Appendix 4D
Half Year Report
For the period ended
31 December 2013

Results for announcement to the market

Eureka Group Holdings Limited

	Previous corresponding period
ABN: 15 097 241 159	31 December 2012

Results for announcement to the market

				$A'000
Revenue from ordinary activities	Down	19%	to	$5,014
Earnings Before Interest Tax Depreciation and Amortisation	Down	4%	to	$781
Profit from ordinary activities after tax attributable to members	Down	12%	to	$402
Net Profit for the period attributable to members	Down	12%	to	$402

	Current Period		Prior Period
Interim dividends			
Ordinary dividend	Nil		Nil
Franked dividend	Nil		Nil
Record date for determining entitlements to the dividends	N/A		N/A

	Current Period		Prior Period
Net tangible asset per security			
Net tangible assets backing per ordinary security – cents	(1.74)		(2.37)

Details of Associates or Joint Venture Entities

Name of Associates of 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	Half Year Financial Report
2	Independent Auditor's Review Report

Compliance statement

1. This report has been prepared in accordance with Australian Accounting Standards AASB 134 “Interim Financial Reporting”, Australian Accounting Interpretations and other authoritative pronouncements of the Accounting Standards Board.

   This report has been prepared in accordance with Australian Accounting Standards, which includes Australian equivalents to International Financial Reporting Standards (‘AIRFS’). Compliance with AIFRS ensures that the end of year financial report, comprising the financial statements and notes, thereto, complies with International Financial Reporting Standards (‘IFRS’). This report, and the accounts upon which he report is based (if separate), use the same accounting policies.

2. This report is based on accounts which have been subject to a review. An independent review certificate is provided as part of this report. The Auditor’s Independence Declaration is also included in the Directors’ Report. The half-year accounts are not subject to any dispute or qualification. The entity has a formally constituted audit committee.

Robin Levison
Chairman

Dated this 28th day of February 2014

Attachment 1

EUREKA GROUP HOLDINGS LIMITED
A.B.N 15 097 241 159
AND CONTROLLED ENTITIES

Directors' report

The Directors present their report together with the financial statements of Eureka Group Holdings Limited ("Eureka or Company") and its controlled entities for the half-year ended 31 December 2013 and the auditor's review report thereon.

Directors

The following persons were directors of Eureka during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Robin Levison	Chairman and Non-Executive Director (appointed 24 December 2013)
Greg Rekers	Executive Director
Kerry Potter	Executive Director
Lachlan McIntosh	Non-Executive Director (resigned as Chairman on 24 December 2013)
Nirmal Hansra	Non-Executive Director
Paul Fulloon	Non-Executive Director

Principal activities

The principal activities of Eureka include:

- providing specialist property asset management;
- providing accommodation and tailored services to a broad market of retiree residents with discretionary and non-discretionary spend characteristics; and
- project management.

Financial results

Eureka has recorded a net profit after tax of $402,152 for the half year to 31 December 2013 compared to $457,596 in the prior corresponding period.

Operating revenue for the six months was $5,013,974, compared to $6,162,230 for the previous corresponding period. The decrease was primarily attributable to termination or sale of under-performing management rights contracts during 2013.

Performance Measure

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

	Consolidated	
	31 December 2013	**31 December 2012**
Net profit	402,152	457,596
Interest	250,426	277,660
Tax	-	-
Depreciation and amortisation	128,241	79,405
Earnings before interest, tax, depreciation and amortisation (EBITDA)	780,819	814,661

Despite the 19% reduction in operating revenue, EBITDA decreased only marginally by 4% to $780,819 (prior corresponding period $814,661). This modest decrease in EBITDA clearly supports the company's decision to divest underperforming management rights, given that while their sale has had an impact on revenue, their divestment has had little effect on earnings. These initiatives will undoubtedly provide a stronger base for future growth of earnings.

Net profit after tax for the first six months of FY2014 already well exceeds full year 2013 results, with EBITDA already 90% of full year 2013 total EBITDA.

The company's positive trading performance to date in FY2014 reflects its continued focus on the key drivers of occupancy, services uptake and length of tenancy agreements. With Eureka's new strategic direction of owning the units it manages, a key driver of future earnings growth will now be the number of units owned by the Group.

At 31 December 2013, average occupancy was 90% across all villages, up from 87% in 2012. Our goal of having a waiting list for all villages is already being realised, with 91 people on waiting lists for Eureka Villages at 31 December 2013.

84% of tenants purchased services (primarily food) from Eureka, compared to 81% at 31 December 2012.

The weighted average length of each management right contract held by Eureka is 9.2 years, with a number of renewals currently in progress.

Eureka's balance sheet was also strengthened during the first six months of FY2014, following $650,000 raised via an oversubscribed convertible note issue recently finalised. $550,000 was raised prior to 31 December 2013 and $100,000 raised after balance date.

Operational review

New Strategic Direction

In FY2013 an overriding focus of the Board was on stabilising Eureka's financial position and performance. Realisation of this goal has enabled the company to concentrate on devising and implementing a more aggressive long-term growth strategy during the first six months of FY2014, which is designed to capitalise on the strong underlying fundamentals of the Australian seniors accommodation sector.

The key platforms of this longer-term growth blueprint are to:

- identify and divest lower/underperforming management rights agreement assets; and
- utilise these proceeds combined with a balanced mix of equity and debt, to invest in higher returning "bricks and mortar" seniors rental village assets and higher yielding management rights agreements.

Consistent with this strategy, Eureka has:

- Sold its management rights in the Chermside village for $575,000 and the Stafford Village for $515,000. The Chermside rights sale settled on 20 February 2014 and the Stafford rights sale is due to settle on 7 March 2014.
- Progressed the sales process for the Cleveland and Slacks Creek centres management rights with an expectation contracts will be finalised in the 2nd half of FY2014.

Significantly, each of the management rights were sold at levels at or beyond their book value.

The successful divestment of the four management rights will result in the number of seniors rental villages managed by Eureka decreasing slightly to 25.

Proceeds from the above settlements and the $650,000 raised from the Convertible Note Issue, are being invested in acquiring a seniors rental village known as Cascade Gardens Mackay. This 93-unit village, currently managed by Eureka, is being acquired for $6,075,000 and partly funded by a $3,800,000 NAB loan. Settlement for this property is expected on 1 April 2014.

As part of its 2014 growth strategy, Eureka has also contracted to acquire the following freehold assets:

- Easy Living Unit Trust and Easy Living (Bundaberg) Unit Trust – the two trusts respectively own the 60-unit Wayford House seniors rental village in Elizabeth Vale, South Australia, and the 54-unit Avenell on Vasey seniors rental village in Bundaberg. Having acquired a partial holding in both trusts in December 2013, Eureka has entered into put and call options to acquire the remaining interests in both trusts for a combined consideration of $8.2m less the value of Eureka's partial holding in both trusts and the bank debt at completion date in each trust (which is currently at a combined amount of $3.7m). Eureka expects to settle the acquisition by December 2014.
- Cascade Gardens,Cairns – a 51-unit village in Smithfield, currently being managed by Eureka, which is being acquired for $3,125,000. The contract is conditional on finance for 60 days, with settlement scheduled for 60 days after finance approval. The company has had preliminary meetings with its financier and is confident of finance being granted on favourable terms.
- Caboolture Managers Unit – Eureka has executed an unconditional contract for $140,000 to acquire the managers unit at the Company's King Street Caboolture Village. This is a strongly performing facility and acquisition of the unit will add around $60,000 per annum to group EBITDA and enhance the value of the management rights at Caboolture.

It is worth noting that all four of the villages to be acquired have been managed by Eureka for a number of years. These long-term relationships have provided a valuable insight to the condition, performance and intrinsic value of each property, which would not readily be available to arms-length purchasers. This knowledge base significantly minimises any potential acquisition risk of each of the assets concerned.

The acquisitions announced to the date of release of the interim results, will increase the company's 2014-15 EBITDA by over $2m.

Corporate Resources

In late December 2013 the Company announced the appointment of Robin Levison as Chairman, and his acquisition of a 6.68% stake in Eureka. As shareholders may be aware, Mr Levison has a proven track record of driving highly successful growth strategies for ASX companies. Under his leadership as CEO, Mr Levison grew the ASX listed Industrea Limited from an enterprise value of just over $2m to greater than $500m over a period of seven years. While the operational focus of both companies is different, the Board has no doubts that his leadership of Eureka will result in sustained scale and profit growth, with the results of his strategic input already apparent in the Company's performance to date in FY2014.

Aged Sector Dynamics

There is undoubtedly an increasing groundswell of investor sentiment in Australia for companies with clear strategic growth plans and which operate in the Retirement Accommodation sector.

The underlying dynamics which are universally forecast to drive the continued growth of this sector are clearly supported by the fact that a diversified and long established property company of the likes of FKP (now Aveo Group Ltd), is publicly steering its future growth strategy deliberately towards aged and retirement care operations and assets.

There is also no doubt that demand for seniors retirement accommodation and services will intensify well into the foreseeable future on the back of Australia's well documented ageing population demographics.

According to the Australian Bureau of Statistics, the population of those over 55 in Australia is estimated to increase by 3.5m over the next 25 years with the major proportion of this growth occurring in the age group from 65 to 85, which is the principle segment currently using retirement village accommodation.

Factoring in these projected increases, a study by the University of New South Wales found that based on current retirement village participation rates, an additional 30,000 accommodation units will be required. The study also forecast that assuming a 3% growth in participation rates, around 90,000 units would be required. It is significant to note that even the 30,000 new units forecast, equates to an approximate doubling of the current level of retirement village supply.

The Australian Productivity Commission has also noted that the total private and public investment needed in aged care infrastructure and services, including retirement village accommodation, from 2012 to 2060 is estimated to be more than five times the cumulative investment made over the last half century.

These forecast dynamics are already focusing Australian investment attention onto proved ASX listed operatives in the retirement/seniors core market, with a number of Eureka's larger competitors already trading at extremely high earnings multiples.

Outlook

The Company enters the second half of FY2014 strongly positioned to sustain its growth strategy for the benefit of all shareholders. Based on the progress to date, Eureka is confident of significantly increasing full year EBITDA, subject to costs specifically associated with acquisitions that must be expensed under accounting standards.

Eureka is rapidly increasing its scale and, as a result, has an enhanced capability to leverage greater economies of scale and efficiencies across all spheres of its operations.

The Company continues to identify and evaluate opportunities in the seniors rental accommodation market which return strong, recurring revenue streams, and will increase company profitability.

The Board is confident that the growth strategy mapped for the Company's future is well planned and will continue to be executed for the financial benefit of all shareholders.

Robin Levison
Chairman

Dated this 28th day of February 2014

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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 2013, 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, 28 February 2014

EUREKA GROUP HOLDINGS LIMITED
A.B.N. 15 097 241 159
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	31 December 2013 (6 Months) $	31 December 2012 (6 Months) $
Revenue		**5,013,974**	**6,162,230**
Other Income	9	**220,754**	**985**
Total income		**5,234,728**	**6,163,215**
Expenses			
Food, beverage and consumables		3,641,866	4,153,375
Depreciation and amortisation expenses		128,241	79,405
Employee benefit expenses		545,079	746,103
Community operating expenses		29,850	29,931
Finance costs		250,426	277,660
Marketing expenses		4,670	1,315
Consultancy expenses		-	44,604
Lease expense		-	97,410
Other expenses		232,445	275,816
Total expenses		**4,832,577**	**5,705,619**
Profit for the period before income tax expense from continuing operations		402,152	457,596
Income tax expense / (benefit)		-	-
Profit for the period from continuing operations		**402,152**	**457,596**
Other comprehensive income		-	-
Total comprehensive income for the half year		**402,152**	**457,596**
Basic earnings per share (cents per share)		0.52	0.61
Diluted earnings per share (cents per share)		0.51	0.60

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

EUREKA GROUP HOLDINGS LIMITED
A.B.N. 15 097 241 159
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Notes	31 December 2013 $	30 June 2013 $
Current Assets			
Cash and cash equivalents		555,796	465,676
Trade and other receivables		441,046	530,587
Inventories		30,465	41,543
Assets classified as held for sale	6	2,507,809	1,492,725
Other current assets		192,110	92,100
Total Current Assets		**3,727,226**	**2,622,631**
Non-Current Assets			
Trade and other receivables	7	294,570	-
Available-for-sale financial assets	7	235,124	-
Property, plant and equipment		755,482	1,290,686
Intangible assets		4,898,248	5,467,707
Total Non-Current Assets		**6,183,424**	**6,758,393**
Total Assets		**9,910,650**	**9,381,024**
Current Liabilities			
Trade and other payables		378,296	610,420
Other financial liabilities	9	1,495,481	1,761,643
Provisions		38,204	42,444
Total Current Liabilities		**1,911,981**	**2,414,507**
Non-Current Liabilities			
Other financial liabilities	9	3,439,000	2,949,000
Total Non-Current Liabilities		**3,439,000**	**2,949,000**
Total Liabilities		**5,350,981**	**5,363,507**
Net Assets		**4,559,669**	**4,017,517**
Equity			
Share capital	9(ii)	44,316,337	44,176,337
Accumulated losses		(39,756,668)	(40,158,820)
Total Equity		**4,559,669**	**4,017,517**

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

EUREKA GROUP HOLDINGS LIMITED

A.B.N. 15 097 241 159

AND CONTROLLED ENTITIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Share Capital $	Accumulated Losses $	Total $
2012			
Balance at 1 July 2012	43,930,780	(40,233,752)	3,697,028
Profit for the period	-	457,596	457,596
Other comprehensive income	-	-	-
Total comprehensive income for the period	**-**	**457,596**	**457,596**
Transactions with owners in their capacity as owners:			
Debt converted to equity	64,605	-	64,605
Shares issued during the period	189,395	-	189,395
Capital raising costs	(8,443)	-	(8,443)
	245,557	-	**245,557**
Balance at 31 December 2012	**44,176,337**	**(39,776,156)**	**4,400,181**
2013			
Balance at 1 July 2013	44,176,337	(40,158,820)	4,017,517
Profit for the period	-	402,152	402,152
Other comprehensive income	-	-	-
Total comprehensive income for the period	**-**	**402,152**	**402,152**
Transactions with owners in their capacity as owners:			
Debt converted to equity	140,000	-	140,000
	140,000	**-**	**140,000**
Balance at 31 December 2013	**44,316,337**	**(39,756,668)**	**4,559,669**

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

EUREKA GROUP HOLDINGS LIMITED
A.B.N. 15 097 241 159
AND CONTROLLED ENTITIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	31 December 2013 (6 Months) $	31 December 2012 (6 Months) $
Cash Flows from Operating Activities		
Receipts from customers	5,486,334	6,476,841
Payments to suppliers and employees	(4,962,027)	(6,609,636)
Interest received	20,755	986
Finance costs	(250,426)	(277,660)
Net Cash Flow provided by/(used in) Operating Activities	**294,636**	**(409,469)**
Cash Flows from Investing Activities		
Payments for property, plant & equipment	(38,660)	(63,777)
Payments for investments	(235,124)	-
Payments for loans provided	(294,570)	-
Payment for intangible assets	-	(72,298)
Net Cash Flow provided by/(used in) Investing Activities	**(568,354)**	**(136,075)**
Cash Flows from Financing Activities		
Proceeds from other financial liabilities	550,000	300,232
Repayment of other financial liabilities	(186,162)	(120,000)
Payment for share issue costs	-	(8,443)
Proceeds from share issue	-	189,395
Net Cash Flow provided by/(used in) Financing Activities	**363,838**	**361,184**
Net increase/(decrease) in cash held	90,120	(184,360)
Cash and cash equivalents at beginning of half year	465,676	895,059
Cash and Cash Equivalents at End of Half Year	**555,796**	**710,699**

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

EUREKA GROUP HOLDINGS
A.B.N. 15 097 241 159
AND CONTROLLED ENTITIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

1. BASIS OF PREPARATION OF THE FINANCIAL REPORTS

This general purpose financial report for the interim half-year reporting period ended 31 December 2013 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 2013 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.

(a) Going Concern

The financial report has been prepared on a going concern basis. This basis presumes that funds will be available to finance future operations and that the realisation of assets and liabilities will occur in the normal course of business.

(b) New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amended Australian Accounting Standards and AASB 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:

(i) *AASB 10 Consolidated Financial Statements*

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements and in Interpretation 112 Consolidation – Special Purpose Entities. Under the new principles, an entity must control one or more other entities to present consolidated financial statements. An entity will control another when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The Group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 10.

(ii) AASB 11 Joint Arrangements

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group does not have any joint arrangements and therefore no adjustments to any of the carrying amounts in the financial statements are required as a result of the adoption of AASB 11.

(iii) AASB 119 Employee benefits

The adoption of the revised AASB 119 Employee Benefits has no material impact on the Group's financial statements.

Other new standards that are applicable for the first time for the 31 December 2013 half-year financial report are AASB 13 Fair Value Measurement, AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities and AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle. These standards have introduced new disclosures for the interim report but did not affect the Group's accounting policies or any of the amounts recognised in the financial statements.

2. EVENTS SUBSEQUENT TO THE END OF THE REPORTING PERIOD

On 31 January 2014, the NAB approved a loan of $3.8m for the purchase of a seniors rental village in Mackay. This contract is now unconditional and is due to settle 1 April 2014.

On 18 February 2014, the Company executed a conditional contract to acquire a 51-unit seniors rental village in Cairns for $3,125,000. This contract is subject to finance for 60 days, with settlement due in late June 2014.

On 19 February 2014, the Group sold its Chermside asset for $575,000, which exceeds its book value. The proceeds from the settlement will go towards settlement of the Mackay rental village.

A further asset is due to settle 7 March 2014 for $515,000. Resort Brokers are negotiating the sale of the final two assets with one subject to a conditional offer and the other at preparation of conditional contract stage.

On 27 February 2014, the Group executed an unconditional contract for $140,000 to acquire the managers unit at the Company's King Street Caboolture Village

3. CONTINGENT ASSETS AND CONTINGENT LIABILITIES

There were no contingent assets or liabilities as at 31 December 2013 as far as the Directors are aware.

4. SIGNIFICANT RELATED PARTY TRANSACTIONS

There were no significant related party transactions in the period. The Company however 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 is on commercial terms.

- Receive taxation services from Sothertons Chartered Accountants (associated with Lachlan McIntosh) 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 2013, the director's have determined to sell the Group's assets in Slacks Creek, with a current book value of $1,015,084. This therefore has been transferred from Property, Plant and Equipment into the assets classified as held for sale.

Subsequent to half year end, the Group sold its Chermside asset for $575,000, which exceeds its book value.

It is expected that the remaining asset held for sale will be sold within the next 12 months.

7. AVAILABLE-FOR-SALE FINANCIAL ASSETS

During the period the Group acquired 14% of the Easy Living Unit Trust and 10% of the Easy Living (Bundaberg) Trust (collectively referred to as 'the Trusts') for $235,124. The Trusts own the 60-unit Wayford House in Adelaide and the 54-unit Avenell on Vasey in Bundaberg, which the Group currently manages. As part of the transaction, the Group loaned $294,570 to the Trustee to part-pay Unit Holder's Loans payable to the Trusts. These loans have been disclosed in the Consolidated Statement of Financial Position under "Other Receivables, Non-Current" of $294,570.

In addition, Put and Call Option Deeds were entered into during the period to acquire the remaining balance of the units for a combined consideration of $8.2m less the value of Eureka's partial holding in both trusts and the bank debt at completion date in each trust (which is currently at a combined amount of $3.7m). The Call Option can be exercised by the Group during the period 1 January 2014 and 30 October 2014 and the Put Option can be exercised by the Unit Holders during the period 1 November 2014 to 14 November 2014.

8. OPERATING SEGMENTS

The company operates in one segment, being the management of senior independent living communities. All of the Company's areas of operations are currently located within Australia.

Operating segments have been determined on the basis of reports reviewed by the Board of Directors (who are identified as the chief operating decision makers). The chief operating decision makers review the results of the consolidated entity on the above basis.

The financial results from this reportable segment are equivalent to the financial statements of the consolidated entity as a whole.

9. OTHER FINANCIAL LIABILITIES – NON-CURRENT		Consolidated	
		31 December 2013 $	30 June 2013 $
Current Liabilities			
Shareholder loans	(i)	908,179	1,036,643
Convertible notes	(ii)	225,000	365,000
Commercial bills – secured	(iii)	300,000	360,000
Other		62,302	-
Total Current		**1,495,481**	**1,761,643**
Convertible notes	(ii)	550,000	-
Commercial bills - secured	(iii)	2,889,000	2,949,000
Total Non-Current		**3,439,000**	**2,949,000**
Total Other Financial Liabilities		**4,934,481**	**4,710,643**

(i) During the period, interest on shareholder loans totalled $62,356. An exiting shareholder agreed to a debt reduction of $200,000 to lower the effective interest rate of a long term loan made to the Company. This, in addition to other shareholder loan repayments, had the impact of decreasing shareholder loans by a total of $128,464 for the period.

(ii) During the period convertible note holders converted $140,000 of notes to 5,035,970 ordinary shares. The company also raised $550,000 via a convertible note placement during the period.

(iii) During the period $120,000 was paid off the principal balance of the National Australia Bank loan facility.

10: FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes. AASB 7 Financial Instruments: Disclosures requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The aggregate fair values of all financial assets and liabilities approximate their carrying values at the balance date, other than the available for sale financial assets, which consist of units invested in the Easy Living Unit Trust and in the Easy Living (Bundaberg) Trust. The fair values of the available for sale financial assets are not disclosed as it cannot be determined reliably as there is no active market. The carrying amount of the units is $235,124 (June 2013: Nil).

EUREKA GROUP HOLDINGS LIMITED
A.B.N 15 097 241 159
AND CONTROLLED ENTITIES

Declaration by Directors

(a) The financial statements and notes set out on pages 9 to 16 are in accordance with the *Corporations Act 2001* and;

  (i) comply with Australian Accounting Standard AASB 134 '*Interim Financial Reporting*' and the *Corporations Regulations 2001;* and
  (ii) give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date.

(b) In the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and behalf of the directors by:

Director

Dated this 28th day of February 2014

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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 2013, 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 2013 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 2013 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

BDO

K L Colyer

K L Colyer
Director

Brisbane, 28 February 2014