year. While retail and commercial liquor sales continue to suffer as a result of the very competitive trading environment on the Gold Coast, the Group's premises are now well presented and in a position to meet these challenges. Total EBITDA from the Ashmore Tavern strengthened by approximately 13% due to significantly above market growth in gaming and improvements in other on-premise revenue streams.
- The Aspley Shopping Centre and Aspley Arcade Shopping Village remained well tenanted during the year. The general improvement in shopping centre values was reflected in the net gain on fair value adjustment of \$594,000 after tax for Aspley Arcade Shopping Village which was included in the Group's reported profit as other income.
- Other comprehensive income included a revaluation increment of \$1,532,000 net of tax, mainly in relation to the Ashmore Tavern land and buildings.

The Group continued to generate excellent cash flow from operations during the year of \$2,534,000. The slight reduction from the prior year is largely as a result of the sale of the Bribie Harbour investment property in February 2015.

Improved financial position

The Group continued to improve its already strong financial position during the year:

- The Group's ongoing strong operating cash flows enabled bank debt to be further reduced, while at the same time funding capital investment at the Aspley Central Tavern and Ashmore Tavern (approximately \$1,300,000 during the year).
- The Group's net debt was reduced by \$1,008,000 to \$7,222,000 at balance date, compared with \$8,230,000 at 30 June 2015.
- Commercial debt facilities were renegotiated with the Group's banker on favourable terms for a three year period, with surplus debt facilities relinquished to minimise ongoing costs.
- Net assets increased by \$3,309,000 to \$31,935,000 representing equity of 9.0 cents per share. Net tangible asset backing per share was 8.9 cents at 30 June 2016, from 8.5 cents per share last year.
- The Group's gearing ratio (net debt to total equity) declined further from 29% to 23% at 30 June 2016.

The benefits of the Group's strong financial position are evident from the achievements of the past year, with the Group having completed major capital improvements to its operations while at the same time further reducing debt and increasing dividends to shareholders. This provides the scope for further initiatives to enhance shareholder value in the future.

Final dividend and DRP

The Board is pleased to declare a final fully franked dividend of 0.33 cents per share (2015: 0.3 cents per share) with a Record Date of 7 October 2016, to be paid to shareholders on 14 October 2016. The final dividend brings total fully franked dividends for the 2016 financial year to 0.55 cents per share (2015: 0.5 cents per share), representing a 10% increase in total dividends.

The Eumundi Group Limited Dividend Reinvestment Plan ("**DRP**") will apply to the final dividend with a DRP price cap of 8.9 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, 12 October 2016.

The Directors advise that as a result of the recent transition by ASX to a T+2 settlement cycle, the Rules of the DRP have been varied to amend the last date for the receipt of DRP election notices from “two” Business Days to “three” Business Days after the Record Date. This change will maintain the present alignment of the DRP pricing period with the last date for receipt of DRP election notices. The change is effectively immediately and will therefore apply to the 2016 final dividend and any future operation of the DRP.

Small shareholdings

The Group successfully completed its Unmarketable Parcel Sale or Top-Up Facility and Share Sale Facility programmes in May 2016. These initiatives provided flexibility to shareholders with small shareholdings and lowered the ongoing administrative costs to the Group by significantly reducing the number of unmarketable parcels.

Outlook

The Group's strategy remains focused on the continued development of its quality property and hotel operations. The significant upgrade of the Group's hotel operations should be reflected in an improved performance from these businesses in the current year. In terms of the Group's shopping centres, capital improvement works are being investigated to improve leasing outcomes, particularly having regard to the long term development opportunities at the Aspley site.

The Board looks forward to updating shareholders of the Group's continued progress during the year.



Suzanne Jacobi-Lee
Chief Executive Officer