



**Eureka Group Holdings Ltd**

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For immediate release to the market

Eureka Group Holdings Limited

ASX Code EGH

27 February 2015

#### **Appendix 4D and Half-Year Financial Report**

Eureka Group Holdings Limited ("Eureka") is pleased to submit its Appendix 4D and Half Year Financial Report for period ended 31 December 2014. Some of Eureka's key highlights are summarised below and are more fully detailed in the attached Half Year Financial Report:

- Net profit after tax for the six months ended 31 December 2014 was up 80% to \$0.72 million.
- Earnings before interest, tax, depreciation and amortisation (EBITDA) for six months ended 31 December 2014 was up 56% to \$1.22 million.
- Total assets at 31 December 2014 were up 89% to \$29.72 million.
- Eureka's new village ownership strategy is proving successful and will see Eureka owning six villages by the end of March 2015 (Cairns, Bundaberg, Elizabeth Vale, Elizabeth Vale 2, Mackay and Whyalla).
- The company anticipates that the new freehold seniors rental villages contracted over the past 12 months will add between \$3.08 million to \$3.40 million in EBITDA on an annualised basis.
- Eureka has at the date of this report 1,337 units under management. Eureka will own 374 units and manage 1,397 units by the end of March 2015 following the acquisition of Elizabeth Vale 2 and Tivoli Gardens management right.
- Management Right average tenure now 10.5 years (30 June 2014: 9.3 years).
- Average occupancy as at the date of this report greater than 91%.
- Eureka has materially strengthened its balance sheet.
- Eureka experienced strong investor support during the period.

For further information contact Robin Levison (Chairman) on 07 5568 0205.

**Appendix 4D**  
**Half Year Report**  
**For the period ended**  
**31 December 2014**

**Results for announcement to the market**

|                                      |
|--------------------------------------|
| <b>Eureka Group Holdings Limited</b> |
|--------------------------------------|

|                     |                                                   |
|---------------------|---------------------------------------------------|
| ABN: 15 097 241 159 | Previous corresponding period<br>31 December 2013 |
|---------------------|---------------------------------------------------|

**Results for announcement to the market**

|                                                                   |    |     |    | \$A'000 |
|-------------------------------------------------------------------|----|-----|----|---------|
| Revenue from ordinary activities                                  | Up | 8%  | to | \$5,411 |
| Earnings Before Interest Tax Depreciation and Amortisation        | Up | 56% | to | \$1,218 |
| Profit from ordinary activities after tax attributable to members | Up | 80% | to | \$724   |
| Net Profit for the period attributable to members                 | Up | 80% | to | \$724   |

|                                                           | Current Period | Prior Period |
|-----------------------------------------------------------|----------------|--------------|
| <b>Interim dividends</b>                                  |                |              |
| Ordinary dividend per share                               | Nil            | Nil          |
| Franked dividend                                          | Nil            | Nil          |
| Total dividend distribution                               | Nil            | Nil          |
| Record date for determining entitlements to the dividends | N/A            | N/A          |
| Dividend reinvestment plan                                | N/A            | N/A          |

|                                                           | Current Period | Prior Period |
|-----------------------------------------------------------|----------------|--------------|
| <b>Net tangible asset per security</b>                    |                |              |
| Net tangible assets backing per ordinary security – cents | 7.23           | (1.74)       |

**Details of Entities Over Which Control Has Been Gained or Lost**

*Control gained over entities*

|                                                                                                                                                               |                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Name of entity (or group of entities)                                                                                                                         | Easy Living Unit Trust<br>Easy Living (Bundaberg) Unit Trust |
| Date control gained                                                                                                                                           | 1 October 2014                                               |
|                                                                                                                                                               | <b>Current period<br/>\$'000</b>                             |
| Contribution of the controlled entity (or group of entities) to profit after tax from ordinary activities during the period, from the date of gaining control | \$193                                                        |

**Details of Associates or Joint Venture Entities**

|                                                               |     |
|---------------------------------------------------------------|-----|
| Name of Associates or Joint Venture Entities                  | N/A |
| Percentage of holding in Associates or Joint Venture Entities | N/A |

**Foreign Entities Accounting**

|                                                                                                                                |     |
|--------------------------------------------------------------------------------------------------------------------------------|-----|
| For Foreign Entities provide details of which accounting standards have been adopted (e.g. International Accounting Standards) | N/A |
|--------------------------------------------------------------------------------------------------------------------------------|-----|

**Attachments forming part of Appendix 4D**

|   |                                     |
|---|-------------------------------------|
| 1 | Chairman's Review Interim Report    |
| 2 | Half Year Financial Report          |
| 3 | Independent Auditor's Review Report |

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**Compliance statement**

1. This report has been prepared in accordance with AASB Standards, other AASB authoritative pronouncements and Urgent issues Group Consensus Views or other standards acceptable to ASX.

No other standards have been used.

2. This report, and the accounts upon which the report is based (if separate), use the same accounting policies.
3. This report does give a true and fair view of the matters disclosed.
4. This statement is based on accounts which have been subject to review.
5. The entity has a formally constituted audit committee.



**Robin Levison**  
Chairman

Dated in Brisbane this 27th day of February, 2015



## EGH – CHAIRMAN’S REVIEW INTERIM REPORT

### Results Overview

Reaping the rewards of a more expansive growth strategy, national seniors rental village provider Eureka Group Holdings (“Eureka”) has made a strong start to FY2015, achieving a record interim net profit after tax of \$724,000 for the six months to 31 December 2014, an 80% increase over the prior corresponding period (2013: \$402,000) and first half Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$1,218,000, an increase of 56% over the prior corresponding period (2013: \$782,000).

With Eureka’s expanding portfolio of aged rental accommodation running at over 91% occupancy and the beginnings of services uptake across the portfolio in the six months to 31 December 2014, group revenue increased by 8% to \$5,411,000 over the prior corresponding period (2013: \$5,014,000). This increase in revenue is net of the disposal of some revenue generating but low yielding management rights which took place primarily in the second half of FY 2014.

### Expanding Eureka’s Market Offer

In the six months to 31 December 2014, the company further expanded its national market offering with the acquisition of additional freehold seniors rental villages in regional Queensland and South Australia. At the date of this announcement, Eureka owns and/or manages 22 senior’s rental villages in Queensland, New South Wales and South Australia.

Included in the village acquisitions settled during the first six months of FY 2015 are:

- 51 unit Cascade Gardens, Cairns
- 61 unit Wayford House Village, Elizabeth Vale
- 55 unit Avenell on Vasey Village, Bundaberg

Representing a cumulative investment of \$11.34 million, this outlay in “bricks and mortar” or “owner-operator” real estate will make a significant ongoing continuation to both recurring group revenue and EBITDA.

In December 2014 Eureka further strengthened its market presence in South Australia by entering into a contract to acquire the 57 unit Myall Retirement Village in Whyalla, South Australia, which was subsequently settled for \$3.25 million in January 2015. This acquisition, which is the first freehold investment made outside the company’s existing managed rights portfolio, represents a strategic investment by Eureka given that the village is the only seniors rental village in Whyalla, and offers a high demand, higher yield 10 double-room configuration. Based on the village’s current occupancy rate of 95% and its differentiated accommodation offering, Eureka expects it to generate revenue of around \$900,000 and EBITDA of approximately \$480,000 per annum.



During the period, the company settled the acquisition of the manager's unit in its 96 unit Hackham Village in South Australia in October 2014 along with the acquisition of the manager's unit in its 51 unit Christie Downs Village in South Australia in December 2014.

To further consolidate Eureka's already strong presence in the Adelaide seniors market, in September 2014 the company contracted to purchase 45 freehold units and a first mortgage loan book secured against 12 other units in Elizabeth Vale 2 Village for approximately \$4.39 million. Elizabeth Vale 2, is adjacent to the Eureka owned and managed Elizabeth Vale 1. Settlement of this asset is expected to occur in March 2015.

While a continued investment in acquiring "bricks and mortar" seniors villages will remain a fundamental cornerstone of Eureka's growth strategy, so too will be the recurring income streams generated from the company's management rights business. As outlined at the beginning of this review, the company has focused on increasing the longer-term yield of its management rights business by increasing the contract terms, occupancy, services and focusing on acquiring or being awarded additional management rights on attractive terms.

On a positive note for shareholders, during the six months to 31 December 2014, Eureka negotiated extensions to several of its better performing management rights agreements on terms which were superior to those in place previously, including the following term extensions:

- Village Life Capalaba – 10 years
- Eureka Care Communities Condon – 10 Years
- Eureka Care Communities Wulguru – 10 years
- Village Life Caboolture – 5 years
- Village Life Salisbury - 5 years

Eureka will continue to invest in strongly performing management rights which are located in high demand regional areas and which meet its stringent return on investment criteria. In line with this objective, in December 2014, the company contracted to acquire the management rights and managers unit in the 60 rental unit Tivoli Gardens seniors rental village in Ipswich, Queensland and we expect this acquisition to settle in March 2015.

Pending settlement of the various acquisitions outlined in February 2015, Eureka will hold freehold ownership of 374 units and have a total of 1,397 units under management located in Queensland, New South Wales and South Australia.

#### *Funding Future Growth*

During the second half of FY2015 and FY2016, Eureka will continue to identify and review additional investment opportunities that can generate increased returns to stakeholders and build further economies of scale across the company's portfolio.



The company remains committed to an aggressive but prudently managed growth strategy that will continue to be funded through a mix of internally generated cash flow, new capital raisings and selective senior debt.

Over the past 12 months, the company has raised \$7.85 million to help fund its growth strategy through various capital raisings priced at 10 cents, 15 cents and 25 cents respectively. Significantly each of these raisings, the last of which was heavily oversubscribed by institutional investors, have been successfully completed without any diminution of share value and importantly with shareholder EPS being enhanced over this period.

The Board believes there is a growing appreciation by the market of the strategic benefit of Eureka's business model and an increasing awareness of its full growth potential. This observation is clearly reflected in the significant progress the company has made as an ASX listed entity in just over the past 12 months. In December 2013/January 2014 the company's share price was just 3-4 cents and its market capitalisation a very modest \$2-3 million. Reflecting the substantial growth in scale and profitability achieved since then, as at the date of this announcement, Eureka is capitalised at \$50 million and its share price sits comfortably at around the 30-33 cent mark.

The market's substantial repricing of Eureka also reflects its relatively rapid transformation from a purely seniors accommodation operator/manager to an owner/operator/manager model. This process has enabled the company to unlock a far more competitive funding facility with ownership of a growing freehold property portfolio being utilised to access a fully secured debt facility rather than its previously unsecured bank borrowings.

As a result of this transition, in January 2015 the company finalised a new 5-year facility with the National Australia Bank for \$14.05 million with \$9.60 million fixed at 4.99% and the balance floating (blended rate of 4.9% as at the date of this report). This new funding rate compares to Eureka's weighted average interest rate of 8.71% in 2014, a differential which will undoubtedly have a decided positive impact on the company's current and future operating Cash Flow and Net Profit After Tax.

### Outlook

The company's overriding objective in FY2015 is to increase the number of units under management, either through management rights arrangements and/or freehold ownership and to further leverage economies of scale from an expanding portfolio of seniors rental accommodation.

The market dynamics of Australia's aged accommodation market remain extremely buoyant for well into the future. Commenting on the boom in the sector of Australia's population aged over 65 years, Patrick Reid, Chief Executive of Industry lobby group, Leading Aged Services Australia commented;

*"In terms of demand, we need to build around 80,000 beds in the next 10 years. One of the challenges is the cost to build those beds is about \$21 billion. The Commonwealth isn't in a position to fund that itself."*



It is an unfortunate, but nonetheless accurate fact, that ever larger numbers of Australia's expanding aged population are not adequately prepared financially for their impending retirement.

As such, there is a visible growing demand for affordable seniors rental accommodation, which is a market segment Eureka solely focuses on.

During the period under review, Eureka made its first acquisition of a seniors rental village which was not managed by the company at the time of acquisition. The company intends to continue identifying and reviewing acquisition opportunities which exist outside its management rights pool, and is confident the many opportunities which exist for consolidation in what remains a highly fragmented ownership sector, can be capitalised on to continue to build Eureka shareholder wealth.

The future opportunities for significant further consolidation within the sector are clearly reinforced by the fact that the top 10 retirement operators in Australia currently manage only 17% of the nation's aged facilities, compared to the private hospital industry, where the top two operators combined control 44% share of beds.

Your Board is confident that Eureka's proven business model, strengthening balance sheet, quality management and recurring earnings streams can be effectively harnessed to ensure the company remains at the vanguard of the aged accommodation industry's consolidation process in coming years.

With other market research indicating a need for over 15,000 new retirement dwellings per year over coming decades to meet escalating demand from Australia's aging population, Eureka is well placed under the current strategy being pursued to consolidate a strengthening position in Australia's burgeoning retirement sector.

The company anticipates that the new freehold seniors rental villages contracted over the past 12 months will add between \$3.08 million to \$3.40 million in EBITDA on an annualised basis. Given this, Eureka is confident that it will increase profitability in FY2015 and beyond commensurate with the continued planned growth of its freehold "owner operator" model and enhanced managed rights portfolio.

A handwritten signature in blue ink, appearing to read "Robin Levison".

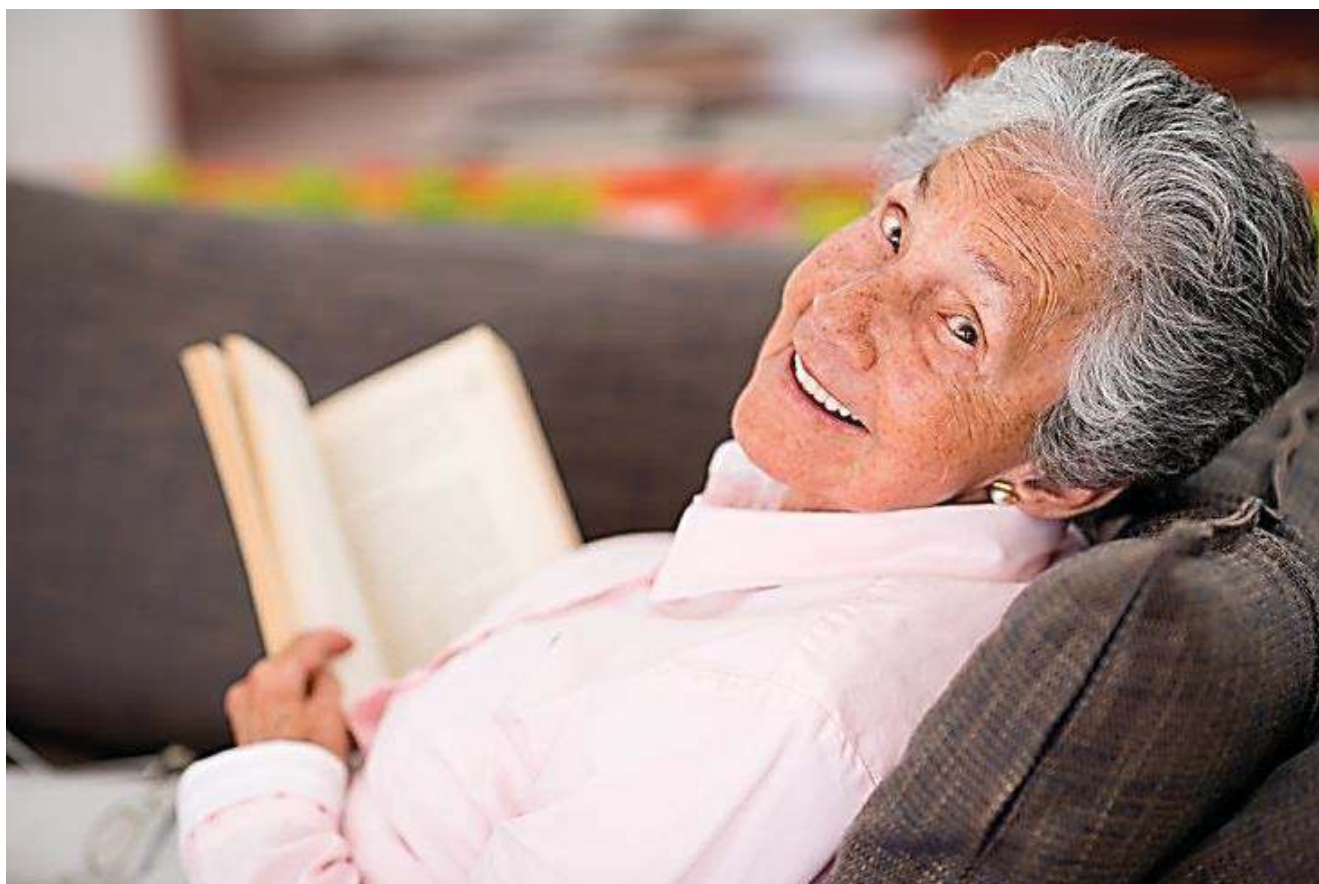
**Robin Levison**  
Chairman



# Half Year Financial Report 2014

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31 December 2014



ABN: 15 097 241 159

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# Directors' Report

The Directors present their report together with the financial statements of Eureka Group Holdings Limited (the "Company", "EGH" or "Eureka") and its controlled entities (the "Group" or the "Consolidated Entity") for the half-year ended 31 December 2014 (the "period") and the auditor's review report thereon. Unless otherwise noted, all amounts stated are expressed in Australian Dollars and have been rounded to the nearest \$1,000.

## DIRECTORS

The following persons were directors of EGH during the period and up to the date of this report, unless otherwise stated:

|                  |                                     |
|------------------|-------------------------------------|
| Robin Levison    | Chairman and Non-Executive Director |
| Greg Rekers      | Executive Director                  |
| Kerry Potter     | Executive Director                  |
| Lachlan McIntosh | Non-Executive Director              |
| Nirmal Hansra    | Non-Executive Director              |

## PRINCIPAL ACTIVITIES

The principal activities of EGH include:

- Providing specialist property asset management through property ownership and management rights;
- Providing accommodation and tailored services to a broad market of aged residents with discretionary and non-discretionary spend characteristics; and
- Project management.

## REVIEW OF OPERATIONS

A detailed review of results and operations is included in the Chairman's Review Interim Report on page 4 of this report.

The performance of the Group as represented by the results of operations for the period, were as follows:

| Performance Measure                                                   |              | Consolidated six months |             |
|-----------------------------------------------------------------------|--------------|-------------------------|-------------|
|                                                                       |              | 31 Dec 2014             | 31 Dec 2013 |
|                                                                       |              | \$'000                  | \$'000      |
| Net profit                                                            |              | 724                     | 402         |
| Add back:                                                             | Interest     | 435                     | 250         |
|                                                                       | Tax          | -                       | -           |
|                                                                       | Depreciation | (6)                     | 94          |
|                                                                       | Amortisation | 65                      | 34          |
| Earnings before interest, tax, depreciation and amortisation (EBITDA) |              | 1,218                   | 782         |

## SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

## SUBSEQUENT EVENTS

The Group has been granted a new 5-year facility with the National Australia Bank subsequent to the end of the reporting period. The new facility limit is \$14.05 million with principal repayments of \$0.03 million per month and a one-time additional reduction of \$0.01 million on 31 March 2015. This facility has been used to consolidate all of the Group's loan facilities including paying out the \$3.70 million loan that was held with the Commonwealth Bank and due to expire on 31 January 2015.

The Group settled the acquisition of the 57 unit Myall Retirement Village situation at Whyalla in South Australia on 23 January 2015 for \$3.25 million.

The Group has been granted the management rights for Village Life Rockhampton 2 for a term of 10 years.

# Directors' Report

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The Group has announced that a General Meeting of shareholders will be held on 23 March 2015.

Other than the above mentioned items, no other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

## **ROUNDING OF AMOUNTS**

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to 'rounding-off'. Amounts in this report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

## **AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

A handwritten signature in blue ink, appearing to read 'Robin Levison', with a stylized flourish at the end.

**Robin Levison**  
Chairman

Dated this 27th day of February 2015

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

|                                                            | Note | Consolidated six months ended |                       |
|------------------------------------------------------------|------|-------------------------------|-----------------------|
|                                                            |      | 31 Dec 2014<br>\$'000         | 31 Dec 2013<br>\$'000 |
| Revenue                                                    |      | 5,411                         | 5,014                 |
| Other income                                               |      | 205                           | 221                   |
| <b>Expenses</b>                                            |      |                               |                       |
| Village operating costs                                    |      | (3,232)                       | (3,416)               |
| Impairment – property, plant & equipment                   |      | (5)                           | -                     |
| Impairment – trade receivables                             |      | (47)                          | -                     |
| Employee benefits expenses                                 |      | (344)                         | (345)                 |
| Finance expense                                            |      | (435)                         | (251)                 |
| Marketing expenses                                         |      | (70)                          | (5)                   |
| Consultancy expenses                                       |      | (200)                         | (200)                 |
| Depreciation & amortisation expenses                       |      | (59)                          | (128)                 |
| Lease expenses                                             |      | (169)                         | (256)                 |
| Other expenses                                             |      | (331)                         | (232)                 |
| <b>Profit before income tax expense</b>                    |      | <b>724</b>                    | <b>402</b>            |
| Income tax expense                                         |      | -                             | -                     |
| <b>Profit after income tax expense</b>                     |      | <b>724</b>                    | <b>402</b>            |
| <b>Other comprehensive income</b>                          |      |                               |                       |
| Items that may be reclassified to profit or loss           |      | -                             | -                     |
| Items that will not be reclassified to profit or loss      |      | -                             | -                     |
| <b>Other comprehensive income for the year, net of tax</b> |      | <b>-</b>                      | <b>-</b>              |
| <b>Total comprehensive income for the year</b>             |      | <b>724</b>                    | <b>402</b>            |
| Basic earnings per share (cents per share)                 |      | 0.63                          | 0.52                  |
| Diluted earnings per share (cents per share)               |      | 0.63                          | 0.51                  |

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

# Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2014

|                                     |      | Consolidated |                          |
|-------------------------------------|------|--------------|--------------------------|
|                                     |      | 31 Dec 2014  | Re-stated<br>30 Jun 2014 |
|                                     | Note | \$'000       | \$'000                   |
| <b>Current Assets</b>               |      |              |                          |
| Cash and cash equivalents           |      | 3,188        | 1,285                    |
| Trade and other receivables         |      | 417          | 368                      |
| Inventories                         |      | 10           | 10                       |
| Assets classified as held for sale  | 6    | 1,064        | 1,047                    |
| Other assets                        |      | 633          | 229                      |
| Total current assets                |      | 5,312        | 2,939                    |
| <b>Non-Current Assets</b>           |      |              |                          |
| Available for sale financial assets |      | -            | 235                      |
| Other financial assets              |      | -            | 295                      |
| Investment property                 | 8    | 18,994       | 6,658                    |
| Property, plant and equipment       |      | 722          | 770                      |
| Intangible assets                   |      | 4,693        | 4,808                    |
| Total non-current assets            |      | 24,409       | 12,766                   |
| <b>Total Assets</b>                 |      | 29,721       | 15,705                   |
| <b>Current Liabilities</b>          |      |              |                          |
| Trade and other payables            |      | 573          | 720                      |
| Other financial liabilities         | 9    | 4,164        | 1,251                    |
| Provisions                          |      | 47           | 38                       |
| Total current liabilities           |      | 4,784        | 2,009                    |
| <b>Non-current liabilities</b>      |      |              |                          |
| Other financial liabilities         | 9    | 8,360        | 7,159                    |
| Total non-current liabilities       |      | 8,360        | 7,159                    |
| <b>Total Liabilities</b>            |      | 13,144       | 9,168                    |
| <b>Net Assets</b>                   |      | 16,577       | 6,537                    |
| <b>Equity</b>                       |      |              |                          |
| Share capital                       | 10   | 55,351       | 46,035                   |
| Accumulated losses                  |      | (38,774)     | (39,498)                 |
| <b>Total Equity</b>                 |      | 16,577       | 6,537                    |

The above Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

# Consolidated Statement of Cash Flows

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

|                                                              |      | Consolidated six months ended |                       |
|--------------------------------------------------------------|------|-------------------------------|-----------------------|
|                                                              | Note | 31 Dec 2014<br>\$'000         | 31 Dec 2013<br>\$'000 |
| <b>Cash Flows from Operating Activities</b>                  |      |                               |                       |
| Receipts from customers                                      |      | 5,448                         | 5,486                 |
| Payments to suppliers & employees                            |      | (4,318)                       | (4,962)               |
| Interest received                                            |      | 23                            | 21                    |
| Interest paid                                                |      | (512)                         | (250)                 |
| Net Cash provided by/(used) in Operating Activities          |      | 641                           | 295                   |
| <b>Cash Flows from Investing Activities</b>                  |      |                               |                       |
| Payments for property, plant and equipment                   |      | (38)                          | (39)                  |
| Payments for investment property                             |      | (6,306)                       | -                     |
| Proceeds from the sale of non-current assets held for sale   |      | 102                           | -                     |
| Acquisition of available for sale financial assets           |      | -                             | (235)                 |
| Payments for loans provided                                  |      | -                             | (295)                 |
| Payments for intangible assets                               |      | (2)                           | -                     |
| Net Cash provided by/(used) in Investing Activities          |      | (6,244)                       | (569)                 |
| <b>Cash Flows from Financing Activities</b>                  |      |                               |                       |
| Proceeds from borrowings                                     |      | 2,069                         | 550                   |
| Repayment of borrowings                                      |      | (654)                         | (186)                 |
| Proceeds from share issues                                   |      | 6,400                         | -                     |
| Payments for share issue costs                               |      | (309)                         | -                     |
| Net Cash provided by/(used in) Financing Activities          |      | 7,506                         | 364                   |
| <b>Net increase/(decrease) in cash and cash equivalents</b>  |      | 1,903                         | 90                    |
| Cash and cash equivalents at the beginning of the half year  |      | 1,285                         | 466                   |
| <b>Cash and cash equivalents at the end of the half year</b> |      | 3,188                         | 556                   |

The above Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

# Consolidated Statement of Changes in Equity

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

|                                                              | Share Capital<br>\$'000 | Consolidated<br>Accumulated<br>Losses<br>\$'000 | Total<br>\$'000 |
|--------------------------------------------------------------|-------------------------|-------------------------------------------------|-----------------|
| <b>For the half-year ended 31 December 2014</b>              |                         |                                                 |                 |
| Balance at 1 July 2014                                       | 46,035                  | (39,498)                                        | 6,537           |
| Profit for the year                                          | -                       | 724                                             | 724             |
| Other comprehensive income                                   | -                       | -                                               | -               |
| <b>Total comprehensive income for the year</b>               | -                       | 724                                             | 724             |
| <i>Transactions with owners in their capacity as owners:</i> |                         |                                                 |                 |
| Share issued during the year                                 | 9,625                   | -                                               | 9,625           |
| Capital raising costs                                        | (309)                   | -                                               | (309)           |
| <b>Balance at 31 December 2014</b>                           | <b>55,351</b>           | <b>(38,774)</b>                                 | <b>16,577</b>   |
| <b>For the half-year ended 31 December 2013</b>              |                         |                                                 |                 |
| Balance at 1 July 2013                                       | 44,176                  | (40,159)                                        | 4,017           |
| Profit for the year                                          | -                       | 402                                             | 402             |
| Other comprehensive income                                   | -                       | -                                               | -               |
| <b>Total comprehensive income for the year</b>               | -                       | 402                                             | 402             |
| <i>Transactions with owners in their capacity as owners:</i> |                         |                                                 |                 |
| Debt converted to equity                                     | 140                     | -                                               | 140             |
| Shares issued during the year                                | -                       | -                                               | -               |
| Capital raising costs                                        | -                       | -                                               | -               |
| <b>Balance at 31 December 2013</b>                           | <b>44,316</b>           | <b>(39,757)</b>                                 | <b>4,559</b>    |

The above Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.



# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## 1. BASIS OF PREPARATION OF THE FINANCIAL REPORTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2014 has been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Eureka Group Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The same accounting policies and methods of computation have generally been followed in these half-year financial statements as compared with the most recent annual financial statements other than in relation to investment property as discussed below.

### ***Investment property***

As discussed in the 30 June 2014 annual report the Group undertook in April 2014 acquisition activities in relation to acquiring one bricks and mortar seniors rental village investment. This investment gives the Group ownership and control over freehold land and buildings. During the period ended 31 December 2014 the Group purchased additional seniors rental village investments.

As part of these additional investments and a change in business to an owner/operator/manager model the Group reviewed its assessments of the classification of village assets. As part of this assessment the Group determined the more appropriate treatment for these assets was to classify them as investment property in accordance with AASB 140 "Investment Property" as opposed to property, plant and equipment under AASB 116 "Property, Plant and Equipment". The Directors believe that classifying these investments as investment property is a more appropriate accounting treatment and complies with the accounting standard.

As a result of this re-classification the comparative balance sheet at 30 June 2014 has been adjusted to move \$6,658,000 in property plant and equipment to investment property (Refer Note 8). The Directors have also assessed the carrying value of the reclassified investment property and determined that its carrying value at 30 June 2014 reflects the fair value of this property.

During the period ended 31 December 2014 and in future periods, investment property will be accounted for using the following accounting policy:

*Land and buildings have the function of investment and are regarded as composite assets. In accordance with applicable accounting standards, the buildings, including plant and equipment, are not depreciated.*

*Investment property is initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the period in which they arise.*

*Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal market for the asset or liability or in its absence, the most advantageous market.*

*Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on date of change of use.*

*It is the Group's policy to have all investment properties externally valued at intervals of not more than two years and that such valuation be reflected in the financial reports of the Group. It is the policy of the Group to review the fair value of each investment property at each reporting date and to cause investment properties to be revalued to fair values.*

# Notes to the Financial Statements

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FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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*In determining fair values, expected cash flows are discounted to their present value using a market determined risk adjusted discount rate. The assessment of fair value of investment properties does not take into account potential capital gains tax assessable.*

*Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.*

## **(a) New, revised or amending Accounting Standards and Interpretations adopted**

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the entity, its impact is described below:

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The following Accounting Standards and Interpretations are most relevant to the Group:

- (i) AASB 2012-3 Amendments to Australian Accounting Standards - *Offsetting* Financial Assets and Financial Liabilities

The Group has applied AASB 2012-3 from 1 July 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement.

- (ii) AASB 2013-3 Amendments to AASB 136 - *Recoverable Amount Disclosures for Non-Financial Assets*

The Group has applied AASB 2013-3 from 1 July 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed.

- (iii) AASB 2014-1 Amendments to Australian Accounting Standards (Parts A to C)

The Group has applied Parts A to C of AASB 2014-1 from 1 July 2014. These amendments affect the following standards: AASB 2 'Share-based Payment': clarifies the definition of 'vesting condition' by separately defining a 'performance condition' and a 'service condition' and amends the definition of 'market condition'; AASB 3 'Business Combinations': clarifies that contingent consideration in a business combination is subsequently measured at fair value with changes in fair value recognised in profit or loss irrespective of whether the contingent consideration is within the scope of AASB 9; AASB 8 'Operating Segments': amended to require disclosures of judgements made in applying the aggregation criteria and clarifies that a reconciliation of the total reportable segment assets to the entity's assets is required only if segment assets are reported regularly to the chief operating decision maker; AASB 13 'Fair Value Measurement': clarifies that the portfolio exemption applies to the valuation of contracts within the scope of AASB 9 and AASB 139; AASB 116 'Property, Plant and Equipment' and AASB 138 'Intangible Assets': clarifies that on revaluation, restatement of accumulated depreciation will not necessarily be in the same proportion to the change in the gross carrying value of the asset; AASB 124 'Related Party Disclosures': extends the definition of 'related party' to include a management entity that provides KMP services to the entity or its parent and requires disclosure of the fees paid to the management entity; AASB 140 'Investment Property': clarifies that the acquisition of an investment property may constitute a business combination.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## **(b) Comparative Information**

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and or disclosures.

## **(c) Significant accounting judgements, estimates and assumptions**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

During the period ended 31 December 2014 there were no material changes in assumptions, judgements and estimates regarding goodwill, amortisation of management rights and non-recognition of deferred tax assets. Matters relating to these accounting matters are contained in the 30 June 2014 annual financial report.

During the period ended 31 December 2014 the Group has reclassified amounts and acquired additional investment property. Significant matters of judgement, estimation and assumptions related to these investment properties are described below.

### *Investment Property – Classification*

The Group classifies property as investment property when it meets the following key criteria:

- The property is held by the Group to generate long term investment growth and ongoing rental returns; and
- Ancillary services are insignificant to the arrangement as a whole.

Associated with these properties are insignificant ancillary services – principally the provision of food services to residents. Judgement is required as to whether the ancillary services are significant. Management has determined that the ancillary services are not significant by comparing the fair value of the ancillary services to the total income generated from the property. In addition, qualitative factors have been considered as part of the assessment of ancillary services including both operational and legislative considerations. An assessment of the qualitative and economic factors associated with these services has been made and the ancillary services have been concluded not to be significant and hence property has been recorded as investment property.

Properties that do not meet this criteria are classified as property, plant and equipment.

### *Investment Property – Measurement*

The Group carries its investment property at fair value, with changes in fair value being recognised in the statement of profit and loss. At 31 December 2014 as disclosed in Note 8 no independent valuation has been received for investment property. Management has internally assessed that given the recent market purchases of these properties and subsequent improvements in occupancy and cost bases of the property that the assessed fair value is equal to the consideration paid by the Group plus acquisition costs.

## **2. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD**

The Group has been granted a new 5-year facility with the National Australia Bank subsequent to the end of the reporting period. The new facility limit is \$14.05 million with principal repayments of \$0.03 million per month and a one-time additional reduction of \$0.01 million on 31 March 2015. This facility has been used to consolidate all of the Group's loan facilities including paying out the \$3.70 million loan that was held with the Commonwealth Bank and due to expire on 31 January 2015.

The Group settled the acquisition of the 57 unit Myall Retirement Village situation at Whyalla in South Australia on 23 January 2015 for \$3.25 million.

The Group has been granted the management rights for Village Life Rockhampton 2 for a term of 10 years.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

The Group has announced that a General Meeting of shareholders will be held on 23 March 2015.

Other than the above mentioned items, no other matter or circumstance has arisen since 31 December 2014 that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent financial years.

### 3. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets or liabilities as at 31 December 2014 as far as the Directors are aware.

### 4. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were the following significant related party transactions in the period:

- Ignition Equity Partners Pty Ltd, an entity associated with Robin Levison, received consulting fees of \$136,950 on commercial terms.
- Ignition Capital Pty Ltd, an entity associated with Robin Levison, converted 300,000 secured convertible notes with a face value of \$1.00 into shares at \$0.06. The conversion resulted in 5,000,000 shares being issued to Ignition Capital Pty Ltd.
- Ignition Capital No. 2 Pty Ltd, an entity associated with Robin Levison, converted 100,000 secured convertible notes with a face value of \$1.00 into shares at \$0.06. The conversion resulted in 1,666,666 shares being issued to Ignition Capital No. 2 Pty Ltd.
- Kathlac Pty Ltd, an entity associated with Lachlan McIntosh, converted 50,000 secured convertible notes with a face value of \$1.00 into shares at \$0.06. The conversion resulted in 833,333 shares being issued to Kathlac Pty Ltd.
- A shareholder loan from Kathlac Pty Ltd, an entity associated with Lachlan McIntosh, which had a balance owing of \$100,033 at 30 June 2014 was repaid in full during the period.
- FTI Consulting (Australia) Pty Ltd, an entity that employs Lachlan McIntosh, invoiced the Group \$187,000 for consulting fees of which \$130,000 was accrued for at 30 June 2014. At 31 December 2014 the amount outstanding to FTI Consulting (Australia) Pty Ltd was \$187,000.
- Navigator Property Group Pty Ltd, an entity associated with Greg Rekers and Kerry Potter, received consulting fees of \$110,000 on commercial terms.

The Company continues to:

- Manage units on behalf of entities associated with Lachlan McIntosh (Director) in Griffith Scenic Village, Gladstone Scenic Village and Elizabeth Vale Scenic Village. Management of these units is on commercial terms.
- Rent office premises from an entity associated with Greg Rekers (Director) on commercial terms.

### 5. DIVIDENDS

No dividends were paid or declared during the period.

### 6. ASSETS CLASSIFIED AS HELD FOR SALE

At 31 December 2014, assets held for sale consist of:

- Slacks Creek - Two manager's units and management rights;
- SunnyCove Maroochydore - management rights; and
- Village Life Salisbury Downs – management rights.

A contract has been fully executed for the sale of one managers unit and the management rights at Slacks Creek for \$0.91 million (\$0.27 million deposit received during the prior year). The sale will settle upon completion of relevant building approvals being obtained and settlement is expected before the end of the 2015 financial year. The other managers unit at Slacks Creek is being actively marketed for sale. The SunnyCove Maroochydore management rights were contracted to sell but the sale fell through after the vendor was unable to obtain finance. The Group has engaged Resort Brokers to market the management rights and expects to sell this asset in the 2015 calendar year. The Group is presently in negotiations to sell the management rights for SunnyCove Salisbury and a sale is expected to be completed before the end of the 2015 financial year.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## 7. OPERATING SEGMENTS

### *Identification of reportable operating segments and principal services*

For the period ending 31 December 2013, the company operated in one segment, being the management of senior independent living communities. All of the Company's areas of operations were located within Australia. As a result, the financial results from this reportable segment are equivalent to the financial statements of the Group as a whole.

For the period ended 31 December 2014, the Group is organised into three operating segments, all located in Australia:

- Rental Villages - Senior's rental villages;
- Property Management - Management of seniors independent living communities; and
- Corporate.

The operating segments have been identified based on reports reviewed by the Board of Directors (who are identified as the chief operating decision makers) who are responsible for assessing performance and determining the allocation of resources. There is no aggregation of operating segments. The accounting policies adopted for internal reporting to the chief operating decision makers are consistent with those adopted in the financial statements.

|                                        | <b>Rental Villages</b> | <b>Property Management</b> | <b>Corporate</b> | <b>Total</b>   |
|----------------------------------------|------------------------|----------------------------|------------------|----------------|
|                                        | <b>\$'000</b>          | <b>\$'000</b>              | <b>\$'000</b>    | <b>\$'000</b>  |
| <b>31 December 2014</b>                |                        |                            |                  |                |
| Revenue                                | 1,580                  | 3,831                      | -                | 5,411          |
| Other revenue                          | -                      | 180                        | 25               | 205            |
| <b>Total Revenue</b>                   | <b>1,580</b>           | <b>4,011</b>               | <b>25</b>        | <b>5,616</b>   |
| Expenses                               | (718)                  | (2,739)                    | (941)            | (4,398)        |
| Depreciation & amortisation            | -                      | (39)                       | (20)             | (59)           |
| Interest expense                       | (251)                  | (184)                      | -                | (435)          |
| <b>Total expenses</b>                  | <b>(969)</b>           | <b>(2,962)</b>             | <b>(961)</b>     | <b>(4,892)</b> |
| Profit before income tax expense       | 611                    | 1,049                      | (936)            | 724            |
| Income tax expense                     | -                      | -                          | -                | -              |
| <b>Profit after income tax expense</b> | <b>611</b>             | <b>1,049</b>               | <b>(936)</b>     | <b>724</b>     |
| Segment Assets                         | 19,456                 | 6,475                      | 3,790            | 29,721         |
| Segment Liabilities                    | 9,704                  | 3,244                      | 196              | 13,144         |

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## 8. INVESTMENT PROPERTY

|                                          | <b>Consolidated</b> | <b>Restated</b>    |
|------------------------------------------|---------------------|--------------------|
|                                          | <b>31 Dec 2014</b>  | <b>31 Dec 2013</b> |
|                                          | <b>\$'000</b>       | <b>\$'000</b>      |
| Balance at beginning of reporting period | 6,658               | 61                 |
| Acquisitions                             | 12,336              | -                  |
| Net profit from fair value adjustment    | -                   | -                  |
| Balance at end of reporting period       | 18,994              | 61                 |

The Group's investment properties are shown individually in the table below. The investments consist of four retirement village assets along with associated managers units and other sundry assets. The Group considers their investments reside in one class of asset – Seniors Rental Villages.

As at 31 December 2014 no independent fair values had been obtained from third party valuers. The Group has determined that the carrying value of the investments approximated their fair value at 31 December 2014 given the short time period from the acquisition date and date of this report.

The financial performance of the Seniors Rental Village Assets presented as follows:

|                                                                 | <b>Consolidated</b> |
|-----------------------------------------------------------------|---------------------|
|                                                                 | <b>31 Dec 2014</b>  |
|                                                                 | <b>\$'000</b>       |
| Income from rental                                              | 1,413               |
| Income from food and other sources                              | 167                 |
| Direct operating expenses                                       | (718)               |
| Profit arising from investment properties carried at fair value | 862                 |

The group has no restrictions on the realisability of its investment properties and no contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Certain assets are however pledged as security for borrowings – Refer to note 9.

Details of investment properties are as follows:

| <b>Property</b>                                         | <b>Location</b>   | <b>Acquisition date</b> | <b>Book value</b> | <b>Book value</b> |
|---------------------------------------------------------|-------------------|-------------------------|-------------------|-------------------|
|                                                         |                   |                         | <b>31 Dec 14</b>  | <b>30 Jun 14</b>  |
|                                                         |                   |                         | <b>\$'000</b>     | <b>\$'000</b>     |
| Avenell Village on Vasey Bundaberg                      | Bundaberg QLD     | Oct 2014                | \$4,104           | Nil               |
| Lot 21 134-136 King Street Caboolture                   | Caboolture QLD    | Sep 2012                | \$64              | \$61              |
| Lot 43 134-136 King Street Caboolture (manager's unit)  | Caboolture QLD    | May 2014                | \$145             | \$145             |
| Cascade Gardens Mackay                                  | Mackay QLD        | Apr 2014                | \$6,487           | \$6,452           |
| Cascade Gardens Cairns                                  | Cairns QLD        | Jul 2014                | \$3,375           | Nil               |
| Lot 51 Christie Downs Community Centre (manager's unit) | Christie Downs SA | Dec 2014                | \$272             | Nil               |
| Elizabeth Vale Scenic Village 1                         | Elizabeth Vale SA | Oct 2014                | \$4,277           | Nil               |
| Lot 49 Hackham Community Centre (managers unit)         | Hackham SA        | Oct 2014                | \$270             | Nil               |
|                                                         |                   |                         | \$18,994          | \$6,658           |

In December 2013, EGH acquired a 14% interest in the Easy Living Unit Trust ("ELUT") as well as a 10% interest in the Easy Living (Bundaberg) Unit Trust ("ELBUT"). At the same time, Eureka entered into a put and call option to acquire the remaining 86% and 90% of the units in these trusts respectively ("The Trusts") on or before 8 December, 2014.

# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

EGH exercised the put and call option early and on 1 October 2014 acquired the remaining units in The Trusts. The acquisition was settled through a combination of deferred cash consideration, shares in EGH and assumption of CBA debt facilities.

We have assessed whether the purchase of the remaining units in The Trusts should be accounted for as asset acquisitions or whether the transaction meets the definition of a business combination in accordance with the specific requirements of AASB 3 Business Combinations.

From our assessment we have concluded that the acquisition of Elizabeth Vale Scenic Village and Avenell Village on Vasey Bundaberg should be recognised in the financial statements as Investment Properties due to the villages being managed by the Group prior to acquisition. All other assets and liabilities acquired as part of the transaction have been recognised in accordance with the appropriate accounting standards.

## 9. OTHER FINANCIAL LIABILITIES

|                            |     | Consolidated |              |
|----------------------------|-----|--------------|--------------|
|                            |     | 31 Dec 2014  | 30 June 2014 |
|                            |     | \$'000       | \$'000       |
| <b>Current</b>             |     |              |              |
| Shareholder loans          |     | -            | 554          |
| Convertible notes          | (a) | 5            | 248          |
| Commercial bills – secured | (b) | 4,100        | 396          |
| Motor vehicle loan         |     | 4            | -            |
| Insurance funding          |     | 48           | 22           |
| Finance lease              |     | 7            | 31           |
|                            |     | 4,164        | 1,251        |
| <b>Non-current</b>         |     |              |              |
| Commercial bills – secured | (b) | 8,329        | 6,509        |
| Motor vehicle loan         |     | 11           | -            |
| Finance lease              |     | 20           | -            |
| Convertible notes          | (a) | -            | 650          |
|                            |     | 8,360        | 7,159        |

- (a) During the period convertible note holders converted \$875 thousand of notes to ordinary shares. There was accrued interest of \$5,000 outstanding at 31 December 2014 that has been paid to noteholders subsequent to the end of the period.
- (b) During the period, \$2.00 million was drawn down on the National Australia Bank loan facility to fund the acquisition of Cascade Gardens Cairns. \$120,000 was paid off the principal balance of the National Australia Bank loan facility during the period. Included in the acquisition of Easy Living Unit Trust and Easy Living (Bundaberg) Unit Trust was \$3.70 million of commercial bills. These commercial bills were held with Commonwealth Bank of Australia and expired on 31 January 2015. These bills have since been refinanced with National Australia Bank subsequent to the end of the reporting period.



# Notes to the Financial Statements

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

## 10. SHARE CAPITAL

### Ordinary shares

Ordinary shares entitle the holder to participate in dividends and proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll, each share is entitled to one vote.

Ordinary shares have no par value and the company does not have a limited amount of authorised capital.

|                                                                  | <b>Consolidated</b> |                    |                    |                    |
|------------------------------------------------------------------|---------------------|--------------------|--------------------|--------------------|
|                                                                  | <b>31 Dec 2014</b>  | <b>31 Dec 2014</b> | <b>31 Dec 2013</b> | <b>31 Dec 2013</b> |
|                                                                  | <b>Number</b>       | <b>\$'000</b>      | <b>Number</b>      | <b>\$'000</b>      |
| Balance at start of period                                       | 98,349,930          | 46,035             | 75,632,932         | 44,176             |
| Shares issued from conversion of convertible notes at \$0.0278   | -                   | -                  | 5,035,970          | 140                |
| Shares issued from conversion of convertible notes at \$0.06     | 11,833,332          | 650                | -                  | -                  |
| Shares issued at \$0.10 for acquisition of management rights     | 1,000,000           | 100                | -                  | -                  |
| Shares issued from conversion of convertible notes at \$0.10     | 1,250,000           | 225                | -                  | -                  |
| Shares issued at \$0.15 for cash                                 | 9,333,333           | 1,400              | -                  | -                  |
| Shares issued at \$0.15 for acquisition of villages <sup>1</sup> | 14,999,999          | 2,250              | -                  | -                  |
| Shares issued at \$0.25 for cash                                 | 20,000,000          | 5,000              | -                  | -                  |
| Capital raising costs                                            | -                   | (309)              | -                  | -                  |
| On issue at end of the year                                      | 156,766,594         | 55,351             | 80,668,902         | 44,316             |

<sup>1</sup> These shares were issued as part of the non-cash consideration paid to acquire the Easy Living Unit Trust and Easy Living (Bundaberg) Unit Trust during the period.



# Directors' Declaration

FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

In accordance with a resolution of the directors of Eureka Group Holdings Limited, I state:

1. In the opinion of the Directors of Eureka Group Holdings Limited (the "company"):
  - a. The accompanying financial statements and notes are in accordance with the Corporations Act 2001, including:
    - i. giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
    - ii. complying with Australian Accounting Standards and the Corporations Regulations 2001; and
  - b. There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the Board



**Robin Levison**  
Chairman

Dated this 27th day of February 2015

## DECLARATION OF INDEPENDENCE BY KIM COLYER TO THE DIRECTORS OF EUREKA GROUP HOLDINGS LIMITED

As lead auditor for the review of Eureka Group Holdings Limited for the half-year ended 31 December 2014, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
2. No contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Eureka Group Holdings Limited and the entities it controlled during the period.



K L Colyer  
Director

**BDO Audit Pty Ltd**

Brisbane, 27 February 2015

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Eureka Group Holdings Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Eureka Group Holdings Limited, which comprises the consolidated statement of financial position as at 31 December 2014, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Eureka Group Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Eureka Group Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eureka Group Holdings Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*

BDO Audit Pty Ltd



K L Colyer  
Director

Brisbane, 27 February 2015

# Corporate Directory

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## **Postal Address**

Unit 7, 486 Scottsdale Drive, Varsity Lakes, QLD 4227

## **Board of Directors**

Robin Levison (Non - Executive Chairman)

Lachlan McIntosh

Nirmal Hansra

Greg Rekers

Kerry Potter

## **Interim Company Secretary**

Oliver Schweizer

## **Solicitors**

HWL Ebsworth

Level 2 Brisbane

500 Queen St,

Brisbane Qld 4000

Tel: 07 3002-6790

Fax: 1300 368 717

## **Auditors**

BDO Audit Pty Ltd

Level 10, 12 Creek Street

Brisbane Qld 4000

Tel: 07 3237-5999

Fax: 07 3221-9227

## **Share Registry**

Link Market Services – Brisbane

Level 12, 300 Queen Street

Brisbane Qld 4000

Call Centre: 02 8280-7454

Fax: 07 3228-4999

## **Listing Details**

ASX Limited Brisbane

Code: Shares – EGH

## **Australian Business Number**

15 097 241 159