



EUMUNDI GROUP

ASX RELEASE

Eumundi Group announces net profit after tax of \$1.69 million for the half-year

Eumundi Group Limited (the "Group"), the Queensland hotel and investment property company, is pleased to report a profit after tax of \$1,691,000 for the half-year ended 31 December 2014. This represents earnings per share of 0.54 cents.

The result was achieved on revenue growth of 1.3% to \$12,123,000. Cash flow from operations of \$1,368,000 was used to reduce borrowings by \$1,200,000 during the half-year.

Excluding fair value gain on revaluation of investment properties, the reported net profit after tax increased by 1.7% to \$789,000 compared with \$776,000 in the previous corresponding period.

Net assets increased by \$1,918,000 to \$27,900,000 representing equity of 8.8 cents per share (NTA 8.7 cents per share). The result included fair value gain on revaluation of investment properties (\$902,000 net of tax) and on hotel land and building assets (\$227,000 net of tax).

The sale of Bribie Harbour Shopping Village in December 2014 for \$13,150,000 settled on 10 February 2015. This sale enabled the Group to reduce borrowings to only \$9,550,000 and gearing (debt to equity) to below 35%. Sale costs of \$140,000 were fully expensed in the December 2014 half-year result.

The Bribie property was considered by the Board to be a non-core, passive asset which had limited future opportunity. As a result of the divestment, the Group has greater capacity to invest in its core property/hotel assets which have development upside and increased capital management flexibility.

The priority for the second half of FY2015 is to continue enhancing the income potential of the Group's quality hotel and property portfolio by:

- securing long term lease income stream for the Aspley Shopping Centre and Aspley Arcade Shopping Village investment properties; and
- implementing revenue growth and cost control initiatives in the Ashmore Tavern and Publovers Aspley Tavern hotel operations.

A refurbishment of the Publovers Aspley Tavern is anticipated to take place during the next six months, and the Group is confident this will deliver improved operational performance.

The Group will benefit from substantially lower financing costs in the second half of FY 2015 due to significantly lower debt levels and as a result of renegotiation of facility fees. Undrawn borrowing capacity of \$6,450,000 is available for asset acquisition or other opportunities that may arise.

As recently announced on 6 February 2015, the Group declared a fully franked dividend of 0.2 cents per share which will be paid on 27 March 2015. The dividend reinvestment plan will apply to the dividend and has been fully underwritten to preserve the Group's cash reserves.

Suzanne Jacobi-Lee
Chief Executive Officer