Silver Chef Limited
ABN 28 011 045 828

Appendix 4D
Half Year Announcement
31 December 2017

Lodged with the ASX under Listing Rule 4.2A

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Appendix 4D
ASX Preliminary Half Year Announcement
31 December 2017

Results for Announcement to the Market

Results for announcement to the market	**six months ended 31-Dec-2017 $000's**	**six months ended 31-Dec-2016 $000's**	**Movement $000's**	**Movement %**
2.1 Revenue from ordinary activities	146,006	137,805	8,201	6%
2.2/2.3 Net profit/(loss) after income tax	(13,055)	4,581	(17,636)	-

2.4 Dividends

Final dividend

The Directors declared a fully franked final dividend of 25.1 cents per share for the year ended 30 June 2017 which was paid on 2 October 2017.

Interim dividend

The Directors have declared a fully franked interim dividend of 10.0 cents per share (2017: 12.9 cents) payable on 20 April 2018.

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 6 April 2018.

2.6 Commentary on Results for the Half-year

Please refer to the accompanying interim financial statements.

	31-Dec-2017	**31-Dec-2016**
3.0 Net tangible assets per share	354.71 cents	363.89 cents

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

5. The 2017 final dividend of $9.80 million (25.1 cents per share) was paid on 2 October 2017.

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 report is attached at page 20

Don Mackenzie
Company Secretary

26 February 2018

SILVER CHEF LIMITED AND CONTROLLED ENTITIES

ABN 28 011 045 828

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED

31 December 2017

The Directors present their report together with the consolidated half-year financial statements of Silver Chef Limited (the Company) and its controlled entities for the half-year ended 31 December 2017 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	Non-Executive Chairman
Andrew Kemp	Non-Executive Director
Bede King	Non-Executive Director
Sophie Mitchell	Non-Executive Director
Patrick Tapper	Non-Executive Director

Results and Review of Operations

GoGetta Announcement

The Company indicated at 30 June it was undertaking a rigorous strategic review of GoGetta. The business remains profitable and the execution of a comprehensive strategic plan has improved performance in the first half of FY18. GoGetta's underlying financial performance, as measured by return on assets (ROA), improved in the first half. Despite this, the Board and Management believe it is in the best interests of shareholders to exit the GoGetta business as there remains a considerable challenge in achieving acceptable returns comparable with the proven hospitality brand.

Results

The statutory accounting loss for the Silver Chef Group for the six months to 31 December 2017 is $13.1 million after taking into account additional provisioning that has been recognised against aged GoGetta arrears and unrecoverable rental assets. This compares to a statutory accounting profit in the previous corresponding period of $4.6 million.

The statutory results are summarised below:

($ million unless otherwise stated)	31 December 2017	31 December 2016	Change
Revenue	146.0	137.8	5.9%
Rental assets (at cost) and finance lease receivables	690.2	624.2	10.6%
Net operating profit/(loss) after tax	**(13.1)**	**4.6**	-
Net operating cash flows	75.1	72.8	3.2%
Basic EPS (cents per share)	(33.3)	12.9	-
Dividend (fully franked)	10.0	12.9	

The performance of the GoGetta business for the first six months and additional provisions taken have had a substantial effect on the 31 December 2017 results as set out below:

($ million unless otherwise stated)	Hospitality (Pre-Overheads)	GoGetta (Pre-Overheads)	Unallocated overheads	Total
Revenue	87.7	56.3	2.0	146.0
EBITDA	57.7	14.6	(13.5)	58.8
Profit/(loss) before tax	14.2	(18.3)	(14.5)	(18.6)
Net profit/(loss) after tax	**9.9**	**(12.8)**	**(10.2)**	**(13.1)**

Hospitality Result

The Hospitality business contributed profit before tax and group overheads of $14.2 million against a previous corresponding period of $18.7 million. The hospitality result is calculated after recognising provisioning against the risk of specific aged receivables and unrecoverable rental assets of $4.8 million (before tax). The Company has elected to take additional provisioning against these exposures as part of repositioning the Australian business for strong future earnings growth.

The first half result reflects slightly softer activity levels in Queensland and New South Wales offset in part by an excellent contribution from New Zealand. Canada's contribution to the group earnings position remains small, but slightly below our expectations based on its asset base.

Financial Outlook

As the business reconfigures to support a hospitality only strategy, group overheads will be carefully reviewed to ensure the cost structure is appropriate to support the restructured business. As a result of supporting the GoGetta exit strategy and managing an orderly reduction to the Group's overhead structure it is likely that some cost inefficiency will be carried during the period to 30 June 2018.

The earnings outlook for the full year is materially changed as a consequence of the decision to exit GoGetta. The Company now expects to report a statutory net accounting loss in the range of $9 million to $12 million. The underlying hospitality pre-tax contribution to that result is a profit in the range of $20 million to $24 million. A summary of the upper end of these expectations is as follows:

($ million unless otherwise stated)	Hospitality (Pre-Overheads)	GoGetta (Pre-Overheads)	Overheads	Total
Ongoing operations	40	-	(16)	24
Discontinuing operations	-	(1)	(11)	(12)
One-off additional impairments	(5)	(20)	-	(25)
Profit/ (loss) before tax	**35**	**(21)**	**(27)**	**(13)**
Income tax	(10)	6	8	4
Net profit/ (loss) after tax	**25**	**(15)**	**(19)**	**(9)**

The Company's long term financial goal is to deliver sustainable return on equity from the hospitality business in the range of 20%-25% in keeping with the historical performance of that business.

Capital Management

Renegotiation of the Company's senior lending arrangements has commenced to accommodate the Company's new operating circumstances. Financial covenants will need to be restructured to reflect a hospitality only business moving forward and separate arrangements for repayment of the GoGetta share of senior debt on an accelerated basis will also need to be agreed. The Company expects to conclude these negotiations by 31 March 2018. Once the terms of the senior lending arrangement are amended, the Company's intention is to immediately utilise the securitisation warehouse facility announced in December 2017 to support future growth.

The Company has received a waiver for the technical breach created by the decision to exit GoGetta and the additional provisioning taken as at 31 December 2017. As a consequence of the need to renegotiate the senior facility as described above, the Company is required to record the entire drawn amount as current in the 31 December 2017 financial statements. The renegotiated debt funding position will be reflected in the 30 June 2018 financial statements. The Company is in a strong financial position with securitisation funding ready to be drawn following renegotiation of the syndicated facility, and a significant level of cash will be generated as it exits GoGetta.

Subsequent Events

The decision to exit the GoGetta business was made by the Directors after 31 December 2017.
An interim dividend of 10.0 cents per share, 100% fully franked has been declared by the Directors. The dividend has not been provided for in the 31 December 2017 interim financial statements.

Strategic Outlook

The Board and Management believe the decision to discontinue the GoGetta business will deliver sustained growth, higher return on equity and profitability over the medium and long term. The winding down of the GoGetta business will allow the Company to focus exclusively on growth in the core hospitality market in Australia while investing further into markets with high growth potential like Canada and New Zealand.

The Silver Chef brand, business model and partner network are all significant competitive advantages that have allowed the Company to deliver consistent growth for over 30 years.

The Company believes there is a significant untapped addressable market in the Australian hospitality industry, both in our existing channels and new channels, and when combined with an exponentially larger offshore market, is confident in the opportunities available to grow Silver Chef.

The Company will continue to invest heavily in technology over the next three years to effectively and efficiently scale the business and to continue delivering outstanding customer experience.

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

The Lead Auditor's Independence Declaration is set out on page 6 and forms part of the Directors' Report for the half-year ended 31 December 2017.

Signed in accordance with a resolution of the Directors

Allan English
Non-Executive Chairman
26 February 2018

KPMG

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 of Silver Chef Limited for the half-year ended 31 December 2017 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

KPMG

Jillian Richards

Jillian Richards
Partner

Brisbane
26 February 2018

Silver Chef Limited
Consolidated statement of profit or loss and other comprehensive income
For the six months ended 31 December 2017

	Note	31-Dec-17 $000's	31-Dec-16 $000's
Revenue	8	146,006	137,805
Depreciation and amortisation expense		(70,313)	(65,541)
Loss on sale of plant and equipment		(6,496)	(5,069)
Impairment of rental assets	9	(13,098)	(10,903)
Bad debts expense	10	(25,589)	(7,114)
Employee expenses		(21,831)	(19,363)
Expenses from ordinary activities		(20,195)	(16,805)
Finance costs		(7,111)	(6,466)
Profit/(loss) before income tax		**(18,627)**	**6,544**
Income tax (expense)/benefit		5,572	(1,963)
Profit/(loss) attributable to members of the Company		**(13,055)**	**4,581**
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Effective portion of changes in fair value of cash flow hedge, net of tax		157	520
Foreign currency translation differences – foreign operations		(594)	23
Other comprehensive income, net of tax		**(437)**	**543**
Total comprehensive income attributable to members of the Company		**(13,492)**	**5,124**
Earnings per share			
Basic earnings per share (cents)	11	(33.34)	12.85
Diluted earnings per share (cents)	11	(33.34)	12.85

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 2017

	Note	Number of shares on issue 000's	Share capital $000's	Retained earnings $000's	Reserves $000's	Total equity $000's
Balance at 1 July 2016		35,152	90,556	39,160	(473)	129,243
Total comprehensive income for the half-year						
Profit for the period		-	-	4,581	-	4,581
Movement in cashflow hedge reserve, net of tax		-	-	-	520	520
Foreign currency translation differences		-	-	-	23	23
Total comprehensive income for the period		-	-	4,581	543	5,124
Transactions with owners of the Company						
Dividends recognised and paid during the period		-	-	(8,788)	-	(8,788)
Share issue costs		-	(258)	-	-	(258)
Shares issued under dividend reinvestment plan		130	1,308	-	-	1,308
Shares issued under share placement and ESP		756	7,694	-	-	7,694
Total contributions by and distributions to owners of the Company		886	8,744	(8,788)	-	(44)
Balance at 31 December 2016		**36,038**	**99,300**	**34,953**	**70**	**134,323**
Balance at 1 July 2017		39,043	119,330	45,968	(226)	165,072
Total comprehensive income/(loss) for the half-year						
Profit/(loss) for the period		-	-	(13,055)	-	(13,055)
Movement in cashflow hedge reserve, net of tax		-	-	-	157	157
Foreign currency translation differences		-	-	-	(594)	(594)
Total comprehensive income/(loss) for the period		-	-	(13,055)	(437)	(13,492)
Transactions with owners of the Company						
Dividends recognised and paid during the period	12	-	-	(9,799)	-	(9,799)
Share issue costs		-	(13)	-	-	(13)
Shares issued under dividend reinvestment plan	12	225	1,426	-	-	1,426
Shares issued under share placement and ESP	12	-	-	-	-	-
Total contributions by and distributions to owners of the Company		225	1,413	(9,799)	-	(8,386)
Balance at 31 December 2017		**39,268**	**120,743**	**23,114**	**(663)**	**143,194**

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 2017

	Note	31-Dec-17 $000's	30-Jun-17 $000's
ASSETS			
Current assets			
Cash and cash equivalents		13,676	7,307
Trade and other receivables	10	66,807	74,860
Other assets		3,874	2,929
Total current assets		**84,357**	**85,096**
Non-current assets			
Trade and other receivables	10	70,083	60,906
Property, plant and equipment	9	375,549	377,526
Intangibles		3,905	3,834
Deferred tax assets		22,209	12,831
Total non-current assets		**471,746**	**455,097**
Total assets		**556,103**	**540,193**
LIABILITIES			
Current liabilities			
Trade and other payables		13,724	13,138
Customer security bonds payable		26,491	29,666
Current tax payable		350	7,654
Loans and borrowings	6	362,654	-
Employee benefits		2,550	2,203
Total current liabilities		**405,769**	**52,661**
Non-current liabilities			
Trade and other payables		31	32
Customer security bonds payable		5,681	5,730
Loans and borrowings	6	-	315,046
Employee benefits		416	397
Other liabilities		584	601
Derivatives	6	428	654
Total non-current liabilities		**7,140**	**322,460**
Total liabilities		**412,909**	**375,121**
Net assets		**143,194**	**165,072**
EQUITY			
Share capital		120,743	119,330
Retained earnings		23,114	45,968
Reserves		(663)	(226)
Total equity		**143,194**	**165,072**

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 2017

	31-Dec-17 $000's	31-Dec-16 $000's
Cash flows from operating activities		
Receipts from customers	173,839	153,533
Payments to suppliers and employees*	(82,196)	(71,162)
Finance costs paid	(6,803)	(5,862)
Interest received	21	27
GST (paid)/recovered	1,382	1,516
Income taxes paid	(11,111)	(5,291)
Net cash flows from operating activities	**75,132**	**72,761**
Cash flows from investing activities		
Payments for plant and equipment*	(146,277)	(174,994)
Payments for intangible assets	(626)	(491)
Proceeds from sale of plant and equipment	39,226	38,373
Net cash flows used in investing activities	**(107,677)**	**(137,112)**
Cash flows from financing activities		
Proceeds from borrowings	47,362	74,231
Repayment of borrowings	-	(6,000)
Proceeds from issue of ordinary shares	-	7,475
Transaction costs paid in relation to issue of shares	(13)	(207)
Transaction costs paid in relation to loans and borrowings	(62)	(604)
Repayment of finance leases	-	(251)
Dividends paid (net of DRP)	(8,373)	(7,480)
Net cash flows from financing activities	**38,914**	**67,164**
Net increase in cash held	6,369	2,813
Cash and cash equivalents at 1 July	7,307	5,676
Cash and cash equivalents at 31 December	**13,676**	**8,489**

**Prior year comparatives restated to reflect changes in current period classification of origination costs of $10.9 million*

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

1 Reporting entity

Silver Chef Limited (the "Company") is a company domiciled in Australia. The consolidated interim financial statements of the Company as at and for the six months ended 31 December 2017 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 2017 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.

2 Statement of compliance

The 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 the financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended 30 June 2017. 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 2017.

These consolidated interim financial statements were approved by the Board of Directors on 26 February 2018.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in financial statements. Amounts in the financial statements have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

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 2017.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

4 Going concern

The Company has undertaken a detailed impairment review of aged receivables and associated rental assets and has recognised non-cash impairment adjustments in the 31 December 2017 half-year accounts. As a consequence of these impairment adjustments, the Group was in technical breach of certain financial covenants associated with its Senior Secured Syndicated Facility Agreement (the "SFA") calculated as at 31 December 2017.

Subsequent to 31 December 2017 the Company has announced the decision to exit the GoGetta business.

The covenant breaches are an event of default under the SFA and as such the Company sought a waiver for the 31 December 2017 covenant testing period. The waiver would allow time to negotiate with the Lenders a modified covenant testing regime which should apply as it runs downs the GoGetta business.

On 26 February 2018, the Lenders party to the SFA provided a waiver in respect of the 31 December 2017 covenant breaches and agreed, subject to various conditions, to continue to make the senior facilities available until suitable modifications to the SFA have been negotiated between the Company and the Lenders. These modifications must be agreed no later than 31 March 2018. As a result of the breach and the timing of the waiver, the Company's loans under the SFA have been reclassified to current liabilities (refer Note 6) as the Group did not have the unconditional right to defer repayment of these borrowings beyond 31 December 2018. In the unlikely event that the Group is unable to agree revised terms in relation to the SFA, the Company would need to consider alternative sources of capital.

In preparing the interim financial statements, the Directors have assessed the Group's ability to continue as a going concern. In making this assessment, the Directors have considered the following factors:

- Renegotiation of the SFA and the financial covenant package was required as a consequence of the decision to exit GoGetta, irrespective of the covenant breach which existed at 31 December 2017;

4 Going concern (continued)

- The Lenders continue to engage with the Company in a constructive and helpful manner and are supportive of the decision to exit GoGetta. As such, the Directors are confident that the relevant modifications to the SFA covenants can be agreed within the above timeframes;
- The cashflow model prepared by the Company indicates that sufficient capital will be returned from the run-down of the GoGetta portfolio to recover the net asset position of the GoGetta business at 31 December 2017 and consequently repay all of the senior debt associated with GoGetta;
- The impairment adjustment which adversely impacted the covenants at 31 December 2017 was non-cash and does not impact the Company's ability to generate sufficient cashflow to repay the senior secured debt attributable to GoGetta; and
- The Company's core hospitality business continues to grow both domestically and internationally and produce strong financial returns.

While uncertainties exist, the Directors consider that based on the above factors there are strong grounds to believe that revised terms will be agreed with the Lenders, such that funding will be available to the Group to enable it to continue to meet its liabilities as they fall due. It is the considered view of the Directors that the Group is a going concern. On that basis, these financial statements do not include any adjustments that may be made to reflect the position should the Group be unable to continue as a going concern.

5 Estimates and judgments

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 2017.

6 Financial Instruments

(a) Interest bearing liabilities	**31-Dec-17 $000's**	**30-Jun-17 $000's**
Current		
Secured:		
Secured bank loans[1]	362,654	-
	362,654	**-**
Non-current		
Secured:		
Secured bank loans[1]	-	315,046
Total interest bearing liabilities	**-**	**315,046**

[1] Secured bank loans represents the drawn down balance of the syndicated debt facility with a $400 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. On the 19th December the Company entered into a securitisation agreement of $200 million along with a restructure of the existing syndicated facility to a $350 million limit over three years. These facilities become operational at first draw.

The Company has received a waiver for the technical breach created by the additional GoGetta provisioning taken as at 31 December 2017. As a consequence of the need to renegotiate the senior facility under the Company's changed operating circumstances, it is required to record the entire drawn amount as current in the 31 December 2017 financial statements. The renegotiated debt funding position will be reflected in the 30 June 2018 financial statements.

6 Financial Instruments (continued)

(b) Derivatives	31-Dec-17 $000's	30-Jun-17 $000's
Interest rate swap at fair value	428	654
Total derivatives	**428**	**654**

The Company uses 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 2017, the carrying amounts of the Group's financial assets and liabilities approximate their fair values as set out below.

	31-Dec-17		30-Jun-17	
	Carrying amount $000's	Fair value $000's	Carrying amount $000's	Fair value $000's
Financial assets				
Cash and cash equivalents	13,676	13,676	7,307	7,307
Trade and other receivables	26,547	26,547	37,956	37,956
Lease receivables	110,343	110,343	97,807	97,807
Financial liabilities				
Payables	13,724	13,724	13,138	13,138
Borrowings	364,173	364,173	316,810	316,810
Derivatives	428	428	654	654

(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
Derivatives				
Interest rate swap used for hedging – 31 December 2017		428		428
Interest rate swap used for hedging – 30 June 2017	-	654	-	654
Total financial liabilities carried at fair value				

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 are 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
31 December 2017				
Revenue				
External	87,715	56,322	1,969	**146,006**
Segment result				
Reportable segment profit/(loss) before tax	14,140	(18,282)	(14,485)	**(18,627)**
Segment assets	322,532	217,111	16,460	**556,103**
Segment liabilities	(241,298)	(167,266)	(4,345)	**(412,909)**
31 December 2016				
Revenue				
External	72,714	62,574	2,517	**137,805**
Segment result				
Reportable segment profit/(loss) before tax	18,719	1,820	(13,995)	**6,544**
Segment assets	263,437	230,043	14,264	**507,744**
Segment liabilities	(214,634)	(153,662)	(5,125)	**(373,421)**
30 June 2017				
Segment assets	288,664	234,658	16,871	**540,193**
Segment liabilities	(228,844)	(149,647)	3,370	**(375,121)**

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 2017 $000's		31 December 2016 $000's	
	Revenue	Non-current assets	Revenue	Non-current assets
Australia	132,074	420,495	127,858	405,967
New Zealand	6,877	24,378	5,186	18,279
Canada	7,055	26,873	4,761	20,599

8 Revenue

	31-Dec-17 $000's	31-Dec-16 $000's
Rental income	132,077	127,074
Other income	34	54
Lease interest	13,872	10,650
Interest	23	27
Total	**146,006**	**137,805**

9 Property plant and equipment

	31-Dec-17 $000's	30-Jun-17 $000's
Plant and equipment		
At cost	10,837	10,360
Less accumulated depreciation	(8,034)	(7,378)
Total	**2,803**	**2,982**

Movements during the period	6 months ended 31-Dec-17	12 months ended 30-Jun-17
Plant and equipment at net book value		
Balance at the beginning of the period	2,982	2,724
Additions	513	1,969
Depreciation expense	(675)	(1,673)
Disposals	(22)	(34)
Effect of movement in exchange rates	5	(4)
Balance at the end of the period	**2,803**	**2,982**

	31-Dec-17 $000's	30-Jun-17 $000's
Rental assets		
At cost	574,476	557,739
Less accumulated depreciation	(184,465)	(171,276)
Less provision for impairment	(17,265)	(11,919)
Total	**372,746**	**374,544**

Movements during the period	6 months ended 31-Dec-17	12 months ended 30-Jun-17
Rental assets at net book value		
Balance at the beginning of the period	374,544	332,631
Additions	135,209	274,879
Capitalised initial direct costs	9,385	19,472
Depreciation and amortisation expense	(69,067)	(131,616)
Impairment loss [1]	(13,098)	(16,290)
Foreign currency translation	(394)	(501)
Assets transferred to lease receivables	(19,777)	(28,379)
Disposals	(44,056)	(75,652)
Balance at the end of the period	**372,746**	**374,544**

9 Property plant and equipment (continued)

Total property plant and equipment	**375,549**	**377,526**

[1] Impairment of rental assets: assessments are made monthly on the recoverable amount of returned rental assets and assets on contracts which have defaulted. No impairment losses have been reversed (2017: nil). Recoverable amount is determined on a value in use basis and assumes that the estimated cash flows will be received within twelve months.

The movement in the allowance for impairment in respect of suspended and idle assets during the year was as follows:

	Six months to 31-Dec-17 $000's	12 months to 30-Jun-17 $000's
Balance at 1 July	11,919	6,548
Impairment loss recognised*	9,981	8,142
Impairment loss on fraud contracts*	-	2,979
Amounts written off**	(4,635)	(5,750)
Balance at the end of the period	**17,265**	**11,919**

*Impairment expense disclosed in the Statement of Profit or Loss includes impairment written off directly on the sale of idle assets of $3.117 million.
**Fraud contracts written off included in 30-Jun-17 figure of $2.979 million.

10 Trade and other receivables

The Group offers two separate long term finance products to customers. The long term rental contract offer to customers extends the life of the standard 12 month rental contract by either a further two or three years. Upon the inception of a long term contract, the rental assets underlying the contract are disposed of and the future cash flows of the contracts are recognised as finance leases in the Group's financial statements. The Advantage product is a four year finance lease which is not linked to an underlying 12 month rental contract, and is treated as a finance lease from the outset of the contract.

	31-Dec-17 $000's	30-Jun-17 $000's
Included in current receivables		
Trade receivables	53,471	50,200
Allowance for impairment losses	(27,840)	(12,354)
Net trade receivables	25,631	37,846
Finance lease receivables	45,661	38,620
Allowance for impairment losses	(5,401)	(1,718)
Net finance lease receivables	40,260	36,902
Other receivables	916	112
Total current receivables	**66,807**	**74,860**
Included in non-current receivables		
Finance lease receivables	70,083	60,906
Total non-current receivables	**70,083**	**60,906**
Total receivables	**136,890**	**135,766**

10 Trade and other receivables (continued)

The movement in the allowance for impairment in respect of receivables during the year was as follows:

Operating Leases – Group is Lessor	Six months to 31-Dec-17 $000's	12 months to 30-Jun-17 $000's
Balance at 1 July	12,354	5,665
Impairment loss recognised	21,440	10,703
Amounts written off	(5,954)	(4,014)
Balance at the end of the period	**27,840**	**12,354**

Finance Leases – Group is Lessor	Six months to 31-Dec-17 $000's	12 months to 30-Jun-17 $000's
Balance at 1 July	1,718	221
Impairment loss recognised	4,149	1,920
Amounts written off	(466)	(423)
Balance at the end of the period	**5,401**	**1,718**

11 Earnings per share

Details of basic and diluted EPS reported separately in accordance with AASB 133: *Earnings per Share* as shown in the below table. Both the current and prior year's earnings per share calculations have been adjusted for the bonus component of the rights issue which occurred in April 2016.

	31-Dec-17 000's	31-Dec-16 000's
Basic earnings per share		
Profit/(loss) for the period	(13,055)	4,581
	(13,055)	**4,581**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares	39,152	35,662
Weighted average number of ordinary shares (basic) at 31 December	**39,152**	**35,662**
Diluted earnings per share		
Profit/(loss) for the period	(13,055)	4,581
	(13,055)	**4,581**
Weighted average number of ordinary shares		
Weighted average number of ordinary shares (basic)	39,152	35,662
Weighted average number of ordinary shares (diluted) at 31 December	**39,152**	**35,662**

12 Share capital

Issuance of ordinary shares

Under the dividend reinvestment plan, 225,135 shares were issued at a price of $6.34 in October 2017.

Dividends

The following dividends were declared and paid by the Company:

For the six months ended 31 December	2017 $000's	2016 $000's
2016 Final dividend – 25.0 cents fully franked paid 16 September 2016	-	8,788
2017 Final dividend – 25.1 cents fully franked paid 2 October 2017	9,799	-
	9,799	**8,788**

13 Subsequent events

GoGetta Segment

Post 31 December 2017 the Company made the decision to exit its GoGetta business. With immediate effect all sales and marketing activities in the GoGetta business will cease and the Company will exit existing customer contracts in an orderly manner over the next 12 to 18 months.

As part of the run-down of the GoGetta business approximately 12 staff will be re-deployed to the core hospitality division with a further 39 staff to leave the business. As a purpose-driven company and a certified B-Corp, the decision to make staff redundant was not an easy one and the Company is working closely with all staff to ensure their welfare is a priority.

A core team will be retained within GoGetta to manage the orderly running-down of existing contracts and asset remarketing program. The Company will work closely with clients, vendors and brokers to ensure the process is completed in a timely manner that minimises financial and reputational risk. Redundancy costs estimated for the exit of GoGetta are expected to initially be in the order of $3M (before tax) and will largely be brought to account in the second half of FY18.

The Company has received a waiver for the technical breach created by the additional GoGetta provisioning taken as at 31 December 2017. As a consequence of the need to renegotiate the senior facility as described above, the Company is required to record the entire drawn amount as current in the 31 December 2017 financial statements. The renegotiated debt funding position is expected to be completed by 31 March 2018.

Dividend

An interim dividend of 10.0 cents per share, 100% fully franked has been declared by the Directors. The dividend has not been provided for in the 31 December 2017 interim financial statements.

Silver Chef Limited
Directors' Declaration

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

1. the interim financial statements and notes set out on pages 7 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 2017 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:

Allan English
Non-Executive Chairman

Dated at Brisbane this 26th day of February 2018

Independent Auditor's Review Report

To the members of Silver Chef Limited

Conclusion

We have reviewed the accompanying ***Interim Financial Report*** of Silver Chef Limited (the Company).

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:

- giving a true and fair view of the Company's financial position as at 31 December 2017 and of 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*.

The ***Interim Financial Report*** comprises:

- Consolidated statement of financial position as at 31 December 2017;
- 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.

The ***Group*** comprises the Company and the entities it controlled at the half year's end or from time to time during the half-year Period.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 4, "Going Concern" in the Interim Financial Report. The financial report is prepared on a going concern basis consistent with accounting standards. The conditions disclosed in Note 4 indicate a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the Interim Financial Report. Our conclusion is not modified in respect of this matter.

Responsibilities of the Directors 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*
- 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 for the review of the Interim Financial Report

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 Company's financial position as at 31 December 2017 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 Silver Chef Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

KPMG

KPMG

Jillian Richards

Jillian Richards
Partner

Brisbane
26 February 2018