Eureka Group Holdings Limited
ABN: 15 097 241 159

Current period	1 July 2020 – 30 June 2021
Previous corresponding period	1 July 2019 – 30 June 2020

Results for announcement to the market

Summary Financial Information	**Year ended 30 June 2021 A$000**	**Year ended 30 June 2020 A$000**	**Change %**
Revenue from ordinary activities	27,582	24,809	+11.2%
Underlying EBITDA [1]	10,569	8,700	+21.5%
Profit before tax	8,742	9,075	-3.7%
Profit from ordinary activities after tax and net profit for the period attributable to members	6,283	8,095	-22.4%

Dividends – FY21	**Amount per security Cents**	**Franked amount**
Interim dividend Final dividend Total dividend	0.59 0.59 1.18	Nil Nil Nil
FY21 final dividend dates Ex-dividend date Record date DRP Election date Payment date	3 September 2021 6 September 2021 9 September 2021 28 September 2021	

The dividend reinvestment plan (DRP) dated 26 February 2021 will be in operation for the final dividend. To participate in the DRP, an online election or election form must be received by the share registry no later than the DRP Election Date noted above. The DRP rules can be downloaded at https://www.eurekagroupholdings.com.au/investors/corporate-governance/ .

Additional Financial Information	**Year ended 30 June 2021 Cents**	**Year ended 30 June 2020 Cents**	**Change %**
Earnings per ordinary share (EPS)	2.73 cents	3.52 cents	-22.4%
Diluted earnings per share	2.72 cents	3.52 cents	-22.7%

An explanation of the above figures is contained within 'Review of operations and results' section of the Directors' Report, which forms part of the attached Annual Report.

[1] EBITDA (Earnings before interest, tax, depreciation and amortisation) is an unaudited non-IFRS measure. The Directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. EBITDA is calculated from amounts disclosed in the financial statements.

Underlying EBITDA is an unaudited non-IFRS measure that represents the operating performance of the Group and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions.

Net tangible assets per security	**30 June 2021 Cents**	**30 June 2020 Cents**
Net tangible assets backing per ordinary security	37.5	35.5

Details of Entities Over Which Control Has Been Gained or Lost
Control was not gained or lost over any entities during the year.

Details of Associates or Joint Venture Entities		
Names of Joint Venture Entities	Affordable Living Services Unit Trust Affordable Living Unit Trust	
Percentage of holding in Joint Venture Entities	50%	
	30 June 2021 $A'000	**30 June 2020 $A'000**
Aggregate share of profits from Joint Venture Entites	1,558	1,980
Contribution to net profit from Joint Venture Entities	1,558	1,980

Foreign Entities Accounting
N/A

Status of Audit
The attached Financial Report for year ended 30 June 2021 has been audited and includes the Independent Auditor's Audit Report. No disputes or qualifications are noted.

Attachments forming part of Appendix 4E
1 Annual Report for the year ended 30 June 2021

Murray Boyte
Chair

Dated in Brisbane this 30th day of August 2021

Annual Report **2021**

30 June 2021

eureka
GROUP HOLDINGS LIMITED

ABN: 15 097 241 159

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Directors' Report

The Directors present their report on Eureka Group Holdings Limited (the Company) and its controlled entities (the Group, Eureka or the Consolidated Entity) for the year ended 30 June 2021 (the year).

DIRECTORS

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

Murray Boyte
Sue Renkin
Russell Banham
Greg Paramor AO

PRINCIPAL ACTIVITIES

The principal activities of the Group include the provision of:

- Accommodation and services to independent senior residents; and
- Specialist property management and caretaking services for seniors' independent living communities.

REVIEW OF OPERATIONS AND RESULTS

The Group has reported a profit before tax for the year of $8.74 million (2020: $9.08 million) and a profit after tax of $6.28 million (2020: $8.10 million). Underlying EBITDA[1] was $10.57 million (2020: $8.70 million) and Underlying Profit before tax[1] was $7.36 million (2020: $5.60 million).

The growth in the Group's underlying results is due to the increased revenue and profit contribution from the Group's portfolio of residential village assets, including the acquisition during the year of two rental villages, ownership of the 124-unit rental village in Bundaberg for the whole year and improved occupancy across the portfolio of owned villages to 98% (2020: 95%).

The strong village performance has resulted in a net increase in the fair value of investment properties during the year, including the Tasmanian assets which are owned in a joint venture. The Group's profit before tax is lower than the previous year due to a lesser gain on the sale of units at Terranora, a reduction in the carrying value of the Terranora land held for sale, impairment of the Couran Cove loan and receipt in the previous year of a multi-period goods and services tax (GST) refund. The financial impact of COVID-19 has been minimal with increased operating costs mitigated by Government support.

The current year income tax expense of $2.46 million (2020: $0.98 million) is higher than the prior year because deferred tax assets relating to all carry forward revenue tax losses were recognised in the prior year. The Group's statutory tax rate is 26% (2020: 30%). No cash tax will be payable until the Group has utilised its carry forward revenue tax losses.

Net operating cash flow for the year was $7.85 million (2020: $7.61 million).

At 30 June 2021, Eureka owned 32 villages (2020: 30), 5 of which are owned in a joint venture, and has 8 villages under management, representing 2,191 units (2020: 2,147 units).

A summary of the Group's performance and reconciliation to the Group's Underlying EBITDA[1] is shown below:

	Consolidated	
	30 June 2021 $'000	**30 June 2020 $'000**
Performance summary		
Profit before income tax expense	8,742	9,075
Profit after income tax expense	6,283	8,095
Basic earnings per share	2.73	3.52
Diluted earnings per share	2.72	3.52

1 The terms EBITDA, Underlying EBITDA and Underlying Profit before tax are defined on page 2.

Directors' Report

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Underlying EBITDA[1] reconciliation		
Profit after income tax expense	6,283	8,095
Income tax expense	2,459	980
Depreciation and amortisation	587	591
Finance costs	2,626	2,508
EBITDA[1]	11,955	12,174
Net gain on revaluation of investment properties, including joint venture properties	(2,942)	(2,471)
Net loss on revaluation of assets held for sale	525	53
Impairment of intangible and other assets	1,050	619
Profit on sale of non-core assets	(741)	(1,031)
Refund of prior periods GST	-	(644)
Transaction costs – acquisitions, disposals and asset realisations	316	-
Property expenses – non-recurring[3]	279	-
Other	127	-
Underlying EBITDA[1]	10,569	8,700
Underlying Profit before tax[2]	7,356	5,601

1 EBITDA (Earnings before interest, tax, depreciation and amortisation) is an unaudited non-IFRS measure. The Directors believe it is a readily calculated measure that has broad acceptance and is referred to by regular users of published financial statements as a proxy for overall operating performance. EBITDA is calculated from amounts disclosed in the financial statements.

Underlying EBITDA is an unaudited non-IFRS measure that represents the operating performance of the Group and excludes valuation adjustments, asset disposals and certain non-core or non-recurring transactions.

2 Underlying Profit before tax is an unaudited non-IFRS measure and equals Underlying EBITDA less finance costs, depreciation and amortisation.

3 Prior year land tax estimate.

Financial Position

Summary information in relation to the Group's financial position is shown below:

		Consolidated	
		30 June 2021	30 June 2020
Total assets	$'000	158,969	145,205
Net assets	$'000	90,880	85,868
Cash and cash equivalents	$'000	1,890	2,451
Debt – bank loan	$'000	57,175	54,472
Shares on issue	'000	232,384	230,038
Net tangible assets per share	cents	37.5	35.5
Balance sheet gearing[1]	%	37.8	37.7

1 Balance sheet gearing is calculated as net debt (being interest-bearing drawn debt net of cash) divided by net debt plus equity.

Significant balance sheet movements during the year are described below.

Directors' Report

Acquisitions and asset management

The Group acquired two rental villages for a total consideration of $13.00 million (excluding transactions costs) in November 2020 consisting of a 70-unit village in Earlville (Cairns), Qld and a 53 unit village in Hervey Bay, Qld. The Group also acquired an additional 3 units in its strata-titled village in Elizabeth Vale, South Australia for $0.35 million.

The Group spent $3.19 million (2020: $1.94 million) on enhancing its owned villages through capital improvements including expenditure on its solar energy program, security and safety upgrades and progression of the Wynnum village expansion.

There were no other significant acquisitions made during the year.

Disposals – Terranora, NSW

During the year, the Group completed the sale of all remaining units at Terranora, NSW. 31 units (2020: 27 units) were sold and settled for total consideration of $6.02 million (2020: $6.39 million) resulting in a gain on sale of $0.73 million (2020: $1.03 million). The total consideration and gain realised from the sale of the 60 units at Terranora since 2019 was $12.95 million and $1.76 million respectively.

The Group still owns a vacant 4.8 hectare parcel of land at Terranora with a carrying value of $1.83 million (2020: $2.30 million) and a manager's unit with a carrying value of $0.60 million (2020: $0.60 million). The land has been reclassified from investment property to non-current assets held for sale and a fair value decrement of $0.47 million (2020: $nil) has been recorded. A conditional contract for the sale of the land has been entered into since balance date for a value in line with the carrying value at year end. The contract is subject to due diligence and has a six month settlement period.

The manager's unit continues to be held as investment property and opportunities for the realisation of this asset are being considered.

Couran Cove loans receivable

The carrying value of the West Cabin loan receivable ($0.32 million) has not changed during the year. Since balance date, a 12 month repayment plan has been agreed. Two cabins at Couran Cove, Qld continue to be held as security against the loan. Details are contained in Note 8.

The carrying value of a loan receivable for $3 million, including land option, which gives the Group a first right of refusal to purchase 60 proposed cabin sites for $50,000 per site at Couran Cove, Qld has been reassessed following a thorough review during the year including independent assessment of the land held as security for the loan. The assessed fair value of $nil (2020: $1.05 million), resulted in an impairment charge of $1.05 million (2020: $0.19 million) being recorded during the year. There has been no change to the Group's security arrangements, including a mortgage over the land. The loan expiry date was extended to 31 August 2021 during the year. Details are contained in Note 9.

Capital management – debt & equity

Debt

During the year, the Group's National Australia Bank (NAB) facility was increased from $60.00 million to $77.50 million to facilitate the acquisition of the new villages in Hervey Bay and Cairns, expansion of the Wynnum village and to provide headroom for future acquisitions. The expiry date was extended to 31 March 2024 and the limit will increase to $80 million upon settlement of the deferred consideration payable for the Hervey Bay acquisition and return of the associated bank guarantee in November 2022.

The Group was in compliance with all banking covenants during the year. Under the terms of its NAB debt facility, Eureka is able to deposit and withdraw funds in accordance with its working capital needs, subject to satisfaction of the bank's covenants. At balance date, the drawn amount under the facility was $57.18 million (2020: $54.47 million). Details are contained in Note 19.

Equity

Equity movements and balances for the year are as follows:

- Dividends of $2.62 million (2020: $3.57 million) were paid during the year, comprising $1.98 million in cash (2020: $3.57 million) and $0.64 million in shares (2020: $nil) pursuant to the Dividend Reinvestment Plan (DRP) established during the year.

Directors' Report

- The DRP was in effect for the interim dividend paid in April 2021 and was fully underwritten resulting in 2,346,779 shares being issued for 57.73 cents per share on 21 April 2021. Existing shareholders subscribed for $0.64 million in shares and proceeds of $0.71 million were received from the DRP underwriter;
- There were 429,362 share rights outstanding at 30 June 2021 (2020: 429,362). Further details are provided in the Remuneration Report; and
- The on-market share buy-back was cancelled on 16 March 2021. No shares were bought back and cancelled during the year (2020: nil).

DIVIDENDS

Dividends paid during the year were as follows:

	30 June 2021 $'000	30 June 2020 $'000
Final dividend - 2020: 0.55 cents per share (2019: 1.0 cent per share)	1,265	2,300
Interim dividend - 2021: 0.59 cents per share (2020: 0.55 cents per share)	1,357	1,265
Total dividends paid	2,622	3,565

A final dividend for the year of 0.59 cents per share, amounting to $1.37 million, was declared at the date of signing these financial statements and is payable on 28 September 2021. The record date is 6 September 2021. The DRP will be in effect for this dividend. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2021 and will be recognised in subsequent financial reports.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Eureka is committed to:

- Developing its social, environmental and governance framework. The Board established an Environmental, Social & Governance Committee on 10 August 2021 that will be responsible for providing recommendations for social governance and environmental initiatives in accordance with the Group's 'resident-first' philosophy, its social licence to provide affordable rental accommodation to a growing number of seniors and minimising the Group's environmental impact;

- Further expanding its core business of providing rental accommodation for independent seniors through the active management of existing assets, the acquisition of additional villages and units, and the realisation of development opportunities, including the expansion of the Group's village in Wynnum, Qld;

- Improving the performance of the existing portfolio with continued focus on maintaining and improving occupancy through the ongoing strengthening of our relationships within our communities;

- Implementing operational efficiencies, cost reduction and streamlined support services through process and systems improvements across our villages and support office; and

- Recycling of capital through the divestment of the Group's non-core assets and active portfolio management including the disposal of assets which may cease to meet target performance levels, risk appetite levels or efficiency metrics.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group, other than those addressed in the Directors' Report and in Note 33.

MATERIAL BUSINESS RISKS

The Board is committed to monitoring and mitigating business risks faced by the Group, including the following key risks that have the potential to materially impact its financial prospects:

- Covid-19 - The health, safety and wellbeing of Eureka's staff, residents and families and the local communities in which it operates is paramount to the Company. The Group acknowledges that many of its residents have a higher risk of serious illness if they were to contract Covid-19, due to their age and propensity for underlying health issues. The Group has implemented a range of best practice and preventative measures as recommended by the relevant authorities to protect the health and well-being of all concerned and to minimise the risk of infection and transmission amongst residents and staff. The Group actively and strongly encourages residents to be vaccinated against Covid-19 and is developing its policy to mandate vaccinations for all village and support office staff;

  The independent-living nature of the accommodation in Eureka's villages means that residents are able to self-isolate readily and effectively to minimise the risk of viral transmission. Further, having a village network that is geographically widespread through predominantly regional centres of Australia mitigates the risk of Covid-19 spreading from one village to another. The Group continues to closely monitor information and recommendations in relation to Covid-19;

- Acquisition risk – acquiring villages has and will continue to be a source of growth for the Group. Identifying properties that meet the Group's target performance hurdle rate and sit within the risk appetite set by the Board is critical to the Group's performance. The Group's Board and management is experienced in acquiring properties and conducts comprehensive analysis and due diligence as part of its acquisition process; and

- Changes in Government funding (pension, rent assistance and National Disability Insurance Scheme (NDIS)) – the Group provides affordable rental accommodation predominantly to seniors and many of the villages' residents are reliant on government funding in the form of pensions or rent assistance and NDIS. An adverse change in government funding may have a direct impact on village occupancy, profitability and asset values. The Group manages its village and support office costs having regard to occupancy levels.

SUBSEQUENT EVENTS

Details of events that occurred after the end of the financial year are contained in Note 33.

ENVIRONMENTAL REGULATION

The Group's operations are not subject to any particular or significant environmental regulation under a law of the Commonwealth or of a State or Territory.

INFORMATION ON DIRECTORS

The details of each Director's qualifications, experience and special responsibilities for those in office during the year are:

Name:	**Murray Boyte**
Title:	Executive Chairman
Qualifications:	BCA, MAICD, CMInstD, CA Murray holds a Bachelor of Commerce and Administration from the Victoria University in Wellington and is a member of the Australian Institute of Company Directors, the Institute of Directors of New Zealand and Chartered Accountants Australia & New Zealand.
Experience & expertise:	Murray has over 35 years' experience in merchant banking and finance, undertaking company reconstructions, mergers and acquisitions in Australia, New Zealand, North America and Hong Kong. Murray has held executive positions and directorships in the transport, horticulture, financial services, investment, health services and property industries. He was the Chief Executive Officer of ASX listed Ariadne Australia Limited from 2002 to 2015.
Other listed company directorships:	National Tyre & Wheel Limited (ASX: NTD), Hillgrove Resources Ltd (ASX: HGO) and Eumundi Group Ltd (ASX: EBG).
Former directorships (last 3 years)	Abano Healthcare Group Limited (NZX)
Special responsibilities:	Chair of the Board, Member of the Audit & Risk Committee, Member of the Nomination & Remuneration Committee, Member of the Environmental, Social & Governance Committee (appointed 10 August 2021).
Interests in shares:	782,920
Interests in options:	Nil

Name:	**Sue Renkin**
Title:	Non-Executive Director
Qualifications:	RN, MBA, FCDA, GradDip Corp Gov, MAICD

Directors' Report

	Sue holds a Master of Business Administration from Monash University, a Graduate Diploma in Corporate Governance from UNE and attended Harvard Business School for a course on Competition and Strategy.
Experience & expertise:	Sue enjoyed almost thirty years as CEO for private hospitals, emergency services and not for profit entities. She now operates a portfolio career as a non-executive director and executive coach and mentor. Sue is Chair of Executive Growth, a Director of GMHBA Health Insurance, a Director of the National Imaging Facility's Governing Board, Chair of the South Eastern Melbourne Primary Health Network and a strategic advisor to McKenzie Aged Care Group. She is also a previous Telstra Business Woman of the year.
Other listed company directorships:	Nil
Former directorships (last 3 years)	Nil
Special responsibilities:	Chair of the Nomination & Remuneration Committee, Member of the Audit & Risk Committee until 14 July 2020, Member of the Environmental, Social & Governance Committee (appointed 10 August 2021).
Interests in shares:	Nil
Interests in options:	Nil
Name:	**Russell Banham**
Title:	Non-Executive Director
Qualifications:	B. Com, GAICD, FCA Russell has a Bachelor of Commerce degree, is a Graduate Member of the Australian Institute of Company Directors and is a fellow of the Institute of Chartered Accountants Australia and New Zealand.
Experience & expertise:	Russell is an experienced company director with a demonstrated history of working in various industries including mining & metals, property development and management, manufacturing and gaming and hospitality. He is skilled in financial management, risk management and corporate governance. He was an audit partner and had functional leadership responsibilities at Deloitte, Ernst & Young and Andersen. Russell currently serves as an independent non-executive director of HKSE listed MGM China Holdings Limited, LSE listed National Atomic Company Kazatomprom. He is also a member of the Audit and Risk Management Committee of the Queensland Audit Office.
Other listed company directorships:	MGM China Holdings Limited (HKSE); National Atomic Company Kazatomprom (LSE and AIX)
Former directorships (last 3 years)	Nil
Special responsibilities:	Chair of Audit & Risk Committee, Member of the Nomination & Remuneration Committee, Member of the Environmental, Social & Governance Committee (appointed 10 August 2021).
Interests in shares:	Nil
Interests in options:	Nil
Name:	**Greg Paramor AO**
Title:	Non-Executive Director (appointed 19 June 2020)
Qualifications:	FAPI, FAICD, FRICS
Experience & expertise:	Greg has extensive property expertise with more than 40 years' experience in the real estate and fund management industry. He was the co-founder of Growth Equities Mutual, Paladin Australia and the James Fielding Group. He was the CEO of Mirvac Group between 2004 and 2008 before becoming the Managing Director of Folkestone Limited, a specialist property funds management group. Greg is currently a non-executive director of ASX-listed Charter Hall Group, a board member of the Sydney Swans, the Chair of BackTrack Youth Works, a Trustee of The Nature Conservancy (Australia) and a board member of the Garvan Research Foundation. He was awarded an Officer in the General Division (AO) of the Order of Australia in January 2015.
Other listed company directorships:	Charter Hall Group Ltd (ASX: CHC).
Former directorships (last 3 years)	Folkestone Limited
Special responsibilities:	Member of Audit & Risk Committee (appointed 14 July 2020), Chair of the Environmental, Social & Governance Committee (appointed 10 August 2021)
Interests in shares:	5,337,500
Interests in options:	Nil

Directors' Report

COMPANY SECRETARY

Laura Fanning, B. Bus, CA, ACG (CS, CGP)

Laura is a Chartered Secretary and Chartered Accountant with more than 25 years' financial, governance and commercial experience. Laura is Eureka's Chief Financial Officer and was previously the Company Secretary at National Tyre & Wheel Limited. She has held Chief Financial Officer and Company Secretary roles at National Veterinary Care Limited and Unity Pacific Group Limited, as well as senior management positions in other listed and unlisted companies. She has gained broad financial and secretarial experience across several industries including funds management, property, veterinary services, wholesale distribution and franchising.

DIRECTORS AND MEETINGS ATTENDED

The number of meetings of the Company's Board of Directors ('the Board') and of each Board Committee held during the year, and the number of meetings attended by each Director were:

	Directors' Meetings		Audit & Risk Committee Meetings		Nomination & Remuneration Committee Meetings	
Name	**Held [1]**	**Attended**	**Held [1]**	**Attended**	**Held [1]**	**Attended**
Murray Boyte	15	15	7	7	1	1
Sue Renkin	15	15	7*	7*	1	1
Russell Banham	15	15	7	7	1	1
Greg Paramor	15	15	7	6	1*	1*

1 Number of meetings held while a director during the financial year.

* Attended by invitation. All directors have a standing invitation to attend Committee meetings, even when they are a member.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for Eureka's non-executive directors, executive directors and other key management personnel (KMP) for the year ended 30 June 2021. The information provided in this remuneration report has been audited as required by Section 308(3C) of the Corporations Act 2001.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

This remuneration report has been set out under the following headings:

a) Principles of compensation of key management personnel
b) Details of remuneration
c) Non-executive director remuneration policy
d) Service agreements
e) Relationship between remuneration policy and Company performance
f) Remuneration consultants
g) Equity instruments held by key management personnel
h) Loans to/from key management personnel
i) Other transactions with key management personnel

(a) PRINCIPLES OF COMPENSATION OF KEY MANAGEMENT PERSONNEL

Compensation for key management personnel comprises remuneration determined having regard to industry practice and the need to attract and retain appropriately qualified persons. Compensation aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms to the market best practice for remuneration and reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good remuneration governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage/alignment of executive compensation; and
- transparency.

Directors' Report

The Nomination & Remuneration Committee is responsible for determining and reviewing remuneration arrangements for the Group's directors and executives and making recommendations to the Board for consideration and approval. The performance of the Group depends upon the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

The reward framework is designed to align executive reward to shareholders' interests. The Board considers that it should seek to enhance shareholders' interests by:

- having achievement of profit goals as a core component of the plan design;
- focusing on sustained growth in total shareholder returns, consisting of dividends and growth in share price, delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value including initiatives aligned to the Group's commitment to social, governance and environmental focus areas; and
- attracting and retaining high calibre executives.

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience;
- reflecting competitive reward for contribution to growth in shareholder wealth; and
- providing a clear structure for earning rewards.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Executive remuneration

The Group aims to reward executives based on their position and responsibilities, with total remuneration including both fixed and variable components.

The executive remuneration for the Executive Chairman was determined by the Nomination & Remuneration Committee, having regard to the additional responsibilities required in his executive capacity. His agreed remuneration comprises fixed remuneration only. During the year, the non-executive Directors considered and resolved to pay the Executive Chairman a discretionary bonus of $150,000 (inclusive of superannuation) in recognition and acknowledgement of his contribution to Eureka's growth, restructuring, capital recycling achievements and total shareholder return since his appointment as Executive Chairman in 2018. Given the Group's sustained improvements in performance and total shareholder returns, the non-executive Directors consider the payment of a discretionary bonus, which Mr Boyte had no expectation of receiving or ability to influence the payment of, to be appropriate.

For other executives, the remuneration framework includes the following components:

- Fixed remuneration – comprising base salary, superannuation contributions and other benefits, having regard to comparable market benchmarks. Executives may receive their fixed remuneration in the form of cash or other fringe benefits where it does not create any additional costs to the Group and provides additional value to the executive;

- STI program – an 'at risk' component of remuneration where, if individual and Group performance measures are met, senior executives will be awarded cash bonuses equal to a percentage of their fixed remuneration. Performance measures include financial and non-financial KPIs and, commencing from the year ended 30 June 2021, include a financial gateway hurdle. The percentage of fixed remuneration received as an STI will be capped and may vary between individuals, depending on the level of performance achieved. 100% of the STI is paid as cash; and

- LTI program – an 'at risk' component of remuneration for senior executives where 100% is awarded as equity instruments (such as options and share rights) which are subject to performance and service conditions. The number of equity instruments to be awarded will be determined by the Board having regard to the overall amount of executive remuneration.

The combination of these elements comprises the executives' total remuneration. The Board believes that this remuneration framework ensures that remuneration outcomes link to company performance and the long-term interests of shareholders.

All executives have detailed job descriptions with identified key performance indicators against which annual reviews are undertaken.

Short term incentives (STIs)
Senior executives’ entitlement to an STI is based upon achievement of agreed performance objectives including:

- Financial performance;
- Operational performance;
- Strategic and innovative initiatives;
- Workplace health and safety; and
- Risk mitigation and management.

Actual performance criteria may vary between executives, having regard to their roles and responsibilities.

The Board applies the following general principles when determining and measuring performance targets and any STI incentive:

<table>
<tr><td>STI Pool</td><td>The size of the STI pool is determined by the Board, upon advice from the Nomination & Remuneration Committee, having regard to individual employment contracts.
In consultation with the Nomination & Remuneration Committee, the Board assesses the Group’s financial performance and the performance of KMP against agreed performance objectives.
Payment of any STI is subject to achievement of the financial gateway.</td></tr>
<tr><td>Financial gateway</td><td>Achievement of budgeted Underlying EBITDA[1] (introduced from the year ended 30 June 2021).</td></tr>
<tr><td>Structure</td><td>60% of the STI linked to the achievement of the budgeted Underlying EBITDA financial hurdle; and
40% of the STI linked to the achievement of non-financial performance objectives in the categories noted above.</td></tr>
<tr><td>Performance targets</td><td>For the proportion of the STI linked to financial performance, entitlement is based on the following tiers:
<table>
<tr><th>Entitlement</th><th>Financial hurdle</th></tr>
<tr><td>75% of the financial portion</td><td>Achievement of budgeted Underlying EBITDA from core operations</td></tr>
<tr><td>90% of the financial portion</td><td>Budget exceeded between 5% and 15%</td></tr>
<tr><td>100% of the financial portion</td><td>Budget exceeded by at least 15%</td></tr>
</table>
The Board retains discretion in relation to the impact that non-recurring or unusual items may have on achievement of the STIs.</td></tr>
</table>

[1] Refer to page 2 for the definition of Underlying EBITDA.

During the year, 83% of the total STI pool available for KMP was awarded, including 90% of the financial portion based on the budgeted Underlying EBITDA being exceeded by between 5% and 15%. Across the Group, 80% of the total STI pool was awarded.

The actual amounts received by executives, as a result of achieving the above financial hurdle and any non-financial KPIs, are listed in the remuneration tables below.

Long term incentives (LTIs)
Equity instruments may be granted under the Omnibus Equity Plan (OEP) which was adopted on 23 November 2017. Each equity instrument entitles the participant to subscribe for one ordinary share in the Company. The specific terms of a grant are set out in an offer from the Company to the executive which contains details of the application price (if any), the expiry date, the exercise price, the vesting date, any applicable performance conditions and other specific terms.

Share rights
During the year, no new share rights were approved for issue by the Board. During the prior year, 429,362 share rights were issued to the Chief Operating Officer pursuant to the OEP on the following key terms:

- The Vesting Date of the share rights is 30 September 2022, subject to meeting the performance and service conditions;

Directors' Report

- Performance condition – total shareholder return (TSR) compound annual growth rate (CAGR) hurdle, to be tested on the Vesting Date:

TSR CAGR[1]	% of Rights to vest
Less than 7% per annum	0%
At least 7% but less than 10%	50%
At least 10% but less than 15%	70% to 100% on a straight-line basis
At least 15%	100%

[1] TSR CAGR is an unaudited non-IFRS measure.

- Service condition – the employee must remain employed by the Group from the Grant Date until the Last Vesting Date;
- TSR includes share price appreciation, capital returns and dividends. Share price appreciation is determined as being the difference between the base VWAP of 28.88 cents (being the volume weighted average price of shares over the 5 trading days immediately after the release of Eureka's results for the year ended 30 June 2019 on 31 August 2019) and vesting VWAP (the volume weighted average price of shares over the 5 trading days immediately after the release of Eureka's results for the year ended 30 June 2022); and
- Exercise price - $nil.

The last day on which the share rights may be exercised is 30 September 2024, at which time the rights expire and lapse.

At 30 June 2021 there were 429,362 share rights outstanding (2020: 429,362).

(b) DETAILS OF REMUNERATION

The names of persons who were key management personnel of Eureka at any time during the financial year and at the date of this report are shown in the following table:

Name	Role	Period in role
Directors		
Murray Boyte	Executive Chair	24 November 2017 – ongoing
Sue Renkin	Non-Executive Director	24 November 2017 – ongoing
Russell Banham	Non-Executive Director	21 November 2018 – ongoing
Greg Paramor	Non-Executive Director	19 June 2020 – ongoing
Executives		
Cameron Taylor	Chief Operating Officer	18 March 2019 – 30 June 2021
Cameron Taylor	Chief Executive Officer	1 July 2021– ongoing
Laura Fanning	Chief Financial Officer	1 December 2020 - ongoing
Tracey Campion	Chief Financial Officer	21 January 2019 – 30 November 2020

Details of the remuneration of the Group's key management personnel for the years ended 30 June 2021 and 30 June 2020 are set out in the following tables.

Directors' Report

30 June 2021	Short term Salary/ fees[3] $	STI/ bonus $	Non-monetary $	Post employment Super-annuation $	Share based payments $	Termi-nation benefits $	Total $	% of LTI that was awarded
Directors								
Murray Boyte[1]	314,306	150,000	-	21,694	-	-	486,000	-
Sue Renkin	70,320	-	-	6,680	-	-	77,000	-
Russell Banham	73,059	-	-	6,941	-	-	80,000	-
Greg Paramor	63,904	-	-	6,096	-	-	70,000	-
Total Directors	521,589	150,000	-	41,411	-	-	713,000	
Executives								
Cameron Taylor	296,315	76,260	-	21,694	51,263	-	445,532	-
Laura Fanning[2]	136,762	25,076	-	13,065	-	-	174,903	-
Tracey Campion[2]	86,142	17,689	-	8,365	-	-	112,196	-
Total Executives	519,219	119,025	-	43,124	51,263	-	732,631	
Total KMP	**1,040,808**	**269,025**	**-**	**84,536**	**51,263**	**-**	**1,445,631**	

30 June 2020	Short term Salary/ fees[3] $	STI/ bonus $	Non-monetary $	Post employment Super-annuation $	Share based payments $	Termin-ation benefits $	Total $	% of LTI that was awarded
Directors								
Murray Boyte[1]	314,997	-	-	21,003	-	-	336,000	-
Sue Renkin	67,123	-	-	6,377	-	-	73,500	-
Russell Banham	68,493	-	-	6,507	-	-	75,000	-
Greg Paramor[2]	1,967	-	-	187	-	-	2,154	-
Lachlan McIntosh[2]	35,000	-	-	-	-	-	35,000	-
Total Directors	487,580	-	-	34,074	-	-	521,654	
Executives								
Cameron Taylor	309,403	71,454	1,436	29,729	4,775	-	416,797	100
Tracey Campion	217,405	21,699	1,436	22,579	-	-	263,119	-
Total Executives	526,808	93,153	2,872	52,308	4,775	-	679,916	
Total KMP	**1,014,388**	**93,153**	**2,872**	**86,382**	**4,775**	**-**	**1,201,570**	

1 Murray Boyte's fixed remuneration includes his chairman's fee of $120,000 per annum and an additional $216,000 per annum for the period he is Executive Chair.

2 KMP for part of the year only.

3 Disclosure in remuneration includes executives' annual remuneration as per their service agreement as well as accrued leave entitlements.

The STIs will be paid subsequent to balance date.

Directors' Report

The proportion of remuneration linked to performance and the fixed proportion (at maximum performance levels) are as follows:

	Fixed remuneration		At Risk - STI		At Risk - LTI	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
Directors						
Murray Boyte	100%	100%	-	-	-	-
Sue Renkin	100%	100%	-	-	-	-
Russell Banham	100%	100%	-	-	-	-
Greg Paramor	100%	100%	-	-	-	-
Lachlan McIntosh	N/A	100%	-	-	-	-
Executives						
Cameron Taylor	77%	60%	23%	16%	-	24%
Laura Fanning	83%	-	17%	-	-	-
Tracey Campion	83%	83%	17%	17%	-	-

The proportion of cash bonus paid/payable or forfeited:

	Cash bonus paid/payable		Cash bonus forfeited	
	2021	**2020**	**2021**	**2020**
Executives				
Cameron Taylor	82%	92%	18%	8%
Laura Fanning	88%	-	12%	-
Tracey Campion	83%	54%	17%	46%

(c) NON-EXECUTIVE DIRECTOR REMUNERATION POLICY

Fees and payments to non-executive directors reflect the demands that are made on, and the responsibilities of, the directors. The Nomination & Remuneration Committee reviews non-executive directors' fees annually. Non-executive directors do not receive share options or other incentives.

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at $450,000 in aggregate which provides the Board with flexibility to appoint additional directors to broaden the skill base of the Board collectively.

The table below summarises Board and Committee fees payable to non-executive directors (inclusive of superannuation):

Board fees	
Chair	$120,000
Non-executive director	$70,000
Committee fees payable to Chair of Committees (from 1 January 2020)	
Audit and Risk	$10,000
Remuneration and Nomination	$7,000
Annualised Board and Committee fees as at 30 June 2021	$347,000

There was no increase in non-executive fees during the year.

Directors may also be reimbursed for travelling and other expenses incurred in connection with their Company duties.

(d) SERVICE AGREEMENTS

Directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including remuneration, relevant to the office of director. In addition, the Executive Chair has received written confirmation of additional remuneration of $18,000 per month ($216,000 per year) for the additional responsibility and time required to fulfil the executive chairman role, payable during his time in this role.

Executives

Remuneration and other terms of employment for other key management personnel are formalised in service agreements. The details of these agreements for executive key management personnel are as follows:

Cameron Taylor - Chief Operating Officer to 30 June 2021; Chief Executive Officer from 1 July 2021

Commencement	18 March 2019
Term	The agreement has no fixed term and may be terminated by either the Company or Mr Taylor with 2 months' notice or without notice by the Company in the event of a material breach or misconduct by Mr Taylor.
Details	Mr Taylor's remuneration as Chief Operating Officer included total fixed remuneration (TFR) of $315,000, including a base salary, superannuation and car allowance. Certain benefits such as car parking, mobile phone expenses and use of laptop are also provided. His remuneration also included STI of up to 30% of his base salary and long term incentives of up to 40% of his TFR in the form of share rights, as determined by the Board from time to time. No share rights were issued during the year. Mr Taylor is responsible for management of the Group's operations and reports to the Executive Chairman. Mr Taylor's TFR was increased to $350,000 from 1 July 2021 upon his appointment as Chief Executive Officer. He is eligible for annual STI of up to 50% of his TFR and annual LTI of up to 50% of his TFR, as determined by the Board from time to time.

Laura Fanning - Chief Financial Officer and Company Secretary

Commencement	1 December 2020
Term	The agreement has no fixed term and may be terminated by either the Company or Ms Fanning with 2 months' notice or without notice by the Company in the event of a material breach or misconduct by Ms Fanning.
Details:	Ms Fanning's remuneration includes a TFR of $260,000, including a base salary and superannuation. Certain benefits such as car parking, mobile phone expenses and use of laptop are also provided. Her remuneration also comprises additional STI of up to 20% of her TFR. Entitlement to LTI is at the discretion of the Board. Ms Fanning is responsible for the accounting, finance and governance functions of the Company and its associated companies. Ms Fanning reports to the Chief Executive Officer.

Tracey Campion - Chief Financial Officer

Commencement	21 January 2019 ending 30 November 2020
Term	The agreement had no fixed term and may be terminated by either the Company or Ms Campion with 2 months' notice or without notice by the Company in the event of a material breach or misconduct by Ms Campion.
Details:	Ms Campion's remuneration included a TFR of $220,000, including a base salary and superannuation. Certain benefits such as car parking, mobile phone expenses and use of laptop are also provided. Her remuneration also comprises additional STI of up to 20% of her TFR. Entitlement to LTI was at discretion of the Board. Ms Campion was responsible for the accounting and finance functions of the Company and its associated companies. Ms Campion reported to the Chief Operating Officer.

(e) RELATIONSHIP BETWEEN REMUNERATION POLICY AND COMPANY PERFORMANCE

The Group's current remuneration policy provides executives with a base level of remuneration as well as 'at-risk' components that are aligned with shareholder returns. The STI program is weighted towards Underlying EBITDA[1] and therefore earnings per share. The LTI program is weighted towards total shareholder returns.

The following table shows key metrics for the past 5 years of the Company. The improvements in earnings per share, share price and total shareholder return from 2018 to 2021 demonstrate the effectiveness of the current policy.

Directors' Report

Metric	Measure	2021	2020	2019	2018	2017
Total revenue and other income	$'000	29,434	26,068	23,394	23,212	25,427
Underlying EBITDA[1]	$'000	10,569	8,700	7,832	6,942	5,931
Profit/(loss) before tax	$'000	8,742	9,075	6,794	(276)	6,538
Profit/(loss) after tax	$'000	6,283	8,095	6,794	(276)	6,538
Earnings per share (basic)	cents per share	2.73	3.52	2.95	(0.12)	2.84
Share price at year end	cents per share	61.0	32.5	26.0	28.0	37.0
Dividend paid per share	cents per share	1.14	1.55	0.00	0.00	0.00
Total shareholder return	% of share price at start of year	91.2	31.0	(7.1)	(24.3)	(53.2)
KMP remuneration	$'000	1,446	1,201	868	1,445	1,042
KMP remuneration	% of total revenue and other income	4.9	4.6	3.7	6.2	4.1

1 Refer to page 2 for the definition of Underlying EBITDA. In prior years, EBITDA from core operations was the term used to describe Underlying EBITDA.

(f) REMUNERATION CONSULTANTS

The Group did not engage any remuneration consultants during the year.

(g) EQUITY INSTRUMENTS HELD BY KEY MANAGEMENT PERSONNEL

Shares held

The numbers of securities held during the financial year by each director and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the reporting period as compensation.

KMP	Balance 1 July 2020	Acquired during the year	Disposed during the year	Other changes during the year	Balance 30 June 2021
Directors					
Murray Boyte	250,000	532,920	-	-	782,920
Sue Renkin	-	-	-	-	-
Russell Banham	-	-	-	-	-
Greg Paramor	4,700,000	637,500	-	-	5,337,500
Executives					
Cameron Taylor	-	-	-	-	-
Laura Fanning	-	-	-	-	-
Tracey Campion	-	-	-	-	-
Total	4,950,000	1,170,420	-	-	6,120,420

Directors' Report

Share rights held

There were no share rights granted as compensation to key management personnel during the reporting period. In the prior period, the following share rights were granted and a Black-Scholes methodology was used to value the share rights.

KMP	Number of share rights granted during 2020	Grant date	FV at grant date per share right	Exercise price per share right	Value of share rights granted	Expiry date
Cameron Taylor	429,362	27-May-20	$0.28	-	$120,221	30-Sep-24

The Vesting Date of the share rights is 30 September 2022, subject to meeting the performance and service conditions.

Options held

There were no options granted as compensation to key management personnel during the year.

(h) LOANS TO/FROM KEY MANAGEMENT PERSONNEL

There were no loans to any director or other key management personnel at any time during the year.

(i) OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

There were no other transactions with key management personnel at any time during the year.

This concludes the remuneration report, which has been audited.

SHARES UNDER OPTION & SHARE RIGHTS

There were 429,362 share rights on issue as at the date of this report.

INDEMNIFICATION AND INSURANCE OF OFFICERS

During or since the end of the financial year, the Company has indemnified the directors and executives of the Company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the Group paid a premium in respect of a contract to insure the directors and executives of the Company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

INDEMNIFICATION AND INSURANCE OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

Ernst & Young did not provide any non-audit services during the current year but was engaged to advise the Group on tax related matters during the prior year. Details of the amounts paid or payable to the auditor for non-audit services provided are set out in Note 31.

The Directors are satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Directors' Report

The Directors are of the opinion that the services as disclosed in Note 31 do not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the Audit & Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ERNST & YOUNG

No officers of the Company were partners of Ernst & Young at the time it undertook the audit of the Company.

ROUNDING OF AMOUNTS

The company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191'Class issued by the Australian Securities and Investment Commission, relating to 'rounding-off'. The amounts contained in the financial and directors' report have been rounded to the nearest $1,000 (where rounding is applicable) where noted ($'000).

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 71.

AUDITOR

Ernst & Young continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of the Directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Murray Boyte
Executive Chair

Dated in Brisbane this 30th day of August 2021

Consolidated Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021 $'000	30 June 2020 $'000
Rental income	3	18,831	16,874
Catering income	3	4,544	4,223
Service and caretaking fees	3	4,207	3,712
Total revenue		27,582	24,809
Finance income		25	36
Other income	3	1,827	1,223
Total revenue and other income		29,434	26,068
Property expenses		(13,687)	(11,705)
Employee expenses		(3,550)	(3,027)
Finance costs	4	(2,626)	(2,508)
Marketing expenses		(68)	(95)
Depreciation & amortisation	4	(587)	(591)
Other expenses		(2,518)	(1,758)
Total operating expenses		(23,036)	(19,684)
Share of profit of a joint venture	12	1,558	1,980
Net gain/(loss) on change in fair value of:			
Investment property	13	2,361	1,383
Non-current assets held for sale	10	(525)	(53)
Impairment of:			
Intangible assets		-	(80)
Other assets	9	(1,050)	(539)
Total other items		2,344	2,691
Profit before income tax expense		8,742	9,075
Income tax expense	5	(2,459)	(980)
Profit after income tax expense		6,283	8,095
Other comprehensive income			
Items that may be reclassified to profit or loss		-	-
Items that will not be reclassified to profit or loss		-	-
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		6,283	8,095
Basic earnings per share (cents per share)	26	2.73	3.52
Diluted earnings per share (cents per share)	26	2.72	3.52

The 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 30 JUNE 2021

	Note	30 June 2021 $'000	30 June 2020 $'000
Current assets			
Cash and cash equivalents	22	1,890	2,451
Trade and other receivables	6	414	316
Inventory	7	-	3,778
Loans receivable	8	214	396
Other assets	9	1,486	750
Non-current assets held for sale	10	2,258	483
Total current assets		6,262	8,174
Non-current assets			
Inventory	7	-	1,102
Loans receivable	8	346	353
Joint venture investment	12	6,846	5,955
Investment property	13	139,037	121,443
Property, plant and equipment	14	504	594
Right of use assets	15	487	722
Intangible assets	16	3,827	4,177
Other assets	9	1,660	2,685
Total non-current assets		152,707	137,031
Total assets		158,969	145,205
Current liabilities			
Trade and other payables	17	3,238	2,125
Provisions	18	535	523
Other financial liabilities	19	669	752
Total current liabilities		4,442	3,400
Non-current liabilities			
Trade and other payables	17	184	-
Provisions	18	83	73
Other financial liabilities	19	59,941	54,884
Deferred tax liability	5	3,439	980
Total non-current liabilities		63,647	55,937
Total liabilities		68,089	59,337
Net assets		90,880	85,868
Equity			
Share capital	20	95,652	94,352
Share based payment reserve	20	56	5
Accumulated losses		(4,828)	(8,489)
Total equity		90,880	85,868

The consolidated statement of financial position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2021

	Note	30 June 2021 $'000	30 June 2020 $'000
Cash flows from operating activities			
Receipts from customers		29,119	25,783
Payments to suppliers & employees		(19,040)	(15,884)
Interest received		64	43
Interest paid		(2,295)	(2,328)
Net cash provided by operating activities	22(b)	7,848	7,614
Cash flows from investing activities			
Payments for additions to investment property		(15,170)	(16,585)
Payments for additions to inventory		(66)	(407)
Payments for property, plant & equipment		(55)	(17)
Payments for intangible assets		-	(12)
Payments made to sell inventory		(344)	(462)
Payments made to sell non-current assets held for sale		-	(27)
Payment of residential obligation loans		-	(99)
Proceeds from sale of inventory		6,023	5,738
Proceeds from sale of investment properties		-	1,525
Proceeds from the sale of intangible assets		10	-
Proceeds from repayments of loans provided		178	208
Proceeds from sale on non-current assets held for sale		-	540
Net cash used in investing activities		(9,424)	(9,598)
Cash flows from financing activities			
Proceeds from borrowings		10,954	15,500
Repayment of borrowings		(8,250)	(10,263)
Payment of dividends		(1,981)	(3,565)
Proceeds from share issue		713	-
Payments for share issue transactions		(54)	-
Principal portion of lease payments		(210)	(209)
Payments of transaction costs related to borrowings		(157)	(88)
Net cash provided by financing activities		1,015	1,375
Net decrease in cash and cash equivalents		(561)	(609)
Cash and cash equivalents at the beginning of the financial year		2,451	3,060
Cash and cash equivalents at the end of the financial year	22(a)	1,890	2,451

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2021

	Note	Share capital $'000	Accumulated losses $'000	Share based payment reserve $'000	Total $'000
For the year ended 30 June 2021					
Balance at 1 July 2020		94,352	(8,489)	5	85,868
Profit for the year, representing total comprehensive income for the year		-	6,283	-	6,283
Transactions with owners in their capacity as owners:					
Issue of share capital	20	1,354	-	-	1,354
Transactions costs from share issue	20	(54)	-	-	(54)
Share based payments	20	-	-	51	51
Dividends paid	21	-	(2,622)	-	(2,622)
Balance at 30 June 2021		95,652	(4,828)	56	90,880
For the year ended 30 June 2020					
Balance at 1 July 2019		94,352	(12,870)	-	81,482
Opening adjustment on adoption of AASB 16 Leases		-	(149)	-	(149)
Balance at 1 July 2019 (Restated)		94,352	(13,019)	-	81,333
Profit for the year, representing total comprehensive income for the year		-	8,095	-	8,095
Transactions with owners in their capacity as owners:					
Share based payments	20	-	-	5	5
Dividends paid	21	-	(3,565)	-	(3,565)
Balance at 30 June 2020		94,352	(8,489)	5	85,868

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

Notes to the Financial Statements

1. INTRODUCTION

The financial statements cover Eureka Group Holdings Limited and its subsidiaries (Eureka, the Group or the Consolidated Entity) for the year ended 30 June 2021. Eureka Group Holdings Limited is a company incorporated and domiciled in Australia. Eureka is a for-profit entity for the purposes of preparing the financial statements.

The Group's operations and principal activities comprise ownership and property management of senior independent living communities.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated.

The registered office of the Company is Suite 2D, 7 Short St, Southport QLD 4215.

The financial report was authorised for issue on 30 August 2021 by the Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF PREPARATION

The principal accounting policies adopted by the Group are stated in order to assist in the general understanding of the financial report. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards and the Corporations Act 2001.

Compliance with IFRS
The consolidated financial report of the Group complies with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

New, revised and amended Accounting Standards adopted by the Group
Several amendments and interpretations apply for the first time for the year but do not have an impact on the consolidated financial statements of the Group. The Group has not early adopted any standards, interpretations or amendments that have been issued or which are not yet effective. This includes IFRS Interpretations Committee agenda decision *Configuration or Customisation Costs in a Cloud Computing Arrangement*, which includes software-as-a-service arrangements. The Group does not have any capitalised configuration or customisation costs.

Other new accounting standards, amendments to accounting standards, and interpretations have been published that are not mandatory for the current reporting period and are not expected to have a material impact on the Group's future financial reporting.

HISTORICAL COST CONVENTION

The financial statements have been prepared under the historical cost convention, except for, where applicable, financial assets and liabilities at fair value through profit or loss, investment properties, some assets held for sale and derivative financial instruments.

CONSOLIDATION

This financial report covers the consolidated entity consisting of Eureka Group Holdings Limited and its controlled entities. Eureka Group Holdings Limited is the ultimate parent entity.

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by Eureka Group Holdings Limited as at 30 June 2021 and the results of all controlled entities for the year then ended. The effects of all transactions between entities in the Group are eliminated in full.

Subsidiaries are entities controlled by the Company. Control exists when the Company 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 to direct the activities of the entity. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the financial report from the date that control commences until the date that control ceases.

Where the Group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The Group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

REVENUE FROM CONTRACTS WITH CUSTOMERS

Catering income
The revenue from contracts with residents for the provision of catering services includes one performance obligation. Revenue is recognised at a point in time when services are provided to the resident.

Service and Caretaking fees
The revenue from service and caretaking fees is recognised over time, as the customer simultaneously receives and consumes the benefits provided by the Group.

BUSINESS COMBINATIONS

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the Group assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the Group's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the Group remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquiree.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the differences relating to investments in subsidiaries to the extent that it is probable that it will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

TAX CONSOLIDATION

The Company and its wholly-owned Australian resident entities have formed a tax-consolidation group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidation group is Eureka Group Holdings Limited.

Current income tax expense, deferred tax liabilities and deferred assets arising from temporary differences of the members of the tax-consolidation group are recognised in the separate financial statements of the members of the tax-consolidation group using the 'separate taxpayer within group' approach by reference to the carrying amounts of assets and liabilities in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities/(assets) and deferred tax assets arising from unused tax losses of the subsidiaries is assumed by the head entity in the tax-consolidation group and are recognised by the Company as amounts payable/(receivable) to/(from) other entities in the tax-consolidation group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the tax-consolidation group to the extent that it is probable that future taxable profits of the tax-consolidation group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of Tax Funding Arrangements and Tax Sharing Arrangements

The head entity in conjunction with other members of the tax-consolidation group has entered into a tax funding arrangement which sets out the funding obligations of members of the tax-consolidation group in respect of tax amounts. The tax funding arrangements require payments to/from the head entity for the current tax liability/(asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter-entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter-entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant authorities.

The head entity, in conjunction with other members of the tax-consolidated group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations.

CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash includes cash at bank and on hand as well as highly liquid investments with short periods to maturity which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value, net of outstanding bank overdrafts.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are recognised initially at original invoice amount, and subsequently adjusted for Expected Credit Loss (ECL). An ECL allowance is recognised by analysing the age of outstanding balances and applying historical default percentages. Historical loss rates are adjusted to reflect forward-looking observable data affecting the ability of customers to settle debts.

INVESTMENT PROPERTY

Investment property comprises land and/or buildings held to earn rental income and/or for capital appreciation. 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 property is stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment property are recognised in profit or loss in the period in which they arise.

Transfers are made to (or from) investment property only when there is a change in use.

- For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.
- For a transfer from investment property to inventory, the deemed cost for subsequent accounting is the fair value at the date of change in use. If inventory becomes an investment property, the Group accounts for it in accordance with the policy stated under inventory up to the date of change in use.
- For a transfer from investment property to intangibles, the deemed cost for subsequent accounting is the fair value at the date of change in use. If an intangible (management rights) becomes an investment property, the Group accounts for it in accordance with the policy stated under intangibles up to the date of change in use.
- Transfers are made from investment property to non-current assets held for sale when the carrying amount will be recovered principally through a sale transaction rather than continuing use.

The Group’s policy is to have all investment properties externally valued at intervals of not less than three years or a third of the properties each year. Internal valuations are undertaken with reference to current market conditions and available information for those investment properties not externally valued at each reporting date. It is the policy of the Group to review the fair value of each investment property at each reporting date.

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.

INVESTMENT IN JOINT VENTURE

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group’s investments in its joint venture are accounted for using the equity method. Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group’s share of net assets of the joint venture since the acquisition date. Goodwill relating to the joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group’s share of the results of operations of the joint venture. Any change in other comprehensive income (OCI) of those investees is presented as part of the Group’s OCI. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the interest in the joint venture.

The aggregate of the Group’s share of profit or loss of a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

The financial statements of the joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, and then recognises the loss as ‘Share of profit of a joint venture’ in the statement of profit or loss.

Upon loss of significant influence over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

PROPERTY PLANT & EQUIPMENT

Property plant and equipment is recognised at cost. Depreciation and amortisation is calculated on the straight line or diminishing value basis so as to write off the net cost of each item of property, plant and equipment over its expected useful life to the Group. Rates used for each class of asset are:

Class	Rate	Method
Plant and equipment	6-33%	Straight-line or Diminishing value
Buildings	2.5%	Straight-line

INTANGIBLE ASSETS

Only intangible assets that have been purchased or paid for by the Group are recognised in the accounts.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

Management rights have a finite life and are carried at cost less accumulated amortisation and accumulated impairment losses. The management rights are amortised using the straight-line method over their estimated useful life. If the contractual or other legal rights of the management rights can be renewed, the useful life of the intangible asset includes the renewal period if there is evidence to support renewal by the entity without significant cost. Otherwise the management rights are amortised over the life of the contract.

Rent rolls have a finite life and are carried at cost less accumulated amortisation and accumulated impairment losses. Rent rolls are amortised using the straight-line method over 15 years being the estimated useful life.

Other intangible assets relate to website development which is amortised using the straight-line method over 3-10 years being the estimated useful life.

Intangible assets with indefinite useful lives are not amortised, but tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised, instead goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Goodwill acquired is allocated to each of the cash-generating units expected to benefit from the combination's synergies. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses for goodwill are not subsequently reversed.

IMPAIRMENT OF ASSETS

Non-Financial Assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. Except for goodwill, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

FAIR VALUE MEASUREMENT

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on 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 and assumes that the transaction will take place either in the principal market or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets including investment properties, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

FINANCIAL ASSETS AND LIABILITIES

Current and non-current financial assets and liabilities within the scope of AASB 9 are classified as fair value through profit or loss, fair value through other comprehensive income or amortised cost. The Group determines the classification of its financial assets and liabilities at initial recognition with the classification depending on the purpose for which the asset or liability was acquired or issued. Financial assets and liabilities are initially recognised at fair value plus directly attributable transaction costs, unless their classification is at fair value through profit or loss. They are subsequently measured at fair value or amortised cost using the effective interest method.

NON-CURRENT ASSETS (OR DISPOSAL GROUPS) CLASSIFIED AS HELD FOR SALE

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Notes to the Financial Statements

Non-current assets (including those that are part of the disposal group) are not depreciated or amortised while they are classified as held for sale. Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the statement of financial position. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the statement of financial position.

TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year and which are unpaid at that date. The amounts are unsecured and are generally settled within 30-60 days.

BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

EMPLOYEE BENEFITS

Short-term Employee Benefits
Liabilities for wages and salaries, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities and are measured as the amounts expected to be paid when the liabilities are settled inclusive of on-costs. Sick leave is non-vesting and is expensed as paid.

Long-term Employee Benefits
The liabilities for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given for expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields as at the reporting date on corporate bond rates with the terms to maturity that match, as closely as possible, the estimated future cash outflows.

Share based payments
Employees of the Group receive remuneration in the form of share based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised in employee benefits expense, together with a corresponding increase in equity (share based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the statement of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

PROVISIONS

Provisions are recognised when the Group has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

FINANCE COSTS

Finance costs include interest on short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs in connection with the arrangement of borrowings and finance lease charges. Finance costs incurred whilst qualifying assets are under construction are capitalised in the period in which they are incurred. Once each project is completed and ready for use or sale, subsequent finance costs are expensed when incurred. All other finance costs are expensed when incurred.

GOODS AND SERVICES TAX

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense.

Receivables and payables are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

LEASES

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) *Right-of-use assets*
The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. Refer to the accounting policy on Impairment of non-financial assets.

ii) *Lease liabilities*
At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date where the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in financial liabilities.

iii) *Short-term leases and leases of low-value assets*
The Group applies the short-term lease recognition exemption to its short-term leases of plant and equipment (i.e. leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense on a straight-line basis over the lease term.

Group as a lessor
Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

DIVIDENDS

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs is recognised as a deduction from equity.

EARNINGS PER SHARE

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

USE OF 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.

Information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are:

Notes to the Financial Statements

Investment Property – Measurement
The Group carries its investment property at fair value, with changes in fair value being recognised in profit or loss. The best evidence of fair value is current selling prices in an active market for similar investment properties. Where such information is not available, the Group determines a property's value within a range of reasonable fair value estimates. In making its judgment, the Group considers information from a variety of sources including:

- Valuations undertaken by accredited external independent valuers;
- Acquisition price paid for the property;
- Recent prices of similar properties with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and
- Capitalised income projections based upon a property's estimated maintainable earnings and capitalisation rate.

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.

The returns from the Group's investment property include rental income and income from provision of ancillary services, including 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 assessing qualitative factors, which include both operational and legislative considerations, and quantitative factors, which includes comparing:

- the value of the ancillary services to the total income generated from the property; and
- the profit generated from ancillary services to the total profit generated from the property

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

Inventory
Inventory consists of property being sold as part of a capital disposal program and is valued at the lower of cost and net realisable value.

Net realisable value is the estimated selling price of the inventory, less estimated costs of completion and the estimated costs necessary to make the sale.

Goodwill
Goodwill is allocated to the property management cash-generating unit (CGU). The Group tests the carrying value of goodwill on an annual basis to assess for any impairment, or more frequently, if events or changes in circumstances indicate impairment. The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows. Refer to Note 16 for further information.

Amortisation of Management Rights
Management rights are amortised over their estimated useful life. If the contractual or other legal rights of the management rights can be renewed, the useful life of the intangible asset includes the renewal period if there is evidence to support renewal by the entity without significant cost. Otherwise the management rights are amortised over the life of the contract.

For strata-titled villages (where units are individually owned by third parties) where management rights are attached, the Group generally amortises its management rights over a period of 40 years (being the estimated useful life). The amortisation period used reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Group. In determining the useful life, the Group considers the expected usage of the assets, the legal rights over the asset and the renewal period of the management rights agreements. Where there is evidence to support renewal of the management rights, the amortisation period is 40 years, similar to the life of the property the management rights are attached to, otherwise the amortisation period is the term of the management rights agreement.

Notes to the Financial Statements

For single-owner villages (where all units in the village are owned by a single third party) where management rights are attached, the management rights are amortised over the life of the contract. Eureka considers that it has materially less control over future contract renewals in single-owner villages than it does with the strata-titled villages primarily because it does not own or have any sort of tenure in respect of the managers unit and a single vote of the owner can elect to not renew Eureka's management rights contract.

The amortisation period and the amortisation method for management rights are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate.

Recovery of receivables
At each reporting date the Group assesses the recoverability of trade, loan and other receivables by reference to the expected future cash flows, the credit worthiness of the borrowers and the value of security provided. For trade and other receivables, the Group applies a simplified approach in calculating expected credit losses (ECLs). The Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Non-current amount receivable and associated option over property
Options over property are initially measured at cost. Subsequent to acquisition, options continue to be recorded at cost, however are tested for impairment on an annual basis. Impairment is tested by reference to the assessed value of the underlying property assets or final cash settlement alternatives. Impairment losses are recorded as incurred. Should these options not be, or become unlikely to be, exercised and this asset reverts back to a receivable it will be assessed for impairment as a loan receivable at that point in time. Refer to Note 9 for significant assumptions made in the assessment of impairment for this asset.

Bartercard
Bartercard assets are initially recorded at cost. At each balance date an assessment is made of the cash equivalent value obtainable on the expenditure of Bartercard. If this value exceeds cost, no adjustment is made, however if the cash price equivalent is less than cost, an impairment charge is made to this asset.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences and income tax losses. These assets are only recognised if the Group considers it probable that future taxable amounts will be available to utilise those temporary difference assets. Judgement is required in assessing the availability of income tax losses and satisfaction by the relevant Group entities of legislative requirements at each reporting date, including for certain years satisfaction of the "Same Business Test" as defined in S.165-210 of the Income Tax Assessment Act 1997.

Fair value measurement hierarchy
The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3: Unobservable inputs for the asset or liability.

Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of significant unobservable inputs as disclosed in Note 24.

Notes to the Financial Statements

PARENT ENTITY

In accordance with the Corporations Act 2001, these financial statements present the results of the Group only. Supplementary information about the parent entity is disclosed in Note 32. The accounting policies of the parent entity are consistent with those of the Group, as disclosed above, except for the following where in the parent entity:

- Investments in subsidiaries are accounted for at cost, less any impairment; and
- Investments in joint ventures are accounted for at cost, less any impairment.

Financial guarantees
Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

COMPARATIVES

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

3. REVENUE

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Rental income	18,831	16,874
Revenue from contracts with customers		
Catering – managed properties	1,508	1,544
Catering – owned properties	3,036	2,679
Total catering income	4,544	4,223
Service fees	3,307	2,822
Caretaking fees	900	890
Total service and caretaking fees	4,207	3,712
Total revenue from contracts with customers	8,751	7,935
Total revenue	27,582	24,809
Other income		
Gain on sale of inventory	731	1,031
Gain on sale of investment property	-	3
Gain on sale of intangible assets	10	-
Insurance proceeds	595	-
Other	491	189
Total other income	1,827	1,223

The gain on sale of inventory relates to the disposal of units at Terranora, NSW as part of the Group's non-core capital asset disposal program and comprises the following:

	Consolidated	
	30 June 2021 #	30 June 2020 #
Units sold	31	27
	$'000	$'000
Sale proceeds [1]	6,023	6,386
Cost of sales	(5,140)	(5,356)
Write down to net realisable value	(152)	-
Gain on sale of inventory	731	1,030

[1] Sales proceeds in the prior year comprised $0.65 million in Bartercard and the balance in cash.

Disaggregation of revenue from contracts with customers

The Group derives revenue from the transfer of goods (catering income) and services (service and caretaking fees) over time and at a point in time in Australia.

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Timing of revenue recognition		
At a point in time	4,544	4,223
Over time	4,207	3,712
Total	8,751	7,935

4. ITEMS INCLUDED IN PROFIT

Profit before income tax expense includes the following specific items:

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Finance costs		
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss	2,626	2,508
Total finance costs	2,626	2,508
Depreciation		
Plant & equipment	36	39
Buildings	15	33
Motor vehicles	10	10
Right of use assets	176	216
Total depreciation	237	298
Amortisation		
Management rights	342	285
Rent rolls	3	3
Other	5	5
Total amortisation	350	293
Total depreciation and amortisation	587	591
Defined contribution superannuation expense	553	451

5. INCOME TAX

The major components of income tax expense are as follows:

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Consolidated Statement of Profit or Loss		
Current income tax	-	-
Deferred income tax	2,459	980
Income tax expense reported in the Statement of Profit or Loss	2,459	980

A reconciliation of income tax expense and the profit before tax multiplied by the applicable tax rate is as follows:

	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Profit before tax	8,742	9,075
Income tax calculated at 26% (2020: 30%)	2,273	2,722
Tax effect of permanent differences	(95)	(20)
Non-deductible capital items - deferred tax assets not recognised in year	364	-
Non-deductible capital items - deferred tax assets ceased to be recognised	507	-
Under provision	(108)	-
Recognition of net deferred tax assets not previously recognised	(214)	(1,722)
Tax effect of changing deferred tax balances to 25% tax rate at 30 June 2021	(268)	-
Income tax expense reported in the Statement of Profit or Loss	2,459	980

Notes to the Financial Statements

Deferred tax balances have been stated at 25% (2020: 30%).

	Consolidated	
	30 June 2021 $'000	**30 June 2020 $'000**
Recognised in the Statement of Financial Position		
Deferred tax assets		
Tax losses - revenue	6,734	8,665
Net (assessable) and deductible differences on sundry items	(434)	167
Deferred tax liabilities		
Investment properties, property, plant and equipment	(9,739)	(9,812)
Net deferred tax liability	(3,439)	(980)
Not recognised in the Statement of Financial Position		
Unrecognised deferred tax assets		
Tax losses - capital	601	968
Non-deductible capital items	1,230	504
Net unrecognised deferred tax assets	1,831	1,472
Reconciliation of unrecognised tax balances:		
Opening balance	1,472	1,828
Recognition and use of revenue tax losses	-	(1,828)
Recognition and use of capital tax losses	(214)	-
Movement attributable to non-deductible capital items	871	-
Adjustment to prior period balances	(29)	1,472
Tax effect of changing deferred tax balances to 25% tax rate at 30 June 2021	(269)	-
Total movement	359	(356)
Closing balance	1,831	1,472

The deductible temporary differences and tax losses do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items until it is probable that future taxable profits will be available against which the Group can utilise these benefits because they relate to capital assets.

The benefits of the Group's recognised and unrecognised tax losses will only be realised if:

- the Group continues to meet the requirements of applicable tax laws to allow the losses to be carried forward and utilised, including for certain years satisfaction of the "Same Business Test" as defined in S.165-210 of the Income Tax Assessment Act 1997;
- the Group earns taxable income in future periods; and
- applicable tax laws are not changed, causing the losses to be unavailable.

Notes to the Financial Statements

6. TRADE AND OTHER RECEIVABLES

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Trade receivables	220	192
Accrued income and other	194	124
	414	316

Trade receivables are non-interest bearing unless otherwise stated and are generally on 30 day terms. Expected credit loss was considered not material at each reporting date.

7. INVENTORY

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Opening balance	4,880	9,215
Additions	66	463
Disposals	(4,793)	(4,798)
Write down to net realisable value	(153)	-
Closing balance	-	4,880
Current	-	3,778
Non-current	-	1,102
	-	4,880

Inventory comprises the rental units at Terranora, NSW which were sold as part of the Group's non-core capital asset disposal program. The costs of development at Terranora were capitalised to the inventory as incurred. Further details are contained in Note 3.

8. LOANS RECEIVABLE

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Current		
Vendor finance [1]	79	81
West Cabin loan [2]	135	315
	214	396
Non-current		
Vendor finance [1]	166	353
West Cabin loan [2]	180	-
	346	353

1 The Group acquired loans receivable as part of the purchase of Elizabeth Vale Scenic Village Pty Ltd in 2015. Security for the loans consists of a first ranking mortgage over the property to which the loan pertains. The loans have maturity dates at year end of between 1.7 and 2.2 years and interest is payable on these loans at a rate of between 5.50% to 6.25% per annum.

2 The West Cabin Loan is a secured loan to CCH Developments No 1 Pty Ltd (CCH) in its personal capacity and as trustee of the CCH Developments No 1 Trust. No interest accrues on this loan.

The loan is secured by a real property mortgage over two existing cabins owned by CCH at Couran Cove, Qld and is guaranteed by Onterran Ltd and Mr Lachlan McIntosh in his personal capacity. Mr McIntosh was a director of Eureka until 31 December 2019, is the Executive Chairman of Onterran Ltd and a director of CCH. Recourse against CCH in respect of the loan is limited to the two existing cabins.

Subsequent to balance date, a repayment plan for the loan has been agreed. Eureka has reserved its rights under the loan agreement and the security.

The Directors consider that the amount owed is recoverable due to the repayment plan agreed between the parties, the validity and enforceability of the real property mortgages held by Eureka and the personal guarantee provided by Mr McIntosh.

9. OTHER ASSETS

	Consolidated	
Current	30 June 2021 $'000	30 June 2020 $'000
Prepayments and other assets [1]	1,116	450
Bartercard [2]	140	300
Capital replacement funds	230	-
	1,486	750
Non-current		
Bartercard [2]	1,660	1,635
Other [3]	-	1,050
	1,660	2,685

[1] Includes deposits for asset purchases.

[2] Bartercard is an alternative currency and operates as a trade exchange. At 30 June 2021, the Bartercard carrying value was $1.80 million (2020: $1.94 million) which is recorded at cost less any impairment. There was no impairment expense during the year (2020: $0.35 million). The amount classified in current assets is based on expected utilisation of Bartercard in the next 12 months.

[3] A loan to CCH Developments No 1 Pty Ltd (CCH) was formalised with effect from 31 December 2016 with a face value of $3.00 million. It is secured by a real property mortgage over land owned by CCH relating to 60 proposed cabin sites at Couran Cove, Qld. This loan is guaranteed by Onterran Ltd. No interest accrues on this loan.

The loan was extended until 31 August 2021 during the year. Eureka has the option to extend the repayment date to 31 August 2023.

During the year, a thorough review was undertaken by the Group of the recoverability of the loan including likely realisation methods. This included consideration of legal advice, an independent valuation of the relevant land which acts as security for the loan and the commercial arrangements applicable to land holdings and development at Couran Cove. As a result of this review, the directors have assessed the fair value of the loan to be $nil (2020: $1.05 million) and an impairment charge of $1.05 million was recorded for the year (2020: $0.19 million). The Group intends to pursue its rights for collection of the loan receivable.

Although the loan and land option give Eureka a right of first refusal to purchase the proposed cabin sites for $50,000 per site, to be paid by way of set off against the loan on settlement, the Directors no longer consider this to be the most viable means of realising the asset.

Refer to Note 24 for fair value hierarchy disclosures.

10. NON-CURRENT ASSETS HELD FOR SALE

	Consolidated	
	30 June 2021 $'000	**30 June 2020 $'000**
Current		
Opening balance	483	519
Disposals	-	(517)
Transfers from investment property	2,300	534
Net loss on change in fair value	(525)	(53)
Closing balance	2,258	483

The balance at 30 June 2021 includes vacant land at Terranora for $1.83 million (2020: $nil). The net loss on change in fair value includes $0.46 million (2020: $nil) relating to the vacant Terranora land.

Refer to Note 24 for fair value hierarchy disclosures.

Notes to the Financial Statements

11. INVESTMENT IN SUBSIDIARIES

	Country of Incorporation	Equity Holding 30 June 2021 %	Equity Holding 30 June 2020 %
Comptons Caboolture Pty Ltd	Australia	100%	100%
Comptons Villages Australia Unit Trust	Australia	100%	100%
Easy Living (Bundaberg) Unit Trust	Australia	100%	100%
Easy Living Unit Trust	Australia	100%	100%
ECG No. 1 Pty Ltd	Australia	100%	100%
EGL Finance Pty Ltd	Australia	100%	100%
Elizabeth Vale Scenic Village Pty Ltd	Australia	100%	100%
Eureka Care Communities Pty Ltd	Australia	100%	100%
Eureka Care Communities (Morphetville) Pty Ltd	Australia	100%	100%
Eureka Care Communities (Mount Gambier) Pty Ltd	Australia	100%	100%
Eureka Care Communities (Salisbury) Pty Ltd	Australia	100%	100%
Eureka Care Communities (Wynnum) Pty Ltd	Australia	100%	100%
Eureka Care Communities Unit Trust	Australia	100%	100%
Eureka Cascade Gardens Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Albert Gardens) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Ayr) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Belgian Gardens) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Bowen) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Broken Hill) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Cairns) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Couran Cove) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Gladstone) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Lismore) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Margate) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Orange) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Southport) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Terranora) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Tivoli) Pty Ltd	Australia	100%	100%
Eureka Cascade Gardens (Townsville) Pty Ltd	Australia	100%	100%
Eureka Brassall Pty Ltd	Australia	100%	-
Eureka Earlville Pty Ltd [1]	Australia	100%	100%
Eureka Glenvale Pty Ltd	Australia	100%	-
Eureka Group Care Pty Ltd	Australia	100%	100%
Eureka Hervey Bay Pty Ltd	Australia	100%	-
Eureka Kingaroy Pty Ltd	Australia	100%	-
Eureka Liberty Villas Pty Ltd	Australia	100%	100%
Eureka Living Pty Ltd	Australia	100%	100%
Eureka Property Pty Ltd	Australia	100%	100%
Eureka Whitsunday Pty Ltd	Australia	100%	100%
Fig Investments Pty Ltd	Australia	100%	100%
Rockham Two Pty Ltd	Australia	100%	100%
SCV Leasing Pty Ltd	Australia	100%	100%
SCV Manager Pty Ltd	Australia	100%	100%
SCV No. 1 Pty Ltd	Australia	100%	100%
The Trustee for Rockham Unit Trust	Australia	100%	100%

[1] Eureka Earlville Pty Ltd was formerly Eureka Care Communities (Mount Gambier 3) Pty Ltd

There are no significant restrictions on the Company's ability to access or use the assets and settle the liabilities of the Group.

12. JOINT VENTURE INVESTMENT

The Group has a 50% interest in a joint venture (JV) comprising Affordable Living Unit Trust and Affordable Living Services Unit Trust. The JV owns five retirement villages in Tasmania. The Group's interest in the JV is accounted for using the equity method in the consolidated financial statements. The accounting policies adopted by the JV are consistent with the Group's accounting policies. Summarised financial information of the JV, and a reconciliation with the carrying amount of the investment in the consolidated financial statements are set out below:

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Movements in carrying amount:		
Opening balance	5,955	4,661
Share of profit from JV [1]	1,558	1,980
Cash distribution received	(667)	(686)
Closing balance	6,846	5,955

1 Share of profit from JV includes a net increase in the fair value of the Tasmanian village property assets. The Group's 50% share was $0.58 million (2020: $1.09 million).

Summarised statement of financial position of Affordable Living Unit Trust:

	30 June 2021 $'000	30 June 2020 $'000
Current assets, including cash and cash equivalents	357	172
Non-current assets, comprising investment property	22,468	21,146
Current liabilities [1]	(333)	(523)
Non-current liabilities [2]	(8,800)	(8,885)
Net assets	13,692	11,910
Group's share in net assets – 50%	6,846	5,955
Group's carrying amount of the investment	6,846	5,955

1 Current liabilities includes borrowings of $0.10 million (2020: $0.30 million), repayable within 12 months.
2 Non-current liabilities includes long term borrowings of $8.80 million (2020: $8.88 million).

Summarised statement of profit or loss of Affordable Living Unit Trust:

	30 June 2021 $'000	30 June 2020 $'000
Revenue and other income	5,751	6,177
Cost of sales	(2,363)	(1,908)
Finance costs	(272)	(335)
Profit before tax	3,116	3,934
Income tax expense[1]	-	-
Profit for the year	3,116	3,934
Total comprehensive income for the year	3,116	3,934
Group's share of profit for the year	1,558	1,967

1 Eureka and its JV partner are presently entitled to the net income of the trust for tax purposes. As a result, there is no tax payable or expensed in the JV.

Summarised statement of financial position of Affordable Living Services Unit Trust:

This entity has been dormant since May 2020.

Summarised statement of profit or loss of Affordable Living Services Unit Trust:

	30 June 2021 $'000	30 June 2020 $'000
Revenue and other income	-	386
Cost of sales	-	(360)
Finance costs	-	-
Profit before tax	-	26
Income tax expense[1]	-	-
Profit for the year	-	26
Total comprehensive income for the year	-	26
Group's share of profit for the year	-	13

1 Eureka and its JV partner are presently entitled to the net income of the trust for tax purposes. As a result, there is no tax payable or expensed in the JV.

The joint venture had no contingent liabilities or commitments as at 30 June 2021 (2020: nil).

13. INVESTMENT PROPERTY

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Investment properties at fair value	139,037	121,443
Movements in investment properties:		
Balance at beginning of year	121,443	105,406
Acquisitions [1]	14,265	14,667
Disposals [2]	-	(1,516)
Capital expenditure	3,185	1,941
Transfer of Bartercard deposit to other assets	-	(714)
Transfer to non-current assets held for sale	(2,300)	(534)
Transfer from intangibles – management rights [3]	-	810
Transfer from property, plant and equipment	83	-
Net gain on change in fair value	2,361	1,383
Balance at end of year	139,037	121,443

1 Includes the acquisition of villages in Cairns and Hervey Bay on 4 November 2020 and 3 individual units in the Group's its strata-titled village in Elizabeth Vale, South Australia. The prior period includes the acquisition of a 124-unit rental village in Bundaberg, Qld, acquired on 28 February 2020 and 7 individual units in strata-titled villages.

2 During the prior year, the Group divested a property located in Bowen, Qld.

3 Management rights held in relation to villages and units that are wholly owned by the Group, for which no external revenue stream exists and which were previously classified as intangibles, have been reclassified to investment property and are included in the fair value of the respective properties.

The Group's investment properties are shown individually in this note and consist of 27 rental village assets (2020: 25) along with associated manager's units and other rental units. The Group considers investment properties reside in one class of asset, being seniors' rental villages.

At 30 June 2021, the Group undertook a review of the fair value of all investment properties held and recorded a net increase in fair value for the year of $2.36 million (2020: $1.38 million). This adjustment related to all assets in the asset class and was based on inputs and assumptions disclosed in Note 24. The net change in fair value is recognised in profit or loss in the reporting period in which the assessment is made.

The Group's external valuation program resumed during the year, with nine properties being independently valued. These included the four properties which were due for an independent external valuation by 30 June 2020 but which were deferred due to the outbreak of COVID-19 and consequent visitor restrictions at the villages.

The external valuations undertaken during the year but before February 2021 noted that due to COVID-19, there was a market uncertainty resulting in significant valuation uncertainty. As a result, the reports note that the assessed values could change significantly and unexpectedly over a short period of time. The external valuer has confirmed that as at 30 June 2021, there was no longer a market uncertainty resulting in significant valuation uncertainty and that had those properties been valued at 30 June 2021, such a comment would not have been included.

The directors have taken this into account in assessing the fair value of the properties at 30 June 2021 and note that the financial impact of COVID-19 on the Group's business has been minimal to date, there continues to be strong demand for affordable retirement living options as evidenced by the Group's increased occupancy levels during the current year, and the results of independent and internal appraisals performed in the year which support key estimates of maintainable earnings and capitalisation rates used in valuation assessments.

Refer to Note 24 for fair value hierarchy disclosures relating to investment properties.

Amounts recognised in profit or loss for investment properties:

	Consolidated	
	30 June 2021 $'000	**30 June 2020 $'000**
Rental income	18,831	16,874
Catering income	3,036	2,679
Direct operating expenses generating rental and catering income	(12,268)	(9,894)
Net gain on change in fair value of investment properties	2,361	1,383

The Group has no restrictions on the realisability of its investment properties. It has contractual obligations to expand the Wynnum village, complete the acquisition of a village in Brassall, Qld for $6.50 million and acquire two units in its strata-titled village in Rockhampton for $0.26 million. There are no other contractual obligations to either purchase, construct or develop investment properties or for repairs, maintenance and enhancements. Certain assets are pledged as security for borrowings as detailed in Note 19.

Notes to the Financial Statements

Details of investment properties are as follows:

Property	Carrying amount 30 Jun 21 $'000	Carrying amount 30-Jun-20 $'000
33 Mardross Court Lavington	4,778	4,741
Koinonia Village	1,317	1,296
92 Primrose Street Belgian Gardens	1,488	1,469
61 Marana Street Bilambil Heights (Terranora)	600	2,900
Broken Hill Village	3,032	2,609
Avenell Village on Vasey Bundaberg	5,304	5,202
3 Ovens Street Bundaberg	14,748	14,017
Cascade Gardens Cairns	4,973	4,773
Lot 51 Christie Downs Community Centre (manager's unit)	316	301
60-66 Ishmael Rd Earlville	8,777	-
Elizabeth Vale Scenic Village 1	6,329	5,902
Elizabeth Vale Scenic Village 2	4,680	4,760
Rockhampton Village 1	3,562	3,810
Rockhampton Village 2	5,644	5,733
15/8 Wicks Street, New Auckland	50	50
Freshwater Villas	4,492	4,428
Lot 49 Hackham Community Centre (manager's unit)	266	266
Lot 97 144 Main South Road Hackham	291	285
15-23 McNally St Scarness	5,702	-
Lismore Village	6,992	5,816
Cascade Gardens Mackay	9,527	9,344
43 Macdonnell Court Margate	4,908	4,866
344 San Mateo Avenue Mildura	4,668	4,595
Mt Gambier 2 Village	3,392	3,363
Albert Street Gardens Village	5,590	5,724
Salisbury	4,971	4,883
60 Poplar Avenue Shepparton	5,072	4,674
7 Meron Street Southport	4,286	4,261
Lot 6,8,9,20,21&22 56A Moores Pocket Road Tivoli	748	452
Galilee Lodge	940	929
Myall Place Village	4,700	4,404
40 Federation Street Wynnum	6,894	5,590
	139,037	121,443

A summary of the investment properties by state is as follows:

State	Carrying amount 30 Jun 21 $'000	Carrying amount 30-Jun-20 $'000
Queensland	83,360	66,220
New South Wales	20,992	21,790
Victoria	9,740	9,269
South Australia	24,945	24,164
	139,037	121,443

14. PROPERTY, PLANT & EQUIPMENT

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Buildings at cost	619	619
Accumulated depreciation	(249)	(234)
	370	385
Plant & equipment at cost	223	320
Accumulated depreciation	(131)	(163)
	92	157
Motor vehicles at cost	81	81
Accumulated depreciation	(39)	(29)
	42	52
Total property, plant & equipment	504	594

Reconciliation of movements in property, plant & equipment:

	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Total $'000
Opening balance at 1 July 2019	417	178	64	659
Additions at cost	-	18	-	18
Depreciation expense	(32)	(39)	(12)	(83)
Closing balance at 30 June 2020	385	157	52	594
Opening balance at 1 July 2020	385	157	52	594
Additions at cost	-	54	-	54
Transfer to investment property	-	(83)	-	(83)
Depreciation expense	(15)	(36)	(10)	(61)
Closing balance at 30 June 2021	370	92	42	504

15. RIGHT OF USE ASSETS

	30 June 2021 $'000	30 June 2020 $'000
Leased property		
Opening balance	714	869
Modification on leases	(59)	58
Depreciation expense	(173)	(213)
Closing balance	482	714
Leased equipment		
Opening balance	8	11
Depreciation expense	(3)	(3)
Closing balance	5	8
Total right of use assets	487	722

Income received from sub-leasing right of use assets was $0.03 million for the year (2020: $0.03 million).

16. INTANGIBLE ASSETS

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Management rights – at cost	3,547	3,547
Accumulated amortisation and impairment	(1,772)	(1,430)
Net	1,775	2,117
Rent rolls – at cost	140	140
Accumulated amortisation	(52)	(49)
Net	88	91
Other intangibles – at cost	25	25
Accumulated amortisation	(16)	(11)
Net	9	14
Goodwill	1,955	1,955
Total intangible assets	3,827	4,177

The Group's business activities include the ownership and management (through management letting rights agreements) of seniors' rental accommodation throughout Australia. The intangible assets were separately classified in accordance with accounting standards following village acquisitions.

Impairment tests for goodwill

Goodwill is monitored by the Board of Directors (who are identified as the chief operating decision makers) based upon the net profit of the villages managed by Eureka, after allowing for overhead costs attributable to respective village management. Goodwill has been allocated to the property management CGU.

The Group tests goodwill for impairment on at least an annual basis. The recoverable amount of a CGU is determined based on value-in-use calculations which require the use of assumptions.

The calculations use cash flow projections covering a five-year period comprising a one-year budget period and four-year forecast period. Cash flows beyond the five-year period are extrapolated using an estimated long term growth rate.

Notes to the Financial Statements

Key assumptions are those to which the recoverable amount of an asset or CGU is most sensitive. The following key assumptions were used in the discounted cash flow model:

- cash flows are forecast by management taking into account historical results and current expectations of future performance including renewal of management agreements;
- cash flows were projected over a five-year period by applying a 2% growth rate (2020: 2%);
- the terminal value was calculated using a growth rate of 2% (2020: 2%);
- cash flows have been discounted using a pre-tax discount rate of 15% (2020: 15%); and
- cash flows assume no additional villages will be managed.

Reconciliation of movements in intangible assets:

	Management rights $'000	Rent rolls $'000	Goodwill $'000	Other intangibles $'000	Total $'000
Opening balance at 1 July 2019	3,291	95	1,955	7	5,348
Additions at cost	-	-	-	12	12
Disposals (cost)	-	-	-	(28)	(28)
Disposals (accumulated amortisation)	-	-	-	28	28
Impairment expense	(80)	-	-	-	(80)
Transfer to investment property	(810)	-	-	-	(810)
Amortisation expense	(284)	(4)	-	(5)	(293)
Closing balance at 30 June 2020	2,117	91	1,955	14	4,177
Opening balance at 1 July 2020	2,117	91	1,955	14	4,177
Amortisation expense	(342)	(3)	-	(5)	(350)
Closing balance at 30 June 2021	1,775	88	1,955	9	3,827

The remaining amortisation period for the management rights, on a weighted average basis, is 11 years (2020: 12 years).

17. TRADE & OTHER PAYABLES

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Current		
Trade creditors and accruals	3,192	2,125
Capital replacement fund liability	46	-
	3,238	2,125
Non-current		
Capital replacement fund liability	184	-
	184	-

The carrying amounts of trade and other payables are considered to be the same as their fair value, due to their short term nature.

18. PROVISIONS

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Current		
Employee benefits	535	523
	535	523
Non-current		
Employee benefits	83	73
	83	73

19. OTHER FINANCIAL LIABILITIES

	Consolidated	
	30 June 2021 $'000	**30 June 2020 $'000**
Current		
Accrued interest	506	467
Lease liability	163	221
Insurance funding	-	64
	669	752
Non-current		
Bank loan - secured[1]	57,175	54,472
Deferred consideration liability[2]	2,431	-
Lease liability	471	646
Borrowing costs	(136)	(234)
	59,941	54,884

[1] Bank loan - secured

As at 30 June 2021, the Group has access to National Australia Bank (NAB) facilities with the following terms:

- Maximum limit of $77.50 million (2020: $60.00 million). Total drawings on this facility were $57.18 million (2020: $54.47 million). The facility expires on 31 March 2024. Interest is payable at a fixed rate of 4.77% on $35.00 million until 31 December 2021 and at variable rates (currently 1.98%) on the remaining drawn amount, inclusive of facility fees. A facility fee applies to any undrawn amount. No principal payments are required and interest is paid quarterly.
- $2.50 million bank guarantee facility to secure the deferred consideration payable for the acquisition of the new village at Hervey Bay. Refer to footnote 2 below.

The NAB facilities are secured by a first priority general security over all present and future acquired property. As at 30 June 2021, the Group's property assets, with a carrying value of $141.30 million (2020: $126.81 million), have been pledged by the Group.

During the year, the facility terms were amended to extend the expiry date from 31 January 2022 to 31 March 2024 and to increase the facility limit from $60.00 million to $77.50 million to facilitate the acquisition of two new villages, expansion of the Wynnum village and to provide headroom for future acquisitions. The limit will increase to $80.00 million upon settlement of the deferred consideration payable for Hervey Bay and return of the associated bank guarantee in November 2022.

The loan facilities are subject to covenants which are commensurate with normal secured lending terms.

The Group complied with its covenants throughout the current and prior year.

[2] Vendor finance arrangement relating to the acquisition of the Hervey Bay village on 4 November 2020. $2.50 million is payable 2 years after settlement date with no interest. The balance at 30 June 2021 represents the present value of the amount payable to the vendor. The Group has provided a $2.50 million bank guarantee to the vendor as security, the costs of which are borne by the vendor.

Notes to the Financial Statements

20. 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.

	Consolidated			
	30 June 2021 Number	30 June 2021 $'000	30 June 2020 Number	30 June 2020 $'000
Opening balance	230,037,638	94,352	230,037,638	94,352
Shares issued at $0.5773 under the Dividend Reinvestment Plan	2,346,779	1,354	-	-
Transaction costs	-	(54)	-	-
Closing balance	232,384,417	95,652	230,037,638	94,352

Share buy back

The Company closed the on-market share buyback on 15 March 2021. No ordinary shares were bought back and cancelled during the year (2020: nil).

Share based payment reserve

The share based payment reserve is used to recognise the value of equity-settled share based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 27 for further details of these plans.

	30 June 2021 $'000	30 June 2020 $'000
Opening balance	5	-
Share based payments expense	51	5
Closing balance	56	5

21. DIVIDENDS

	30 June 2021 $'000	30 June 2020 $'000
Dividends on ordinary shares declared and paid:		
Final dividend - 2020: 0.55 cents per share (2019: 1.0 cents per share)	1,265	2,300
Interim dividend - 2021: 0.59 cents per share (2020: 0.55 cents per share)	1,357	1,265
	2,622	3,565

The 2021 interim dividend was fully underwritten. Details of shares issued under the Dividend Reinvestment Plan are shown in Note 20. Proceeds received from the underwriter were $0.71 million.

Since 30 June 2021, the Board has declared a final dividend of 0.59 cents per share, amounting to $1.37 million payable on 28 September 2021. The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2021 and will be recognised in subsequent financial reports.

Notes to the Financial Statements

22. CASH FLOW INFORMATION

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
(a) Reconciliation of cash		
Cash at bank and on hand	1,890	2,451

(b) Reconciliation of profit before tax to net cash flow from operating activities

	Consolidated	
	30 June 2021 $'000	30 June 2020 $'000
Profit after income tax expense	6,283	8,095
Depreciation and amortisation	587	591
Net (gain)/loss on change in fair value of investment properties	(2,361)	(1,383)
Net (gain)/loss on change in fair value of other assets	525	53
Impairment of intangibles and other assets	1,050	619
Share of profit of joint venture	(1,558)	(1,980)
Distribution received from joint venture	667	686
Gain on sale of investment property	-	(3)
Gain on sale of inventory	(731)	(1,031)
Gain on sale of management rights	(10)	-
Share based payments expense	51	5
Non-cash purchases	35	38
(Increase)/decrease in:		
- Trade and other receivables	(1)	(76)
- Other current assets	(86)	(71)
Increase/(decrease) in:		
- Trade and other payables	916	974
- Provisions	22	168
- Other financial liabilities	-	(46)
- Deferred tax liability	2,459	980
Net cash provided by operating activities	7,848	7,614

(c) Non-cash investing and financing activities

During the year, the Group acquired goods and services of $0.13 million with Bartercard dollars (2020: $0.06 million). Shares valued at $0.64 million were issued pursuant to the Dividend Reinvestment Plan in lieu of the payment of dividends.

Details of other prior year non-cash transactions are disclosed are contained in the Group's financial report for the year ended 30 June 2020.

23. FINANCIAL INSTRUMENTS

Overall policy

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is responsible for developing and monitoring the Group's risk management policy to identify and analyse the risks faced by the entity, to set limits and controls, and to monitor risks and adherence to limits. Risk management policy and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

CAPITAL MANAGEMENT

When managing capital, the objective is to ensure the Group has sufficient funds available for working capital and to meet its commitments, as well as to maintain optimum returns to shareholders and benefits for other stakeholders. The Group also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

The Group does not have any specific capital targets and nor is it subject to any external capital restrictions. The Board and senior management meet regularly and review in detail the current cash position and cash flow forecasts to ensure that there is sufficient cash flow for working capital, settling obligations when due and ensuring funding is available for growth opportunities.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's cash and cash equivalents, receivables from residents and amounts due from the seniors' independent living communities in accordance with management agreements in place, other assets and loans receivable.

	Consolidated	
	30 June 2021 $'000	**30 June 2020 $'000**
Maximum exposure to credit risk		
Cash and cash equivalents	1,890	2,451
Trade and other receivables	414	316
Loans receivable	560	749
Bartercard	1,800	1,935
Other assets	-	1,050
	4,664	6,501

Cash and cash equivalents
Deposits of cash are only held with approved banks and financial institutions. The Group banks with National Australia Bank.

Trade and other receivables
The Group's exposure to credit risk is influenced mainly by the individual characteristic of each counterparty or resident. The Group has a diverse range of counterparties and residents and therefore there is no significant concentration of credit risk with any single counterparty or group of counterparties. Exposure to credit risk is limited as the majority of residents are supported by the government pension.

The Group has a credit policy under which each new counter party or resident is analysed individually for creditworthiness before the Group enters into a services agreement with them. The Group monitors and follows-up its accounts receivable to ensure collections are being made promptly in accordance with contractual terms and conditions and actively pursues amounts past due.

Where applicable, an allowance for impairment is made that represents the estimate of impairment losses in respect to trade and other receivables. The Group has no concentrations of credit risk that have not been provided for. The trade debtors that are past due and greater than 90 days ageing are either on a payment plan or considered recoverable. The Group has not provided for the amounts past due as management believes these amounts will be received.

Notes to the Financial Statements

The ageing of trade receivables and other receivables at the reporting date was:

Trade and other receivables - gross amount receivable	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Due 0-30 days	362	240
Past due 30-60 days	44	-
Past due 60-90 days	2	9
Past due 90 + days	6	67
	414	316

Loans receivable

The Group's exposure to credit risk arises from the vendor finance loans which were part of the acquisition of Elizabeth Vale Scenic Village Pty Ltd and the West Cabin loan as detailed in Note 8. The vendor finance loan book consists of 7 individual loan contracts (2020: 10). The Group manages the units which are being held as security for the vendor finance loans. Repayments are received monthly in accordance with the individual contracts or alternative agreed arrangements in place.

Where applicable, an allowance for impairment has been made that represents the estimate of impairment losses in relation to the loans receivable. The Group has no concentrations of credit risk that have not been provided for.

Loans receivable – gross amount receivable	Consolidated 30 June 2021 $'000	Consolidated 30 June 2020 $'000
Current	214	396
Non-current	346	353
	560	749

Bartercard

Bartercard is an alternative currency and operates as a trade exchange. Bartercard is recorded at cost less any accumulated impairment, or at fair value, where Bartercard has been advanced to suppliers in exchange for future supply of goods. Eureka will no longer receive Bartercard dollars. The use of Bartercard dollars to purchase goods and services is actively managed to reduce this exposure.

Other assets

Eureka has a $3.00 million loan receivable from CCH Developments No 1 Pty Ltd (2020: $3.00 million). It is secured by a real property mortgage over 60 proposed cabin sites at Couran Cove. Eureka has a right of first refusal (option) to purchase the proposed cabin sites to offset the loan. During the year, the asset has been impaired by $1.05 million (2020: $0.19 million) and its carrying value at year end is $nil (2020: $1.05 million). Refer Note 9 for further details.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it has sufficient liquidity to meet its liabilities when due. This process involves the review and updating of cash flow forecasts and, when necessary, the obtaining of credit standby arrangements and loan facilities especially in relation to financing of proposed acquisitions.

The Group had unused borrowing facilities of $20.32 million (2020: $5.53 million) at the reporting date.

The tables below show the Group's financial liabilities classified into relevant maturity groupings based on their contractual maturities.

			Consolidated		
30 June 2021	**Contractual cash flows $'000**	**Less than 6 months $'000**	**6 - 12 months $'000**	**1 – 2 years $'000**	**More than 2 years $'000**
Trade and other payables	3,422	3,422	-	-	-
Loans - secured [1]	61,481	1,137	893	1,300	58,151
Other financial liabilities	841	64	64	128	585
Deferred payment liability	2,500	-	-	2,500	-
Total	68,244	4,623	957	3,928	58,736

30 June 2020	Contractual cash flows $'000	Less than 6 months $'000	Consolidated 6 - 12 months $'000	1 – 2 years $'000	More than 2 years $'000
Trade and other payables	2,125	2,125	-	-	-
Loans - secured [1]	58,201	1,555	1,087	55,559	-
Other financial liabilities	1,256	185	100	128	843
Total	61,582	3,865	1,187	55,687	843

[1] This amount includes estimated interest during the contractual period.

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(d) Interest rate risk

The Group's exposure to market interest rates arises from long term bank borrowings. Borrowings issued at variable rates expose the Group to interest rate risk. At 30 June 2021, $22.18 million of the Group's bank loan is at variable rates while $35.00 million is fixed (refer to Note 19).

The Group regularly reviews its interest rate exposure, taking into account potential renewals of existing finance facilities, alternative financing, hedging options and the mix of fixed and variable interest rates.

24. FAIR VALUE MEASUREMENTS

Fair value hierarchy

Investment properties, non-current assets held for sale and other assets (Couran Cove loan including land option) are measured at fair value, using a three level hierarchy, based upon the lowest level of input that is significant to the entire fair value measurement, being:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: Unobservable inputs for the asset or liability

There were no transfers between levels during the financial year. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Fair value of financial instruments (unrecognised)

The Group has a number of financial assets and financial liabilities which are required to be measured at fair value in the statement of financial position. The fair values are not materially different to their carrying amounts since the interest receivable/payable is either close to current market rates or the instruments are short-term in nature, and therefore have not been disclosed.

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Consolidated – 2021				
Assets				
Other assets – loan including land option	-	-	-	-
Non-current assets held for sale	-	2,258	-	2,258
Investment property	-	-	139,037	139,037
Total assets	-	2,258	139,037	141,295
Consolidated – 2020				
Assets				
Other assets – loan including land option	-	-	1,050	1,050
Non-current assets held for sale	-	483	-	483
Investment property	-	-	121,443	121,443
Total assets	-	483	122,493	122,976

Valuation techniques for fair value measurements categorised within level 2 and level 3

At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The directors determine a property's value within a range of reasonable fair value estimates.

Investment properties may be valued using two methods, the capitalisation method and direct comparison approach. Under the capitalisation method, fair value is estimated using assumptions regarding the expectation of future benefits. The capitalisation method involves estimating the expected future maintainable earnings of each village into perpetuity and applying a capitalisation rate. The capitalisation rate is based on current market evidence. Future earnings projections take into account occupancy rates, rental income and operating expenses.

Under the direct comparison approach, key inputs are the recent sales of comparable units in comparable villages. All resulting fair value estimates for properties are included in level 3.

Valuation processes

Independent valuations have been obtained for a number of investment property assets during the year in accordance with the Group's accounting policy and were used as the basis for determining their related fair values. Valuer selection criteria include market knowledge, experience and qualifications, reputation, independence and whether professional standards are maintained.

Where an independent valuation was not performed on an investment property as at 30 June 2021, management has estimated the fair values by performing internal valuations using the capitalisation method taking into account the most recent external valuation undertaken by an independent valuer.

The fair value of Eureka's $3.00 million loan receivable (including land option at Couran Cove) has been assessed having regard to an independent external valuation of the secured land as at 30 June 2021, commercial considerations related to land holdings and development at Couran Cove and legal advice as to the avenues available to the Group to realise the asset. Refer Note 9 for further details. In the prior year, the fair value assessment was based on the net present value of the loan over the period it was expected to be realised, using a discount rate of 30%. It has been classified as a non-current other asset as it is not expected to be realised within 12 months.

Notes to the Financial Statements

The level 3 assets significant unobservable inputs and sensitivity are as follows:

Description	Valuation technique	Significant unobservable inputs	Range (weighted average) 2021	2020	Relationship of unobservable input to fair value
Other assets – loan including land option	External valuation	Comparable sales evidence	N/A	N/A	The external valuation has a direct correlation to the loan's value.
		Costs to realise the loan	N/A	N/A	Costs of realisation have an indirect correlation to the loan's value (i.e. the lower they are, the greater the value).
	Net present value (NPV)	Discount pre-tax rate	N/A	30%	A change in the discount rate would result in the following impact on NPV. In 2020: +5%: NPV decreases by $147,000 - 5%: NPV increases by $178,000
		Time frame of realisation	N/A	3 – 5 years	A change in the timeframe for realisation would result in the following impact on NPV. In 2020: +1 year: NPV decreases by $242,000 - 1 year: NPV increases by $315,000
Investment properties – rental villages	Capitalisation method [1]	Capitalisation rate	9.00%-11.00% (9.92%) [2]	8.25%-11.38% (10.08%) [2]	Capitalisation rate has an inverse relationship to valuation.
		Stabilised occupancy	88%-100% (97.2%)	87%-100% (95.8%)	Occupancy has a direct correlation to valuation (i.e. the higher the occupancy, the greater the value).
Investment properties – individual village units	Direct comparison approach	Comparable sales evidence	N/A	N/A	Comparable sales evidence has a direct relationship to valuation.

1 Significant changes in any of the significant unobservable valuation inputs under the capitalisation method would result in a significantly lower or higher fair value measurement.

2 Excludes four apartment-style complexes with a capitalisation rate range of 6.5% to 8% and a village in which National Disability Insurance Scheme services revenue is earned with a capitalisation rate of 14%.

Fair value measurements using significant unobservable inputs (level 3)

Movements in level 3 asset items during the current and previous financial year are set out in Note 9, 10, 13 and 17.

Notes to the Financial Statements

25. COMMITMENTS AND CONTINGENCIES

As at the 30 June 2021, the Group had the following commitments:

- Bank guarantees to various landlords of $0.03 million (2020: $0.05 million);
- Bank guarantee facility of $2.50 million to secure deferred consideration payable for the acquisition of the Hervey Bay village;
- Unconditional contract to acquire 2 units at its strata titled village in Rockhampton, Qld for $0.26 million;
- Unconditional contract to acquire Gainsborough Lifestyle Village in Brassall, Qld for $6.50 million; and
- Wynnum construction costs of $1.80 million.

The Group had no other material commitments as at 30 June 2021.

From time to time Eureka may be subject to various claims and litigation from third parties during the ordinary course of its business. The directors have given consideration to such matters which are, or may, be subject to claims or litigation at year end and, unless specific provisions have been made, are of the opinion that no material contingent liability for such claims exists.

26. EARNINGS PER SHARE

Basic earnings per share is determined by dividing profit attributable to the ordinary shareholders by the weighted average number of ordinary shares on issue during the year.

Diluted earnings per share is determined by dividing profit attributable to the ordinary shareholders by the weighted average number of ordinary shares and dilutive potential ordinary shares on issue during the year.

	30 June 2021 $'000	30 June 2020 $'000
Profit after income tax expense	6,283	8,095
	#'000	**#'000**
Weighted average number of ordinary shares used in calculating basic earnings per share	230,494	230,038
Effects of dilution from share rights [1]	429	41
Weighted average number of ordinary shares & potential ordinary shares used in calculating diluted earnings per share	230,923	230,079
Basic earnings per share	2.73 cents	3.52 cents
Diluted earnings per share	2.72 cents	3.52 cents

[1] The share rights (refer to Note 27) are unquoted securities. Conversion to ordinary shares and vesting to executives is subject to performance and service conditions.

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

Notes to the Financial Statements

27. SHARE BASED PAYMENTS

Share rights

The Company has a long term incentive plan pursuant to which share rights are granted to key management personnel, subject to service and performance conditions.

No share rights were issued during the year. In the prior year 429,362 share rights were issued with an exercise price of $nil. The share rights vest on 30 September 2022, subject to the satisfaction of performance and service conditions.

Share rights do not have any voting rights, rights to dividends, rights to capital and have no entitlement to participate in new issues offered to ordinary shareholders of the Company.

The fair value of the share rights is estimated at the grant date using the Black Scholes pricing model, taking into account the terms and conditions on which the share rights were granted.

There are no cash settlement alternatives. The Group accounts for the share rights as an equity settled plan.

Options

No options were issued during the year or outstanding at 30 June 2021.

Share based payment expense

The expense recognised during the year is shown in the following table:

	30 June 2021 $'000	30 June 2020 $'000
Total expense arising from share based payment transactions	51	5

Movements during the year

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share rights during the year:

Share rights	30 June 2021 Number	2021 WEAP	30 June 2020 Number	2020 WAEP
Outstanding at the beginning of the year	429,362	-	-	-
Granted during the year	-	-	429,362	-
Forfeited during the year	-	-	-	-
Outstanding at the end of the year	429,362	-	429,362	-

The following table list the inputs to the model used to value the share rights issued to key management personnel in the prior period:

	2020 Share rights
Grant date	27 May 2020
Expiry date	30 September 2024
Share price at grant date ($)	0.315
Exercise price ($)	0.00
Fair value of right ($)	0.28
Dividend yield (%)	3.5
Expected volatility (%)	32.15
Risk-free interest rate (%)	0.26
Expected life of share rights (years)	4.35
Model used	Black Scholes

The expected volatility reflects the assumption that the historical volatility over the last 12 months will be an indication of the expected future volatility of the Company's share price, which may not necessarily be the actual outcome.

28. RELATED PARTY TRANSACTIONS

(a) Key management personnel compensation

	Consolidated	
	30 June 2021 $'000	**30 June 2020 $'000**
Short term employee benefits	1,310	1,110
Post-employment benefits	85	86
Other employee benefits	51	5
Total	1,446	1,201

Detailed disclosures relating to key management personnel are set out in the remuneration report within the Directors' Report.

(b) Other transactions with related parties

(i) Sales and purchases

The following table shows the income earned, expenses incurred and balances arising from related party transactions during the year:

	Sales to related parties		Amounts owed by related parties	
	30 June 2021 $'000	**30 June 2020 $'000**	**30 June 2021 $'000**	**30 June 2020 $'000**
Joint venture				
Management fees	294	282	41	24

Amounts owed by related parties are classified as trade receivables.

All transactions were made on commercial terms and conditions and at market rates. Outstanding balances are unsecured and are repayable in cash.

There were no transactions with parties related to a director during the year. Details of prior period transactions with former director-related entities are contained in the Group's financial report for the year ended 30 June 2020.

29. ULTIMATE PARENT ENTITY

The parent entity within the group is Eureka Group Holdings Limited, which is the ultimate parent entity within Australia.

30. OPERATING SEGMENTS

Identification of reportable operating segments and principal services

The Group is organised into two operating segments located in Australia:

- Rental villages – ownership of seniors' rental villages; and
- Property management - management of seniors' independent living communities.

The operating segments have been identified based upon reports reviewed by the Board of Directors, who are identified as the chief operating decision makers and are responsible for assessing performance and determining the allocation of resources. There is no aggregation of operating segments and the Board of Directors views each segment's performance based on profit after tax. The accounting policies adopted for internal reporting to the chief operating decision makers are consistent with those adopted in the financial statements.

Segment information is prepared in conformity with the accounting policies of the Group per Note 2 and Australian Accounting Standards.

Balances have been allocated to segments as follows:

- Rental villages includes the investment in the joint venture;
- Property management includes management rights; and
- Unallocated includes Terranora inventory and the sale of units, Terranora vacant land, Couran Cove assets and other loans receivable, Bartercard, cash, support office costs and corporate overheads. Segment liabilities include a deferred tax asset which is netted off against deferred tax liabilities in the Group balance sheet.

Cash flows are not measured or reported by segment.

Notes to the Financial Statements

Consolidated - 30 June 2021	Rental villages $'000	Property management $'000	Unallocated $'000	Total $'000
Revenue	24,126	3,456	-	27,582
Finance income	-	-	25	25
Other income	688	10	1,129	1,827
Total revenue and other income	24,814	3,466	1,154	29,434
Expenses	(12,268)	(2,193)	(5,949)	(20,410)
Finance costs	(2,575)	(37)	(14)	(2,626)
Total operating expenses	(14,843)	(2,230)	(5,963)	(23,036)
Net gain/(loss) on change in fair value of:				
Investment property	2,361	-	-	2,361
Other assets	(59)	-	(466)	(525)
Share of profit of a joint venture	1,558	-	-	1,558
Impairment of intangibles and other assets	-	-	(1,050)	(1,050)
Total other items	3,860	-	(1,516)	2,344
Profit/(loss) before income tax expense	13,831	1,236	(6,325)	8,742
Income tax (expense)/benefit	(3,596)	(413)	1,550	(2,459)
Profit/(loss) after income tax expense	10,235	823	(4,775)	6,283
Segment assets	147,430	4,799	6,740	158,969
Segment liabilities	62,592	880	4,617	68,089
Non-cash and other significant items included in profit:				
Gain on revaluation of investment property	2,361	-	-	2,361
Loss on revaluation of other assets	(59)	-	(466)	(525)
Share of profit of joint venture	1,558	-	-	1,558
Impairment of intangibles and other assets	-	-	(1,050)	(1,050)
Depreciation & amortisation	(39)	(438)	(110)	(587)
Amortisation of borrowing costs	(266)	-	-	(266)
Segment acquisitions:				
Acquisition and subsequent expenditure of investment property	17,450	-	-	17,450
Acquisition of property, plant and equipment	-	-	55	55
Additions to inventory	-	-	66	66

Notes to the Financial Statements

Consolidated - 30 June 2020	Rental villages $'000	Property management $'000	Unallocated $'000	Total $'000
Revenue	21,426	3,383	-	24,809
Finance income	-	-	36	36
Other income	50	-	1,173	1,223
Total revenue and other income	21,476	3,383	1,209	26,068
Expenses	(9,894)	(2,222)	(5,060)	(17,176)
Finance costs	(2,460)	(45)	(3)	(2,508)
Total operating expenses	(12,354)	(2,267)	(5,063)	(19,684)
Net gain/(loss) on change in fair value of:				
Investment property	1,383	-	-	1,383
Other assets	(53)	-	-	(53)
Share of profit of a joint venture	1,980	-	-	1,980
Impairment of intangibles and other assets	-	(80)	(539)	(619)
Total other items	3,310	(80)	(539)	2,691
Profit/(loss) before income tax expense	12,432	1,036	(4,393)	9,075
Income tax (expense)/benefit	(3,730)	(311)	3,061	(980)
Profit/(loss) after income tax expense	8,702	725	(1,332)	8,095
Segment assets	129,236	4,977	10,992	145,205
Segment liabilities	60,131	1,393	(2,187)	59,337
Non-cash and other significant items included in profit:				
Gain on revaluation of investment property	1,383	-	-	1,383
Loss on revaluation of other assets	(53)	-	-	(53)
Share of profit of joint venture	1,980	-	-	1,980
Impairment of intangibles and other assets	-	(80)	(539)	(619)
Depreciation & amortisation	(82)	(380)	(129)	(591)
Amortisation of borrowing costs	(207)	-	-	(207)
Segment acquisitions:				
Acquisition and subsequent expenditure of investment property	16,608	-	-	16,608
Acquisition of property, plant and equipment	-	-	18	18
Additions to inventory	-	-	463	463

Notes to the Financial Statements

31. REMUNERATION OF AUDITORS

	Consolidated	
	30 June 2021 $	30 June 2020 $
During the year the following fees were paid or payable for services provided by the auditor of the Company and its related practices:		
Fees to Ernst & Young (Australia)		
Fees for auditing the statutory financial report of the parent covering the Group and auditing the statutory financial reports of any controlled entities	200,000	146,100
Fees for tax advice	-	20,900
Total auditor's remuneration	200,000	167,000

32. PARENT ENTITY DISCLOSURES

	30 June 2021 $'000	30 June 2020 $'000
Information relating to Eureka Group Holdings Limited (parent entity):		
Results of the parent entity		
Profit for the year	12,789	5,303
Other comprehensive income	-	-
Total comprehensive income for the year	12,789	5,303
Financial position of parent entity at year-end		
Current assets	3,466	1,915
Non-current assets	106,216	93,848
Total assets	109,682	95,763
Current liabilities	1,262	895
Non-current liabilities	57,252	55,218
Total liabilities	58,514	56,113
Share capital	95,652	94,353
Equity reserve	56	5
Accumulated losses	(44,540)	(54,708)
Total equity	51,168	39,650

Guarantees entered into by the parent entity

From time to time, the parent entities provides financial guarantees in relation to the debts of its subsidiaries, in the ordinary course of business.

Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2021. Refer to Note 25 for further details.

Contractual commitments for capital items

The parent entity had no capital commitments for property, plant and equipment as at 30 June 2021.

33. SUBSEQUENT EVENTS

Subsequent to year end, the following significant transactions have occurred:

- Brassall acquisition – the purchase of Gainsborough Lifestyle village (Brassall, Qld) was completed on 9 July 2021 which consists of 59 relocatable homes and surplus land. Total consideration paid was $6.50 million excluding transaction costs. A deposit of $0.32 million is recorded in other assets – current at year end.
- Terranora disposal – the Group entered into a conditional contract for the sale of the vacant land at Terranora, NSW for total sale proceeds of $2.1 million including GST. The contract is subject to the purchaser's due diligence and contains a 6 month settlement period. If the contract becomes unconditional, settlement would be expected in early 2022. Eureka continues to own the manager's unit at the property.
- Dividend – the Company declared a final dividend in respect of the year of 0.59 cents per share, payable on 28 September 2021 amounting to $1.37 million.

Other than the above mentioned items, no other matter or circumstance has arisen since 30 June 2021 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.

Directors' Declaration

FOR THE YEAR ENDED 30 JUNE 2021

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 30 June 2021 and of its performance for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the Corporations Regulations 2001;
   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; and
   c) The financial statements and notes thereto are in accordance with International Financial Reporting Standards as disclosed in Note 2.
2. This declaration has been made after receiving the declarations required to be made to the directors in accordance with Section 295A of the Corporations Act 2001 for the financial year ended 30 June 2021.

On behalf of the Board

Murray Boyte
Executive Chair

Dated in Brisbane this 30th of August 2021.

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Independent Auditor's Report to the Members of Eureka Group Holdings Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Eureka Group Holdings Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* including Independence Standards (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Valuation of Investment Properties

Why significant	How our audit addressed the key audit matter

At 30 June 2021, the Group had investment properties carried at $139.0m, representing 87% of total assets at that date.
 	
Investment properties are initially recognised at cost, including transaction costs, and subsequently measured at fair value. Gains or losses arising from changes in fair value are recognised in the statement of profit or loss and other comprehensive income.
 	
Fair value measurement involves a high degree of estimation and judgement, and the involvement of external valuation specialists. The key inputs include capitalisation rates, occupancy levels and maintainable earnings.
 	
Significant assumptions and judgements used in the valuation of investment property are inherently subjective and in times of economic uncertainty the degree of subjectivity higher than it might be otherwise. The fair value of investment property is estimated based on conditions existing at 30 June 2021.
 	
Note 2, 13 and 24 of the financial report details the accounting policy for investment property assets, key inputs and sensitivities associated with reasonably possible changes in those inputs.
 	
Valuation of investment property is considered a key audit matter due to the significance of this balance and the level of estimation and judgement involved in determining its carrying value
	In conducting our audit we performed the following audit procedures:
	
	• Evaluated the suitability of the valuation methodology used across the portfolio and tested the inputs and assumptions including capitalisation rates, occupancy levels and maintainable earnings.
	
	• Held inquiries of management to assess:
	  ◦ The inputs and assumptions used in valuations at 30 June 2021.
	  ◦ Asset specific matters that are factored in the valuations such as major development activity.
	
	• Conducted site visits to selected assets to understand asset specific adjustments factored in the valuation.
	
	• Assessed the qualifications, competence and objectivity of the independent valuation experts used by the Group.
	
	• Involved our real estate valuation specialists to:
	  ◦ Review and assess a sample of external property valuations.
	  ◦ Assist with the assessment of capitalisation rates adopted by management across the portfolio .
	
	• Assessed whether the valuations appropriately considered the impact of COVID-19.
	
	• Assessed appropriateness of disclosures included in the financial report, particularly those in relation to investment property valuation.

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Impairment Testing of Goodwill

Why significant	How our audit addressed the key audit matter
As at 30 June 2021, the Group carried \$2.0m of goodwill. As described in Note 16, the Group tests goodwill for impairment on an annual basis. The recoverable amount has been determined for goodwill based on a value in use model based on discounted forecast cash flows. This model contains estimates and significant judgements and inputs regarding forecast cashflows, discount rate and growth rate. Significant assumptions and judgements used in the impairment testing referred to above are inherently subjective and in times of economic uncertainty the degree of subjectivity is higher than it might otherwise be. The estimate of carrying value is based on conditions existing at 30 June 2021. Due to the significance of this balance and the level of estimation and judgement involved, the impairment assessment of goodwill was considered a key audit matter.	In conducting our audit we performed the following audit procedures: • Evaluated the Group's assessment of Cash Generating Units. • Tested the mathematical accuracy of the impairment model prepared to test goodwill impairment. • Assessed whether the impairment model met the requirements of Australian Accounting Standards. • Tested the accuracy of the Group's historical cash flow forecasts. We agreed the forecasts to Board approved budgets and compared those forecasts to previously achieved results and considered any adjustments required for current trading and market activities. • Assessed key assumptions within the impairment model including the growth rate, forecast cash flows and discount rate. • Compared the Group's market capitalisation at 30 June 2021 to the net assets of the Group. • Assessed the appropriateness of disclosures included in the financial report, particularly those in relation to goodwill impairment testing included in Note 16.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Eureka Group Holdings Limited for the year ended 30 June 2021, complies with section 300A of the Corporations Act 2001.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

Wade Hansen

Wade Hansen
Partner
Brisbane
30 August 2021

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Auditor’s Independence Declaration to the Directors of Eureka Group Holdings Limited

As lead auditor for the audit of the financial report of Eureka Group Holdings Limited for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit*;* and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Wade Hansen
Partner
Brisbane
30 August 2021

Corporate Governance Statement

The Company's directors and management are committed to achieving and demonstrating the highest standards of corporate governance.

The Company has prepared a Corporate Governance Statement which sets out the corporate governance practices that were in operation during the financial year.

The Board has adopted the ASX Corporate Governance Principles and Recommendations (4th Edition) ('Recommendations') to the extent considered appropriate for the size and nature of the Group's operations. The Corporate Governance Statement identifies any Recommendations that have not been followed and provides reasons for not following those Recommendations.

The Company's Corporate Governance Statement and key policies can be found on its website:
https://www.eurekagroupholdings.com.au/investors/corporate-governance/.

Security Holder Information

Distribution of Securities as at 6 August 2021

Number of Securities	No of Shareholders
1 – 1,000	350
1,001 – 5,000	221
5,001 – 10,000	100
10,001 – 100,000	297
100,001 and over	98
Total Security Holders	**1,066**

Marketable Shares

There were 314 holders of less than a marketable parcel of 826 shares holding a total of 55,712 shares.

Voting Rights

Ordinary Shares carry voting rights of one vote per share. Options and share rights carry no voting rights.

Substantial Holders as at 6 August 2021	**No of Ordinary Shares Held**	**% of Issued Share Capital**
NAOS Asset Management Limited	46,213,010	19.89
Cooper Investors Pty Limited	32,934,541	14.17
Tribeca Investment Partners	25,365,406	10.92
Charter Hall Property Securities Management Limited [1]	19,706,125	8.48
Ethical Partners Funds Management Pty Ltd	19,268,057	8.29
Sunsuper Pty Ltd	14,632,669	6.30
Total	**158,119,808**	**68.05**

[1] Includes One Management Investment Funds Limited 11,865,789 5.11

Twenty Largest Ordinary Shareholders as at 6 August 2021	**No of Ordinary Shares Held**	**% of Issued Share Capital**
National Nominees Limited	97,537,012	41.97
HSBC Custody Nominees (Australia) Limited	38,592,495	16.61
J P Morgan Nominees Australia Pty Limited	19,576,578	8.42
One Managed Investment Funds Limited	13,300,000	5.72
Netwealth Investments Limited	5,337,500	2.30
Bond Street Custodians Limited	4,987,505	2.15
H & G Limited	3,195,359	1.38
Mr Alister C Wright	1,975,000	0.85
HIDIV Pty Ltd	1,898,075	0.82
NEJA Pty Ltd	1,848,743	0.80
Gold Tiger Investments Pty Ltd	1,648,743	0.71
Citicorp Nominees Pty Limited	1,555,188	0.67
HSBC Custody Nominees (Australia) Limited – A/C 2	1,554,668	0.67
Acadia Park Pty Ltd	1,439,563	0.62
EXLDATA Pty Ltd	1,207,507	0.52
Cobbitty Garden Centre Pty Ltd	1,000,000	0.43
Strategic Value Pty Ltd	1,000,000	0.43
EXLDATA Pty Ltd	841,001	0.36
Mr Murray Raymond Boyte & Mrs Jane Elizabeth Boyte	782,920	0.34
ACN 002 938 614 Limited	750,000	0.32
Armada Trading Pty Ltd	747,021	0.32
Total	**200,774,878**	**86.40**

Corporate Directory

Registered Address & Contact Details

Registered Address	Suite 2D 7 Short St, Southport QLD 4215
Postal Address	PO Box 10819, Southport BC QLD 4215
Phone number	07 5568 0205
Website	www.eurekagroupholdings.com.au
Email	info@eurekagroupholdings.com.au

Board of Directors

Murray Boyte	Executive Chair
Russell Banham	
Sue Renkin	
Greg Paramor AO	

Senior Management

Cameron Taylor	Chief Executive Officer
Laura Fanning	Chief Financial Officer & Company Secretary
Tracey Campion	General Manager - Operations

Solicitors
Jones Day
Riverside Centre
Level 31/123 Eagle Street
Brisbane QLD 4000
Tel: 07 3085 7000
Fax: 07 3085 7099

Auditors
Ernst & Young
111 Eagle St
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Tel: 07 3011 3333
Fax: 07 3011 3344

Share Registry
Link Market Services – Brisbane
Level 21, 10 Eagle Street
Brisbane Qld 4000
Call Centre: 02 8280 7454
Fax: 07 3228 4999

Securities Exchange Listing
ASX Limited
ASX Code: EGH (ordinary shares)

Australian Business Number
15 097 241 159