



EUMUNDI GROUP

19 October 2010

The Manager
Company Announcements Office
Australian Securities Exchange
Riverside Centre, Level 5
123 Eagle Street
BRISBANE QLD 4000

Dear Sir/Madam

Rights Issue Notice under Section 708AA of the Corporations Act 2001 (Cth)

On 7 October 2010 Eumundi Group Limited ACN 010 947 476 (**Eumundi**) announced to the market that a non-renounceable rights issue of approximately 70,974,845 fully paid ordinary shares (**New Shares**) would be offered to all shareholders recorded on the Share Register at 7.00pm (Brisbane Time) on 15 October 2010 (**Record Date**) at an issue price of 3.5 cents per New Share to raise approximately \$2,484,120 (**Rights Issue**). The New Shares will be offered on the basis of one New Share for every one existing share held.

The Rights Issue is fully underwritten by Taylor Collison Limited, with entities associated with Joseph Ganim and Gilbert De Deluca (directors of the Company) participating as partial sub-underwriters.

Eumundi confirmed, in the announcement on 7 October 2010, that the Rights Issue is being made without a disclosure document, pursuant to section 708AA of the *Corporations Act 2001 (Cth)* (**Corporations Act**).

Pursuant to section 708AA(7) of the *Corporations Act*, Eumundi provides notice of the following:

1. Eumundi will offer the New Shares for issue without disclosure to investors under Part 6D.2 of the *Corporations Act*.
2. Eumundi is providing this notice under section 708AA(2)(f) of the *Corporations Act*.
3. As at the date of this notice, Eumundi has complied with:
 - (a) the provisions of Chapter 2M of the *Corporations Act* as they apply to Eumundi; and
 - (b) section 674 of the *Corporations Act*.

4. As at the date of this notice there is no information, other than as set out below:
 - (a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - (b) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (1) the assets and liabilities, financial position and performance, profits and losses and prospects of Eumundi; or
 - (2) the rights and liabilities attaching to the New Shares.

5. The following information is excluded information for the purposes of sections 708AA(8) and (9):

The Company has previously and is currently considering the potential sale of PJA. The Company has previously participated in discussions with third parties regarding this potential sale and is currently in discussions with a party in this regard. However, as at the date of this notice no binding agreement or understanding has been reached with any third party with respect to the sale of all or part of PJA. Whilst there is currently a third party interested in acquiring PJA, no binding arrangements have as yet been reached and there is no guarantee that any transaction with respect to the sale of PJA (or any part of PJA) will proceed. The Company will continue to keep the market up to date with respect to progress of the possible sale of PJA in accordance with its obligations under the Corporations Act and the Listing Rules.

The Company received a highly conditional, confidential, non binding, preliminary, indicative proposal from a third party on 10 September 2010 to acquire 100% of the Company's share capital at below the asset value of the Company's shares, but above the offer price under the Rights Issue. The Company has now received formal confirmation from the third party that it will not be proceeding with that proposal. However, the Company remains in discussions with that third party and will continue to keep the market up to date in accordance with its obligations under the Corporations Act and the ASX Listing Rules. Notwithstanding these discussions, there is no guarantee that any proposal or offer will be made by any third party to acquire all or part of the Company's share capital.

The Company continues to monitor, and seeks to identify, opportunities with respect to its assets which may enhance Shareholder value. In this regard, the Company from time to time receives enquiries and engages in discussions with third parties regarding its portfolio of assets and will continue to do so and will keep the market up to date with respect to such enquiries or discussions in accordance with its obligations under the Corporations Act and the Listing Rules.

6. The following sets out the potential effect the issue of new shares under the Rights Issue will have on the control of the Company and the consequences of that effect:
 - (a) If all shareholders take up their entitlement under the Rights Issue, the Rights Issue will have no effect on the control of Eumundi.
 - (b) However, the proportional shareholdings of shareholders who are not residents in Australia or New Zealand may be diluted as those shareholders are not entitled to participate in the Rights Issue.
 - (c) Additionally, if an eligible shareholder does not take up their entitlement in full there may be a dilutionary effect on that shareholder's proportionate shareholdings.

- (d) The Rights Issue is fully underwritten by Taylor Collison Limited, with entities associated with Joseph Ganim and Gilbert De Deluca (directors of the Company) sub-underwriting a total of 47,316,563 shares under the Rights Issue (representing a sub-underwriting amount of \$1,656,080).
- (e) Joseph Ganim and his associated entities currently hold 14,893,935 shares representing 20.98% of the Company's current issued share capital. In the event that no shareholders take up their entitlements under the Rights Issue and the underwriter and each sub-underwriter is required to subscribe for the maximum underwritten and sub-underwritten amounts, the maximum number of shares that may be held by Joseph Ganim and his associated entities on completion of the Rights Issue is 44,213,642 (representing 31.15% of the Company's issued share capital).
- (f) Gilbert De Luca and his associated entities currently hold 8,377,011 shares representing 11.80% of the Company's current issued share capital. In the event that no shareholders take up their entitlements under the Rights Issue and the underwriter and each sub-underwriter is required to subscribe for the maximum underwritten and sub-underwritten amounts, the maximum number of shares that may be held by Gilbert De Luca and his associated entities on completion of the Rights Issue is 25,234,929 (representing 17.78% of the Company's issued share capital).
- (g) In the event of a shortfall, the directors of Eumundi reserve the right to place the shortfall at their sole discretion, subject to the terms of the underwriting agreement between the Company and Taylor Collison Limited.

Further information

Under the Rights Issue approximately 70,974,845 New Shares will be issued for 3.5 cents each.

Upon completion of the Rights Issue, the issued capital of Eumundi will comprise approximately 141,949,690 shares.

On 7 October 2010 the Company lodged with the ASX an Appendix 3B applying for quotation of the New Shares.

There will be no deferred settlement trading in respect of the New Shares to be issued pursuant to the Rights Issue. Trading in the New Shares is expected to commence on 23 November 2010, the first business day following dispatch of the holding statements for the New Shares.

Eumundi will dispatch the offer documentation in respect of the Rights Issue to all eligible shareholders within 24 hours of this announcement.

Yours faithfully



Mr Joseph Ganim
Chairman
Eumundi Group Limited