

Silver Chef Limited  
ABN 28 011 045 828

Appendix 4D  
Half Year Announcement  
31 December 2015

Lodged with the ASX under Listing Rule 4.2A

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Appendix 4D  
 ASX Preliminary Half Year Announcement  
 31 December 2015

Results for Announcement to the Market

Results for announcement to the market	six months ended 31-Dec-2015 \$000's	six months ended 31-Dec-2014 \$000's	Movement \$000's	Movement %
2.1 Revenue from ordinary activities	100,701	82,952	17,749	21.4%
2.2/2.3 Net profit after income tax	10,265	7,095	3,170	44.7%

2.4 Dividends

*Final dividend*

The Directors declared a fully franked final dividend of 20.0 cents per share for the year ended 30 June 2015 which was paid on 17 September 2015.

*Interim dividend*

The Directors have declared a fully franked interim dividend of 17.0 cents per share (2015: 16.0 cents) payable on 22 April 2016.

2.5 Record date for payment of dividend

The record date for the payment of the dividend will be to shareholders registered as at 5.00pm 14 April 2016.

2.6 Commentary on Results for the Half-year

Please refer to the accompanying interim financial statements.

	31-Dec-2015	31-Dec-2014
3.0 Net tangible assets per share	291.18 cents	236.4 cents

4. Details of entities over which control has been gained or lost during the period – Not applicable.

5. The 2015 final dividend of \$6.189 million was paid on 17 September 2015.

6. Details of any dividend reinvestment plans in operation – The dividend reinvestment plan remains in place for the interim dividend.

7. Details of Associates – Not applicable.

8. Foreign entities – accounting standards

IFRS have been used in the preparation of the interim financial statements of all entities.

9. Review Status

The independent review opinion is attached at page 20

Don Mackenzie  
 Company Secretary

22 February 2016

**SILVER CHEF LIMITED AND  
CONTROLLED ENTITIES**

ABN 28 011 045 828



**CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**FOR THE HALF-YEAR ENDED**

**31 December 2015**

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## Silver Chef Limited and its controlled entities Directors' Report

The Directors present their report together with the condensed consolidated half-year financial statements of Silver Chef Limited (the Company) and its controlled entities for the half-year ended 31 December 2015 and the independent auditor's review report thereon. All amounts in this Directors' report are rounded to millions unless otherwise noted.

### Directors

The Directors of the Company at any time during or since the end of the half-year are:

Name	Position
Allan English	Executive Chairman <sup>1</sup>
Andrew Kemp	Non-Executive Director
Bede King	Non-Executive Director
Sophie Mitchell	Non-Executive Director
Patrick Tapper	Non-Executive Director <sup>2</sup>

1. Mr English is the founder of the Company
2. Mr Tapper was appointed on 31 July 2015

### Results and Review of Operations

During the six month period to 31 December 2015, Silver Chef Limited delivered another record phase of asset growth and is well positioned to continue that trend into the second half of the financial year. Strong growth in the Company's Australian and New Zealand rental asset base means it is well positioned to deliver sustainable earnings momentum into future accounting periods with significant additional opportunity in its expanding market in Canada. The Company's after-tax profit for the six months to 31 December 2015 was \$10.3 million, compared to the previous corresponding period of \$7.1 million. Unprecedented growth in GoGetta acquisitions has exceeded expectations and places the Company in a strong position having now established a substantial portfolio of rental assets in the Transport and Construction sectors. The Hospitality sector continued to perform in line with expectations. Group revenue grew to \$100.7m (six months to 31 December 2014: \$82.9 million) largely driven by strong growth in the GoGetta rental asset base. The Company's total rental asset base and lease receivables grew by \$82.1 million during the period, including deferred upfront costs of \$8.1m.

The after tax profit for the period is calculated after deferring costs associated with originating new rental contracts. Due to the relatively short duration of the Company's rental contracts the historical period to period effect of deferring upfront origination costs ("upfront costs"), has until now not been material. The substantial volume of acquisitions written during the six months to 31 December 2015 now requires the Company to apply the cost deferral requirements of AASB 117 Leases with effect from 1 July 2015. Upfront costs are deferred as part of the value of new plant and equipment financed under rental contracts and amortised over a twelve month period. The effect of applying this cost deferral policy has increased net profit after tax for the six month period to 31 December 2015 by \$5.6 million. Acquisition volumes have now reached the magnitude where ongoing application of this accounting standard will provide more accurate matching of upfront costs with the rental revenue streams created.

The Company believes that full year after tax earnings will now be in the order of \$23.0 million to \$24.0 million. If the accounting change had not been applied, the previous earnings guidance range of \$18.5 million to \$19.5 million would remain unchanged.

The six month result also includes a non-recurring after tax break cost of \$1.0 million arising from early redemption of \$30 million of loan notes on 14 September 2015. While this is a substantial one off expense against the Company's current year earnings, the funding cost savings arising from refinancing these instruments is substantial over the period to September 2018 (being the original repayment date of the loan notes). Refinancing of the loan notes was part of the Company's capital management strategy, and included the execution and initial drawdown of the new syndicated banking facility during the period.

The following table reconciles the Company's half-year results at 31 December 2015 and projected results to 30 June 2016 as a consequence of the adjustments discussed above:

	\$ millions		
	Reported NPAT after upfront costs deferred in accordance with AASB 17 Leases	Reported NPAT if costs upfront costs not deferred in accordance with AASB 17 Leases	Difference
<i>Half year to 31 December 2015</i>			
NPAT before one-off break costs re loan notes	11.3	5.7	
Loan note break costs	(1.0)	(1.0)	
NPAT	10.3	4.7	5.6 #
<i>Full year guidance to 30 June 2016</i>			
NPAT before one-off break costs re loan notes	23.0 – 24.0	18.5 – 19.5	
Loan note break costs	(1.0)	(1.0)	
NPAT	22.0 – 23.0	17.5 – 18.5	4.5 *

# The increase in net profit after tax of \$5.6 million recognized in the six month period arises because of first time application of the policy with effect from 1 July 2015. Prior period adjustment was not material but profit impact during this six month period would have been reduced if the policy had been applied historically.

\* The ongoing impact on earnings arising from implementation of this policy from 1 July 2015 will change based on the acquisition volumes achieved in each discrete accounting period.

### Hospitality – Australia and New Zealand

The Silver Chef business in Australia and New Zealand performed in line with expectations for the period to 31 December 2015, with growth in its asset base of 21% against the previous corresponding period. As the Hospitality market in Australia matures, SIV remains focused on maintaining key relationships with its dealer network and exploring new opportunities in the market. Growth in the Company's channels of restaurants, cafes and bars remains strong and good progress has been made in new channels in particular pubs and clubs and franchise during the period. The future outlook for the Hospitality sector in Australia and New Zealand remains strong as a consequence of sustained underlying growth in the market and encouraging results from activity in new channels.

### Hospitality- Canada

The Canadian hospitality business performed well during the period, with growth in acquisitions in line with expectations. The business ended 31 December 2015 with a rental asset base of \$11.3 million at cost, and now consistently delivers net accounting profit on a monthly basis. This growing business continues to be well supported by suppliers, equipment dealers and industry bodies in the local market.

### GoGetta

The GoGetta business delivered a record breaking result for the period ended 31 December 2015. Exceptional growth in acquisitions has resulted in a substantial increase in the GoGetta rental asset base which will in turn deliver positive earnings growth over coming periods. The growth in GoGetta is attributed to the Company's strategic focus on the two key channels of Transport and Construction and the benefits of deeper relationships with our equipment finance broker network. Considerable growth occurred through the Transport channel in the first half of the financial year through both the traditional Truck and Trailer markets and in particular the Light Commercial sector. The Company expects GoGetta's strong performance to continue into the second half of the financial year.

## Long Term Rentals

During the period the Company has continued to successfully convert customers at the end of their initial twelve month rental contract to long term finance lease arrangements. The Company's book of long term lease receivables has now grown to \$52.3 million increasing by \$21.7 million from 30 June 2015. This pool of contracts will provide significant benefit to the Company through longer term income streams and lower residual asset management costs.

## Financial Position

The Company ends the six months to 31 December 2015 with \$362.0 million of gross assets. Net gearing at 31 December 2015 was slightly higher than expectations due to accelerated drawdown of available debt facilities during the six months, and the usual seasonal performance of the business. Gearing will reduce in the second six months of the financial year on the back of strong second half earnings. Silver Chef continued to receive strong support from its financiers during the six month period through the establishment of a new \$300 million syndicated banking facility which significantly enhanced available debt capacity and improved key terms and conditions of its borrowing arrangements. The facility enables Silver Chef to borrow directly in New Zealand and Canadian dollars and has a staggered maturity profile, thereby reducing refinancing risk.

The Company continuously reviews its capital requirements to ensure an appropriate mix and diversity of funding sources.

On 1 October 2015, the Company successfully completed a share placement to existing and new shareholders raising \$5.5 million of additional equity capital. The funds raised from this placement and continued operation of the Company's Dividend Reinvestment Plan form part of Silver Chef's ongoing capital management strategy and support the Company's growth plans both domestically and overseas.

## People

Attracting and retaining high quality talent within the business has and continues to be one of Silver Chef's key strategic advantages. During the period a number of critical appointments were made which significantly enhance the experience and capability of the Company's senior executive team.

Damien Guivarra was appointed to the role of Chief Operating Officer. Over the last ten years Mr Guivarra has played an integral role in the growth of the Company holding a variety of sales focused and operational management roles. He spent the last three years managing the Northern Region business across both the Silver Chef and Go Getta brands. Prior to joining Silver Chef, he held a variety of national sales and marketing roles.

Robert Phelps was appointed to the Northern Region Executive General Manager role vacated by Mr Guivarra. He has more than twenty five years of experience in the Financial Services sector, including holding executive roles with two major banks. Mr Phelps has a track record of achieving industry leading customer satisfaction levels and creating high performance sales cultures.

Mike Connell has been appointed to the role of Head of People and Culture. He has more than twenty five years in senior human resource executive roles in infrastructure, rural services and resource based companies both within Australia and Asia.

## Systems

During the six month period, the Company completed the development and testing of a new application management system. The system will generate substantial internal efficiencies through reduced application processing times and also allows direct importing of application information from equipment dealers and finance brokers. The Company continues to invest in improving its systems and processes to ensure it is in a position to deliver ongoing high levels of customer service in a cost competitive manner.

## Subsequent Events

### *Dividend*

The Company has declared a fully franked interim dividend of 17 cents per share up from 16 cents in the previous corresponding period. The high payout ratio in the context of first half underlying earnings confirms the Company's confidence regarding full year earnings and the long term fundamentals of the business' growth model.

## Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 7 and forms part of the Directors' report for the half-year ended 31 December 2015.

Signed in accordance with a resolution of the Directors

A handwritten signature in black ink, appearing to read 'Allan English', written over a light grey rectangular background.

Allan English  
Chairman  
22 February 2016

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**Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001***

To: the directors of Silver Chef Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Jillian Richards  
Partner

Brisbane  
22 February 2016

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Silver Chef Limited  
 Consolidated statement of profit or loss and other comprehensive income  
 For the six months ended 31 December 2015

	Note	31-Dec-15 \$000's	31-Dec-14 \$000's
Revenue	8	100,701	82,952
Depreciation and amortisation expense		(41,915)	(34,673)
Loss on sale of plant and equipment		(3,941)	(2,942)
Impairment of rental assets		(3,832)	(4,099)
Bad debts expense		(2,350)	(2,157)
Employee expenses		(15,582)	(12,127)
Expenses from ordinary activities		(12,465)	(12,996)
Finance costs		(5,882)	(3,821)
<b>Profit before income tax</b>		<b>14,734</b>	<b>10,137</b>
Income tax expense		(4,469)	(3,042)
<b>Profit attributable to members of the Company</b>		<b>10,265</b>	<b>7,095</b>
<b>Other comprehensive income</b>			
<b>Items that may subsequently be reclassified to profit or loss</b>			
Effective portion of changes in fair value of cash flow hedge, net of tax		(285)	-
Foreign currency translation differences – foreign operations		310	301
<b>Other comprehensive income, net of tax</b>		<b>25</b>	<b>301</b>
<b>Total comprehensive income attributable to members of the Company</b>		<b>10,290</b>	<b>7,396</b>
<b>Earnings per share</b>			
Basic earnings per share (cents)	11	32.82	24.00
Diluted earnings per share (cents)	11	32.82	24.00

*The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.*

Silver Chef Limited  
 Consolidated statement of changes in equity  
 For the six months ended 31 December 2015

	Number of shares on issue 000's	Share capital \$000's	Retained earnings \$000's	Foreign Currency Translation reserve \$000's	Cashflow hedge reserve \$000's	Total equity \$000's
<b>Balance at 1 July 2014</b>	29,470	45,081	22,297	300	-	67,678
<b>Total comprehensive income for the half-year</b>						
Profit for the period	-	-	7,095	-	-	7,095
Foreign currency translation differences	-	-	-	301	-	301
Total comprehensive income for the period	-	-	7,095	301	-	7,396
<b>Transactions with owners of the Company</b>						
Dividends recognised and paid during the period	-	-	(4,716)	-	-	(4,716)
Share issue costs	-	-	-	-	-	-
Shares issued under dividend reinvestment plan	166	955	-	-	-	955
Shares issued under share placement and SPP	5	31	-	-	-	31
Total contributions by and distributions to owners of the Company	171	986	(4,716)	-	-	(3,730)
<b>Balance at 31 December 2014</b>	<b>29,641</b>	<b>46,067</b>	<b>24,676</b>	<b>601</b>	<b>-</b>	<b>71,344</b>
<b>Balance at 1 July 2015</b>	30,918	55,739	28,370	(86)	-	84,023
<b>Total comprehensive income for the half-year</b>						
Profit for the period	-	-	10,265	-	-	10,265
Movement in cashflow hedge reserve, net of tax	-	-	-	-	(285)	(285)
Foreign currency translation differences	-	-	-	310	-	310
Total comprehensive income for the period	-	-	10,265	310	(285)	10,290
<b>Transactions with owners of the Company</b>						
Dividends recognised and paid during the period	-	-	(6,189)	-	-	(6,189)
Share issue costs	-	(136)	-	-	-	(136)
Shares issued under dividend reinvestment plan	84	689	-	-	-	689
Shares issued under share placement and ESP	634	5,680	-	-	-	5,680
Total contributions by and distributions to owners of the Company	718	6,233	(6,189)	-	-	44
<b>Balance at 31 December 2015</b>	<b>31,636</b>	<b>61,972</b>	<b>32,446</b>	<b>224</b>	<b>(285)</b>	<b>94,357</b>

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

Silver Chef Limited  
Consolidated statement of financial position  
As at 31 December 2015

	Note	31-Dec-15 \$000's	30-Jun-15 \$000's
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents		7,500	1,570
Trade and other receivables	10	25,096	17,135
Current tax assets		3,548	1,369
Other assets		1,802	960
<b>Total current assets</b>		<b>37,946</b>	<b>21,034</b>
<b>Non-current assets</b>			
Trade and other receivables	10	36,670	21,995
Property, plant and equipment	9	279,482	219,544
Intangibles		2,246	1,724
Deferred tax assets		5,662	7,590
<b>Total non-current assets</b>		<b>324,060</b>	<b>250,853</b>
<b>Total assets</b>		<b>362,006</b>	<b>271,887</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables		7,892	8,504
Customer security bonds payable		33,638	31,484
Loans and borrowings	6	493	475
Current tax payable		-	-
Employee benefits		1,473	1,746
<b>Total current liabilities</b>		<b>43,496</b>	<b>42,209</b>
<b>Non-current liabilities</b>			
Customer security bonds payable		5,201	4,006
Loans and borrowings	6	217,198	140,672
Employee benefits		809	545
Other liabilities		538	432
Derivatives	6	407	-
<b>Total non-current liabilities</b>		<b>224,153</b>	<b>145,655</b>
<b>Total liabilities</b>		<b>267,649</b>	<b>187,864</b>
<b>Net assets</b>		<b>94,357</b>	<b>84,023</b>
<b>EQUITY</b>			
Share capital		61,972	55,739
Retained earnings		32,446	28,370
Cashflow hedge reserve		(285)	-
Foreign currency translation reserve		224	(86)
<b>Total equity</b>		<b>94,357</b>	<b>84,023</b>

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

Silver Chef Limited  
Consolidated statement of cash flows  
For the six months ended 31 December 2015

	31-Dec-15 \$000's	31-Dec-14 \$000's
<b>Cash flows from operating activities</b>		
Receipts from customers	120,198	95,232
Payments to suppliers and employees	(58,468)	(36,331)
Finance costs paid	(5,241)	(3,711)
Interest received	17	15
GST (paid)/recovered	1,934	8
Income taxes paid	(4,965)	(4,867)
<b>Net cash flows from operating activities</b>	<b>53,475</b>	<b>50,346</b>
<b>Cash flows from investing activities</b>		
Payments for plant and equipment	(150,295)	(94,029)
Payments for intangible assets	(708)	(630)
Proceeds from sale of plant and equipment	27,693	23,978
<b>Net cash flows used in investing activities</b>	<b>(123,310)</b>	<b>(70,681)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	232,854	28,000
Repayment of borrowings	(154,698)	(2,000)
Proceeds from issue of ordinary shares	5,500	-
Transaction costs paid in relation to issue of shares	(136)	-
Transaction costs paid in relation to loans and borrowings	(2,023)	(12)
Repayment of finance leases	(233)	(216)
Dividends paid	(5,499)	(3,761)
<b>Net cash flows from financing activities</b>	<b>75,765</b>	<b>22,011</b>
Net increase in cash held	5,930	1,676
Cash and cash equivalents at 1 July	1,570	1,461
<b>Cash and cash equivalents at 31 December</b>	<b>7,500</b>	<b>3,137</b>

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

## Silver Chef Limited

### Condensed notes to the consolidated interim financial statements

#### 1 Reporting entity

Silver Chef Limited (the "Company") is a company domiciled in Australia. The condensed consolidated interim financial statements of the Company as at and for the six months ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group is a for profit entity and is primarily involved in the rental of commercial equipment.

The consolidated annual financial statements of the Group as at and for the year ended 30 June 2015 are available upon request from the Company's registered office at Park Tower, 20 Pidgeon Close, West End, Queensland or at [www.silverchefgroup.com.au](http://www.silverchefgroup.com.au).

#### 2 Statement of compliance

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001, and with IAS 34 *Interim Financial Reporting*.

Selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2015. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated annual financial statements of the Group as at and for the year ended 30 June 2015.

These condensed consolidated interim financial statements were approved by the Board of Directors on 22 February 2016.

The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the consolidated interim financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

#### 3 Significant accounting policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the year ended 30 June 2015 except for the following:

##### *Deferral of upfront costs*

Under AASB 117 Leases, a lessor shall recognise in the carrying amount of asset subject to an operating lease the initial direct costs incurred in negotiating and arranging the operating lease and amortise such upfront costs as an expense over the lease term on the same basis as the lease income.

As a result of the material increase in initial direct costs from 1 July 2015 attributable to the increase in operating leases entered into, particularly under the GoGetta business, the Group has adopted the following accounting policy.

For operating lease contracts entered into from 1 July 2015, the Group capitalises costs such as dealer commissions, origination fees and sales commissions that are incremental and can be directly linked to a lease contract. These costs are then amortised over the operating lease term which does not exceed 12 months.

The impact from adopting this accounting policy during the half year has been to capitalise costs of \$11.1m with amortisation recognised in profit before tax of \$3m and an increase in deferred tax liabilities of \$2.4m.

##### *Derivative financial instruments and hedge accounting*

The Group holds derivative financial instruments to hedge its interest rate risk exposure.

Derivatives (including interest rate swaps) are recognised initially at fair value. Any directly attributable transaction costs are recognised in profit or loss as they are incurred. Subsequent to initial recognition, derivatives are remeasured to their fair value at each reporting date.

The Group documents at the inception of the hedging transaction the relationship between the hedging instrument and hedged item, as well as its risk management objective and strategy for undertaking the hedge transaction. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

The Group's interest rate swaps are designated as a cash flow hedging instrument. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the interest rate swap derivative is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

**3 Significant accounting policies (continued)**

The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedge item affects profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively.

**4 Estimates and judgements**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 30 June 2015.

**5 Current asset-current liability deficiency**

At half year end there existed a deficiency of current assets to current liabilities, which is summarised below.

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$000's</b>	<b>\$000's</b>
Current assets	37,946	21,034
Current liabilities	(43,496)	(42,209)
	<b>(5,550)</b>	<b>(21,175)</b>

Included in the consolidated current liabilities at 31 December 2015 is an amount of \$33.64 million of customer security bonds (30 June 2015: \$31.48 million). The security bonds are an important part of the Group's business model and in commercial terms, perform as follows:

- The bonds are taken as a cash deposit from the customer at the inception of the contract;
- The bonds are used by the Group as security over any defaults, excessive repatriation costs or asset impairments;
- The Group retains control over the bonds and they form a part of the Group's operating cash flows;
- Bond refunds will occur in two instances, when the customer returns the asset at the completion of the contract, after deducting any amounts for arrears and repatriation expenses or, when the customer purchases the asset from the Group, after deducting any amounts for arrears. In the majority of cases, the customer will purchase the asset and their bond will be refunded once the Group has received payment for the asset, making the transaction net cash flow positive; and
- Those bonds attached to a long term rental contract remain payable until the maturity date of the contract and if the customer takes the option to purchase the asset will form part of the purchase price.

Except for those security bonds which are attached to a long term rental contract with a maturity date greater than 12 months, customer security bonds are classified as current as the Group does not have the unconditional right to defer repayment of the bonds for a period greater than 12 months in the majority of cases. In practice, not all customer security bonds are refunded within 12 months. The balance of the bond liability is affected by movements in the rental asset base. Any decrease in the bond liability will usually be timed with the disposal of rental assets.

Another factor affecting the current ratio imbalance is the Group's cash management practices. The Group maintains sufficient cash reserves and adequate head room in its debt facility to cover short term working capital requirements. The majority of the cash requirements are covered by the reliable, daily cash receipts from rental payments and other cash receipts which results in the Group not needing to hold large cash balances. Any excess cash is either deployed in purchasing rental assets, returned to shareholders as dividend payments or used to pay down debt.

After considering the above and the other available current information, the Directors believe there are reasonable grounds that the Group will be able to pay its debts as and when they fall due and the preparation of the interim financial report on a going concern basis is appropriate.

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**Silver Chef Limited**

Condensed notes to the consolidated interim financial statements

**6 Financial Instruments**

(a) Interest bearing liabilities	31-Dec-15 \$000's	30-Jun-15 \$000's
<b>Current</b>		
Secured:		
Finance lease liabilities	493	475
	<b>493</b>	<b>475</b>
<b>Non-current</b>		
Secured:		
Finance lease liabilities	216	468
Secured bank loans <sup>1</sup>	216,982	110,550
Unsecured:		
Corporate loan notes <sup>2</sup>	-	29,654
<b>Total interest bearing liabilities</b>	<b>217,198</b>	<b>140,672</b>

<sup>1</sup> The facility in place in the prior period was a CBA bank loan with a \$140 million limit which was fully repaid in September 2015. The current period balance represents the drawn down balance of the syndicated debt facility negotiated in August 2015 with a \$300 million limit and staggered maturity profile over 3 years and 5 years. This facility is secured by a fixed and floating charge over the assets of the Group.

<sup>2</sup> The corporate loan notes in the prior period were senior, unsecured, unsubordinated notes with a face value of \$30.0 million at a fixed coupon rate of 8.5% per annum and a maturity date of 14 September 2018. The notes were repaid in full in September 2015.

(b) Derivatives	31-Dec-15 \$000's	30-Jun-15 \$000's
Interest rate swap at fair value	407	-
<b>Total derivatives</b>	<b>407</b>	<b>-</b>

The Company has commenced using an interest rate swap as a derivative financial instrument to manage its interest rate risk as permitted under the Group's risk management policy. It is being used exclusively for hedging purposes and not for trading or speculative purposes.

Silver Chef has an interest rate swap agreement to fix the floating interest rate component for \$100 million of its debt facility for three years. The interest rate swap agreement entitles the Company to receive monthly interest at a floating rate on the notional value of \$100 million and obligates it to pay monthly interest at a fixed rate.

The interest rate swap is designated as a cash flow hedging instrument. Accordingly, the effective portion of changes in the fair value of the interest rate swap is recognised in other comprehensive income and accumulated in the cash flow hedge reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

**(c) Carrying amounts versus fair values**

At 31 December 2015, the carrying amounts of the Group's financial assets and liabilities approximate their fair values.

**(d) Fair value hierarchy**

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group 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

	Level 1 \$000's	Level 2 \$000's	Level 3 \$000's	Total \$000's
<b>Derivatives</b>				
Interest rate swap used for hedging – 31 December 2015		407		407
Interest rate swap used for hedging – 30 June 2015	-	-	-	-
<b>Total financial liabilities carried at fair value</b>		<b>407</b>		<b>407</b>

**Silver Chef Limited**

## Condensed notes to the consolidated interim financial statements

**6 Financial Instruments (continued)**

The interest rate swap is measured at fair value based on the mark to market value quoted for forward interest rate swaps. These quotes are tested for reasonableness by discounting expected future cash flows using forward market interest rates for a similar instrument at the measurement date.

**7 Operating segments**

The principal activities of the Group comprised of the following operating segments. There were no changes in the nature of the principal activities during the period.

- Hospitality - operations comprise providing equipment rental finance predominantly to the Hospitality industry.
- GoGetta - operations comprise providing equipment rental finance to other industries.

	Hospitality \$'000	GoGetta \$'000	Unallocated \$'000	Total \$'000
<b>31 December 2015</b>				
<b>Revenue</b>				
External	60,655	37,735	2,311	<b>100,701</b>
<b>Segment result</b>				
Reportable segment profit before tax	17,715	8,035	(11,016)	<b>14,734</b>
<b>Segment assets</b>	194,698	156,761	10,547	<b>362,006</b>
<b>31 December 2014*</b>				
<b>Revenue</b>				
External	53,761	27,461	1,730	<b>82,952</b>
<b>Segment result</b>				
Reportable segment profit before tax	13,652	4,846	(8,361)	<b>10,137</b>
<b>Segment assets</b>	151,721	89,080	9,473	<b>250,274</b>
<b>30 June 2015*</b>				
<b>Segment assets</b>	155,255	107,724	8,908	<b>271,887</b>

\* Comparatives have been restated to reflect changes in current period segment classification, presented to the chief operating decision maker

**Geographical information**

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers and segment assets are based on the geographical location of the assets.

	31 December 2015 \$000's		31 December 2014 \$000's	
	Revenue	Non-current assets	Revenue	Non-current assets
Australia	94,462	300,183	79,829	222,022
New Zealand	3,438	12,316	2,478	9,312
Canada	2,801	11,561	645	3,113

**Silver Chef Limited**

Condensed notes to the consolidated interim financial statements

**8 Revenue**

	<b>31-Dec-15</b>	<b>31-Dec-14</b>
	<b>\$000's</b>	<b>\$000's</b>
Rental income	90,985	77,857
Other income	2,312	1,715
Lease interest	7,388	3,365
Interest	16	15
<b>Total</b>	<b>100,701</b>	<b>82,952</b>

**9 Property plant and equipment**

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Plant and equipment</b>		
At cost	7,969	7,712
Less accumulated depreciation	(4,958)	(4,210)
<b>Total</b>	<b>3,011</b>	<b>3,502</b>

<b>Movements during the period</b>	<b>6 months ended</b>	<b>12 months ended</b>
	<b>31-Dec-15</b>	<b>30-Jun-15</b>
<b>Plant and equipment at net book value</b>		
Balance at the beginning of the period	3,502	3,450
Additions	254	1,519
Depreciation expense	(748)	(1,246)
Disposals	-	(8)
Transfer to intangible assets	-	(222)
Effect of movement in exchange rates	3	9
<b>Balance at the end of the period</b>	<b>3,011</b>	<b>3,502</b>

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$000's</b>	<b>\$000's</b>
<b>Rental assets</b>		
At cost	394,490	327,826
Less accumulated depreciation	(112,497)	(107,486)
Less provision for impairment	(5,522)	(4,298)
<b>Total</b>	<b>276,471</b>	<b>216,042</b>

<b>Movements during the period</b>	<b>6 months ended</b>	<b>12 months ended</b>
	<b>31-Dec-15</b>	<b>30-Jun-15</b>
<b>Rental assets at net book value</b>		
Balance at the beginning of the period	216,042	188,149
Additions	141,149	177,385
Capitalised initial direct costs	11,055	-
Depreciation and amortisation expense	(40,975)	(68,550)
Impairment loss <sup>1</sup>	(3,832)	(6,716)
Foreign currency translation	308	(181)
Assets transferred to lease receivables	(20,038)	(22,172)
Disposals	(27,238)	(51,873)
<b>Balance at the end of the period</b>	<b>276,471</b>	<b>216,042</b>

<b>Total property plant and equipment</b>	<b>279,482</b>	<b>219,544</b>
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**Silver Chef Limited**

## Condensed notes to the consolidated interim financial statements

**9 Property plant and equipment (continued)**

<sup>1</sup> Impairment of rental assets: assessments are made monthly on the recoverable amount of returned rental assets and assets on contracts which have defaulted. As a result, impairment losses of \$3.832 million (2014: \$4.099 million) were recognised throughout the half year. The decrease in the impairment charge compared with the prior corresponding period is due to an improvement in the asset recovery and used rental asset sale/re rental processes and subsequent reduction in the amount of idle assets being impaired.

**10 Trade and other receivables**

The Group offers long term rental contracts to customers which extend the life of the standard 12 month rental contract by a further three years. Upon the inception of a long term contract, the rental assets underlying the contract are disposed of and the future cash flow of the contracts recognized as finance leases in the Group's financial statements.

	<b>31-Dec-15</b>	<b>30-Jun-15</b>
	<b>\$000's</b>	<b>\$000's</b>
<i>Included in current receivables</i>		
Trade receivables	13,353	11,994
Allowance for impairment losses	(4,920)	(3,760)
Net trade receivables	8,433	8,234
Finance lease receivables	15,632	8,622
Other receivables	1,031	279
<b>Total current receivables</b>	<b>25,096</b>	<b>17,135</b>
<i>Included in non-current receivables</i>		
Finance lease receivables	36,670	21,995
<b>Total non-current receivables</b>	<b>36,670</b>	<b>21,995</b>
<b>Total receivables</b>	<b>61,766</b>	<b>39,130</b>

**11 Earnings per share**

Details of basic and diluted EPS reported separately in accordance with AASB 133: *Earnings per Share* are as follows:

	<b>31-Dec-15</b>	<b>31-Dec-14</b>
	<b>000's</b>	<b>000's</b>
<b>Basic earnings per share</b>		
Profit for the period	10,265	7,095
	<b>10,265</b>	<b>7,095</b>
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares	31,277	29,557
<b>Weighted average number of ordinary shares (basic) at 31 December</b>	<b>31,277</b>	<b>29,557</b>
<b>Diluted earnings per share</b>		
Profit for the period	10,265	7,095
	<b>10,265</b>	<b>7,095</b>
<b>Weighted average number of ordinary shares</b>		
Weighted average number of ordinary shares (basic)	31,277	29,557
Effect of employee share option plan	-	5
<b>Weighted average number of ordinary shares (diluted) at 31 December</b>	<b>31,277</b>	<b>29,562</b>

## Silver Chef Limited

### Condensed notes to the consolidated interim financial statements

## 12 Share capital

### *Issuance of ordinary shares*

Pursuant to the Employee Share Plan, 22,444 ordinary shares were issued to employees at \$8.04 per share. Under the dividend reinvestment plan, 84,349 shares were issued at a price of \$8.20. A share placement of 611,112 shares was made at a price of \$9.00.

### *Dividends*

The following dividends were declared and paid by the Company:

<b>For the six months ended 31 December</b>	<b>2015 \$000's</b>	<b>2014 \$000's</b>
2014 Final dividend – 16.0 cents fully franked paid 26 September 2014	-	4,716
2015 Final dividend – 20.0 cents fully franked paid 17 September 2015	6,189	-
	6,189	4,716

## 13 Subsequent events

### *Dividend*

An interim dividend of 17.0 cents per share, 100% fully franked has been declared by the Directors. The dividend has not been provided for in the 31 December 2015 interim financial statements.

Silver Chef Limited  
Directors' Declaration

In the opinion of the directors of Silver Chef Limited ("the Company"):

1. the condensed interim financial statements and notes set out on pages 8 to 18, are in accordance with the Corporations Act 2001 including:
  - (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the six month period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



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Allan English  
*Chairman*

Dated at Brisbane this 22 day of February 2016

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## Independent auditor's review report to the members of Silver Chef Limited

We have reviewed the accompanying interim financial report of Silver Chef Limited (the Company), which comprises the consolidated statement of financial position as at 31 December 2015, consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes 1 to 13 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### *Directors' responsibility for the interim financial report*

The directors of the Company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

### *Auditor's responsibility*

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of the Company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

### *Conclusion*

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Silver Chef Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and
- (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Jillian Richards  
Partner

Brisbane  
22 February 2016