Appendix 4D

Half Year Report

For the period ended 31 December 2014

Name of entity

Royal Wolf Holdings Limited

ABN or equivalent company reference

ABN 91 121 226 793

This report is to be read in conjunction with our annual financial report as at 30 June 2014.

Results for announcement to the market

1.	Details of reporting period	
	Current	Half year ended 31 December 2014
	Previous	Half year ended 31 December 2013
2.	Key Items	
	2.1. Revenue from ordinary activities	Down 16.1% to $74.2 million
	2.2. Profit from ordinary activities after tax attributable to members	Down 0.6% to $6.3 million
	2.3. Profit for the period after tax attributable to members	Down 0.6% to $6.3 million
	2.4. Interim dividend amount per security	4.0 cents
	Franked amount per security	2.5 cents
	2.5. Record date for determining dividend entitlements	19 March 2015
	2.6. Review of operations	A detailed review of the operations of the consolidated entity is included in the directors' report contained in the interim financial report lodged with the Australian Securities Exchange
3.	Net tangible assets per security	$0.95 per share (prior year: $0.88 per share)
4.	Details of entities over which control has been gained or lost	Nil
5.	Total dividend distribution	$4,015,482
	Dividend distribution date	3 April 2015
	Conduit Foreign Income	$Nil

6. Audit/review status	The financial statements have been reviewed and are not subject to a modified opinion or emphasis of matter or other matter paragraph

Signed by:

P Housden

Director

Sydney

Date: 9 February 2015

Royal Wolf Holdings Limited ACN 121 226 793
and its Controlled Entities

Interim Financial Report

For the half-year ended 31 December 2014

Royal Wolf Holdings Limited and its Controlled Entities
Financial Statements for the half-year ended 31 December 2014

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Royal Wolf Holdings Limited and its Controlled Entities
Directors' Report
31 December 2014

The Directors of Royal Wolf Holdings Limited ("Royal Wolf" or "the Company") present their report, together with the consolidated financial report for the half-year ended 31 December 2014.

Directors

The following directors have been in office during the half-year and up to the date of this report unless otherwise stated.

P Housden
D W Corsie
P A Dexter
R F Valenta
M Marrero (appointed on 24 October 2014)
R G Allan

G B Baker has been the company secretary during the half-year and up to the date of this report.

Dividends

The Company declared a partially franked ordinary dividend in February 2015 of 4.0 cents per ordinary share for the interim period to 31 December 2014 (31 December 2013: 5.0 cents unfranked) to be paid on 3 April 2015. The dividend will be franked to 62.5%.

Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects are set out below.

The profit after income tax (NPAT) of the consolidated group for the half -year ended 31 December 2014 ("1H15") amounted to $6,342,000 (31 December 2013 ("1H14"): $6,380,000).

	1H15	1H14	% Growth
($ in thousands)			
Selected income statement items			
Container lease revenue	41,737	38,920	7.2%
Container sales revenue	32,433	49,460	(34.4%)
Total revenue	74,170	88,380	(16.1%)
Trading EBITDA*	21,513	21,476	0.2%
EBITDA	21,228	20,751	2.3%
EBITA	13,663	14,498	(5.8%)
EBIT	12,250	12,403	(1.2%)
Underlying NPAT**	7,461	8,091	(7.8%)
NPAT	6,342	6,380	(0.6%)
EPS	6.3	6.4c	(1.6%)

*Trading EBITDA is calculated to eliminate the impact of unrealised exchange gains and losses and mark to market revaluation of FX hedge instruments which are not considered to be indicative of the performance of ongoing operations.

Review of operations (continued)

**Underlying NPAT is presented as follows:

	1H15	1H14
NPAT	6,342	6,380
Items not forming part of the normal ongoing operating activity		
Mark to market valuation loss/(gain) for interest rate swaps	14	(174)
Unrealised exchange loss/(gain) on forward contracts	284	725
Amortisation of intangible assets related to business acquisitions	1,300	1,893
Subtotal	1,598	2,444
Tax effect	(479)	(733)
Subtotal	1,119	1,711
Underlying NPAT	7,461	8,091

Key points on the results

- Royal Wolf continues to execute key strategy of growing lease revenues.
- Leasing revenues were $41.7 million, an increase of $2.8 million, or 7.2% over 1H14.
- Leasing revenues achieved 56.3% of total revenues versus 44.0% in 1H14.
- Utilisation was 85.8% at 31 December 2014 compared to 82.3% at 30 June 2014 and 86.5% at 31 December 2013. Average utilisation for the 1H15 was 83.2% compared to 81.7% for 1H14.
- The lease demand increased in all three product markets and leasing revenue growth was delivered through a combination of the run rate of FY14 fleet investment and FY15 traction with investment in new products, acquisitions and organic growth.
- Total revenues of $74.2 million, 16.1% behind 1H14 with previous period significant sales not replicated.
- EBITDA result reinforces resilience of the model and quality of leasing revenue with EBITDA performance maintained despite volatility in lower margin sales channel.
- Trading EBITDA of $21.5 million (margin of 29.0%) compares to $21.5 million (margin of 24.3%) last year
- Net Profit after Tax (NPAT) attributable to ordinary shareholders was $6.3 million or 6.3c is marginally behind 1H14 of $6.4 million
- An interim dividend of 4.0c per share (franked to 62.5%) will be paid on 3 April 2015.

Following is a brief discussion of the main factors which affected Royal Wolf's operating and financial performance in 1H15 and which it expects may continue to affect operating and financial performance in future periods.

Review of operations (continued)

Revenue

Total revenues for 1H15 were $74.2 million, a decrease of $14.2 million or 16.1% from 1H14.

Total revenue for 1H14 included a single low margin sales contract to a rail based logistics company valued in excess of $12.0 million and a sale in excess of $4.0 million in the resources sector.

Lease revenue increased 7.2% with a 3.3% increase in the average units leased during the period to 33,893. This increase is a combination of the run rate of FY14 fleet investment and FY15 traction with investment in products, acquisitions and organic growth.

Leasing revenues as a percentage of total revenue has increased from 44.0% for 1H14 to 56.3% for 1H15.

All three of our markets, portable storage, freight and portable buildings are each delivering leasing revenue growth year on year. The main drivers during the first half have been the geographically diverse Customer Service Centre's ("CSC") industry base, impact of portable buildings delivered in the 2H14 in the resources and oil and gas sectors and increasing activity from the removals industry in the freight sector late in the half. Due to the restructuring of our rental contracts with a Queensland based camp accommodation solution provider, we are actively marketing available camps into new markets across our diverse customer base and geographies. If we are not successful in that remarketing, we anticipate low growth in our buildings leasing revenue.

Sales revenue decreased to $32.4 million from $49.5 million, a decrease of 34.4%. As mentioned above 1H14 included the delivery of two significant transactions totaling approximately $16.0 million. These sales transactions were not replicated in 1H15 nor were they expected as they were unusually large for our normal sales profile. Portable storage sales across our broad geographies and branches increased by $1.0m in 1H15 compared to 1H14.

Portable storage revenues for 1H15 increased by $1.4 million or 2.7% compared to 1H14. Fleet size increased by 1.1% to 27,163 containers from 30 June 2014.

Portable buildings revenue for 1H15 fell by 19.3% or $3.3 million attributable to the single sale in excess of $4.0 million in the resources sector in 1H14 not being replicated in 1H15. Fleet size increased by 8.7% to 4,768 containers from 30 June 2014.

Freight revenues decreased 64.0% to $6.9 million with this fall significantly attributed to the single low margin sale in 1H14. Fleet size increased by 3.9% to 9,766 containers from 30 June 2014.

Gross margin

Royal Wolf's gross margin is a function of the revenue mix, increasing when the higher margin leasing revenues increase. The overall gross margin for 1H15 of 53.0% compares to 42.7% last year

Selling, general, and administrative expenses ("SG&A")

The selling and general expenses increased by $1.1 million during 1H15 to $18.1 million from $17.0 million during 1H14 with $0.6million being the cost of the completion of FY11 LTI grants and headcount related costs accounting for the majority of the balance.

We have already undertaken and will continue to deliver cost reductions within the business as we adjust our structure to the reduced resources activity and the reduced camp revenues anticipated as a result of the contracts restructuring with a Queensland based camp accommodation solution provider. These cost reductions totalling in excess of $2.0 million annualised will flow through 2H15. Headcount decreased from 278 at 1H14 to 271 at 1H15.

Review of operations (continued)

Earnings at the Trading EBITDA level for the period increased by 0.2% to $21.5 million when compared to 1H14. Excluding the effect of the two substantial sales in 1H14 the increase was 7.5%.

Depreciation and amortisation combined was $9.0 million up 7.5% from $8.3 million due to the compound effect of current and previous year's asset purchases particularly focused in the higher depreciating portable buildings sector. Fleet value increased 4.1% compared to 1H14. As we market the assets now surplus to demand in oil and gas we may secure sales contracts. This would have the future effect of reducing depreciation on the higher depreciating portable buildings assets.

Earnings Before Interest and Tax decreased from $12.4 million to $12.3 million period on period.

Financing costs of $3.5 million which is higher than 1H14 by $0.4 million reflects the increase in borrowings to facilitate the capital expenditure on container assets in 1H15 as well as the acquisition of a property for $10.0 million and an acquisition for $1.7 million in New Zealand offset partially by reduced interest margin due to the refinancing completed in 2H14.

Net profit after tax of $6.3 million is 0.6% behind 1H14. Excluding the effect of the two substantial sales transactions in 1H14 the 1H15 result was a 17.4% increase.

Net cash flow before financing activities for the period was negative $11.0 million (1H14 negative $14.4 million) comprising cash flow from operating activities of $12.5 million (1H14 $14.8 million) and cash used in investing activities of $23.5 million (1H14 $29.2 million).

Container fleet capital expenditure has decreased to $10.4 million ($21.5 million in 1H14) to align with the reduced resources activity and our available fleet. Inventories at 31 December 2014 were $28.2 million compared to $21.3 million last year and include $4.2 million of assets to meet demand in 2H15 in the building and construction industry and $2.4 million of camp assets built in anticipation of growth in the accommodation sector.

The increase in property, plant and equipment spend relates to the strategic acquisition of the purpose built high profile site on Jarvis Way, Auckland – our hub location for New Zealand.

Financial gearing at the end of the period was 46% (1H14: 45%) on a net debt to net debt plus equity basis reflecting the capital expenditure on containers and the Auckland property to facilitate future growth.

Outlook

Royal Wolf has grown its leasing revenues from existing business segments through innovation and meeting specific customer needs while also expanding activity in growth opportunities such as building solutions for the capital city building and construction industries.

The increasing leasing demand on the Eastern Seaboard of Australia, continuing strength of the New Zealand market and good seasonal freight sector demand are more than offsetting the reduced resource based activity in Western Australia.

The recent restructure of hire contracts relating to a customer providing camp accommodation solutions in Queensland will reduce rental revenues in the 2H15. We will actively market the available containers into other markets however a billing gap will occur as they are redeployed. We will adjust the levers of the business to this market change - SG&A costs and container fleet capital expenditure have been and will continue to be reduced.

The group is experiencing increased demand from the building and construction industry and is investing in relevant fleet. The softening of the resources sector and the general uncertainty in the Australian economy is impacting our expectation for the year and we anticipate delivering a similar result to FY14 for FY15.

Significant changes in the state of affairs

On 1 December 2014 Royal Wolf acquired the assets and business of YS Container Services (NZ) limited operating in the Christchurch region of New Zealand for consideration of NZ$2.0 million (A$1.8 million). YS Containers commenced operations in 1993 and is in the business of providing rental and sales of reefers and storage containers to a wide customer base that spans industries including logistics, construction, manufacturing and the retail market.

Auditor's Independence Declaration

The auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on the following page and forms part of the directors' report for the half year ended 31 December 2014.

Rounding of amounts

The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and directors' report have been rounded off to the nearest thousand dollars, or in certain cases, the nearest dollar.

These consolidated interim financial statements were approved by the Board of Directors on 9 February 2015.

This report is made in accordance with a resolution of directors.

P Housden
Director
Sydney
9 February 2015

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International
Level 15 1 O'Connell Street
Sydney NSW 2000 Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

9 February 2015

The Board of Directors
Royal Wolf Holdings Limited
Suite 202, Level 2
22-28 Edgeworth David Avenue
HORNSBY NSW 2077

Dear Board Members

Royal Wolf Holdings Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Royal Wolf Holdings Limited.

As lead audit partner for the review of the half-year financial statements of Royal Wolf Holdings Limited for the half-year ended 31 December 2014, I declare that to the best of my knowledge and belief, that there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and
(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

John Haydon
Partner

Royal Wolf Holdings Limited and its Controlled Entities
Consolidated Income Statement
For the half-year ended 31 December 2014

	Note	31 December 2014 $'000	31 December 2013 $'000
Revenue from continuing operations			
Container lease revenue		41,737	38,920
Container sales revenue		32,433	49,460
Total revenue	3	74,170	88,380
Direct cost of sales and leasing operations		(34,836)	(50,606)
Other income	3	35	23
Foreign exchange (losses)/gains		(257)	(616)
Employee benefits expense		(13,359)	(12,076)
Travel and accommodation		(536)	(552)
Professional and business promotion expenses		(2,330)	(2,050)
IT and telecommunications		(576)	(567)
Other expenses		(1,083)	(1,185)
Profit before interest, tax, depreciation and amortisation (EBITDA)		21,228	20,751
Depreciation expense	3	(7,565)	(6,253)
Profit before interest, tax and amortisation (EBITA)		13,663	14,498
Amortisation expense	3	(1,413)	(2,095)
Profit before interest and tax (EBIT)		12,250	12,403
Financing costs		(3,478)	(3,032)
Profit/(loss) before tax		8,772	9,371
Income tax benefit/(expense)		(2,430)	(2,991)
Profit after tax (NPAT)		6,342	6,380
Profit from continuing operations		6,342	6,380
Profit for the period		6,342	6,380
Profit attributable to:			
Owners of Royal Wolf Holdings Limited		6,342	6,380
		6,342	6,380
Earnings per share for profit attributable to the ordinary equity holders of the Group			
Basic earnings per share (cents)		6.3	6.4
Diluted earnings per share (cents)		6.3	6.4

The above consolidated income statement should be read in conjunction with the accompanying notes.

Royal Wolf Holdings Limited and its Controlled Entities
Consolidated Statement of Comprehensive Income
For the half-year ended 31 December 2014

	31 December 2014 $'000	31 December 2013 $'000
Profit for the period:	6,342	6,380
Other comprehensive income:		
Exchange differences on translation of foreign operations	(43)	1,711
Change in the fair value of cash flow hedge	716	20
Total comprehensive income for the period:	7,015	8,111
Total comprehensive income for the period is attributable to:		
Owners of Royal Wolf Holdings Limited	7,015	8,111
	7,015	8,111

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Royal Wolf Holdings Limited and its Controlled Entities
Consolidated Balance Sheet
As at 31 December 2014

	Note	31 December 2014 $'000	30 June 2014 $'000
Assets			
Cash and cash equivalents		4,506	6,071
Trade and other receivables		20,283	25,699
Inventories		28,163	12,071
Derivative financial instruments		669	-
Total current assets		53,621	43,841
Non-current assets			
Trade and other receivables		227	306
Property, plant and equipment	4	21,220	10,467
Container for hire fleet	5	204,266	198,305
Intangible assets	6	57,409	57,663
Total non-current assets		283,122	266,741
Total assets		336,743	310,582
Liabilities			
Trade and other payables		24,741	19,611
Current tax liability		1,676	1,036
Derivative financial instruments		-	244
Interest-bearing loans and borrowings	7	5	43
Employee benefits		2,697	2,579
Total current liabilities		29,119	23,513
Non-current liabilities			
Derivative financial instruments		2,002	1,626
Interest bearing loans and borrowings	7	135,066	117,163
Deferred tax liabilities		17,471	16,264
Employee benefits		607	537
Provisions		53	53
Total non-current liabilities		155,199	135,643
Total liabilities		184,318	159,156
Net assets		152,425	151,426
Equity			
Contributed equity	8	141,092	141,383
Accumulated losses		5,219	4,398
Reserves	8	6,114	5,645
Total equity attributable to equity holders of the parent		152,425	151,426

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Royal Wolf Holdings Limited and its Controlled Entities
Consolidated Statement of Changes in Equity
For the half-year ended 31 December 2014

	Note	Contributed Equity	Retained Earnings/ (Accumulated Losses)	Reserves	Total Equity
		$'000	$'000	$'000	$'000
Balance at 1 July 2013		142,440	(1,506)	3,032	143,966
Total comprehensive income for the period		-	6,380	1,731	8,111
Transactions with owners in their capacity as owners:					
Share repurchase		(359)	-	-	(359)
Dividends provided for or paid		-	(5,019)	-	(5,019)
Employee share options – value of employee services		-	-	383	383
Balance at 31 December 2013		142,081	(145)	5,146	147,082
Balance at 1 July 2014		141,383	4,398	5,645	151,426
Total comprehensive income for the period		-	6,342	673	7,015
Transactions with owners in their capacity as owners:					
Share repurchase and distribution	8(a)	(291)	-	-	(291)
Dividends provided for or paid		-	(5,521)	-	(5,521)
Employee share options adjustment	8(b)	-	-	(204)	(204)
Balance at 31 December 2014		141,092	5,219	6,114	152,425

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Royal Wolf Holdings Limited and its Controlled Entities
Consolidated Statement of Cash Flows
For the half-year ended 31 December 2014

		31 December 2014 $'000	31 December 2013 $'000
Cash flows from operating activities			
Receipts from customers		85,164	93,310
Payments to suppliers and employees		(68,625)	(74,481)
Interest paid		(3,409)	(3,000)
Income taxes paid		(640)	(1,005)
Net cash provided by operating activities		12,490	14,824
Cash flows from investing activities			
Payment for purchase of intangible assets		(366)	(102)
Proceeds from sale of property, plant and equipment		37	62
Interest received		26	24
Payment for business acquisition		(1,660)	(5,595)
Acquisition of property, plant and equipment		(11,089)	(2,172)
Purchase of container hire fleet		(10,446)	(21,415)
Net cash (used in) investing activities		(23,498)	(29,198)
Cash flows from financing activities			
Repayment/(proceeds) from finance lease and other liabilities		(28)	(34)
Proceeds from borrowings (ANZ Bank)		17,798	19,294
Purchase of shares on market and distribution	8 (a)	(291)	(359)
Dividends paid		(5,521)	(5,019)
Net cash provided by financing activities		11,958	13,882
Net (decrease)/increase in cash and cash equivalents		950	(492)
Cash and cash equivalents at beginning of the period		6,071	2,247
Effect of exchange rate on cash and cash equivalents		(2,515)	(1,199)
Cash and cash equivalents at the end of the period		4,506	556

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Note 1: Summary of Significant Accounting Policies

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

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

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

(a) New and amended standards adopted by the group

A number of new or amended standards became applicable for the current reporting period, however, the group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards. There will be some changes to the disclosures in the 30 June 2015 annual report as a consequence of these amendments.

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but is available for early adoption. When adopted, the standard will affect the group's accounting for its available-for-sale financial assets, since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the group does not have any such liabilities. The derecognition rules have been transferred from AASB 139 *Financial Instruments: Recognition and Measurement* and have not been changed.

The new hedging rules align hedge accounting more closely with the group's risk management practices. As a general rule, it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

The group has adopted the new rules from 1 January 2014.

Note 2: Segment information

(a) Description of segments

Management has determined the operating segments from both a product and a geographic perspective and has identified reportable segments being National Accounts Group, Customer Service Centre (CSC) Operations for Australia and New Zealand and Head Office.

(b) Segment information provided to the board

The segment information provided to the board for the reportable segments for the half-year ended 31 December 2014 is as follows:

	National Accounts	Customer Service Centres		Head Office	Total
		Australia	New Zealand		
	$'000	$'000	$'000	$'000	$'000
Half-year 2014					
Total segment revenue	14,880	45,759	12,865	666	74,170
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	14,880	45,759	12,865	666	74,170
EBITDA	7,802	11,154	5,993	(3,721)	21,228
Total segment assets	93,892	122,481	64,946	55,424	336,743
Total segment liabilities	5,266	18,846	38,088	122,118	184,318
Half-year 2013					
Total segment revenue	29,845	47,569	10,966	-	88,380
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	29,845	47,569	10,966	-	88,380
EBITDA	9,005	11,036	4,832	(4,122)	20,751
Total segment assets	73,550	134,015	39,130	65,386	312,081
Total segment liabilities	10,036	21,584	26,703	106,676	164,999

The Board assesses the performance of the operating segments based on a measure of EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and goodwill impairments when the impairment is the result of an isolated, non-recurring event.

Note 2. Segment Information (continued)

	Consolidated Group	
	31 December 2014 $'000	31 December 2013 $'000
A reconciliation of EBITDA to operating profit before income tax is provided as follows:		
Half-year		
EBITDA	21,228	20,751
Interest revenue	26	24
Finance costs	(3,504)	(3,056)
Depreciation and amortisation	(8,978)	(8,348)
Profit before income tax from continuing operations	8,772	9,371

3. Revenue and expenses

Profit before tax includes the following specific items:

a. Revenue		
Container lease	41,737	38,920
Container sales	32,433	49,460
Total revenue	74,170	88,380
b. Other income		
Sundry income	35	23
Total other income	35	23
c. Expenses		
Depreciation of hire fleet containers	6,378	5,187
Depreciation of other property, plant and equipment	1,187	1,066
Amortisation of intangibles	1,413	2,095
Total depreciation and amortisation expense	8,978	8,348
Net financing costs		
Interest (received)	(26)	(24)
Interest expense		
- bank	3,504	3,056
	3,478	3,032
Net gain on disposal of property, plant and equipment	15	21
Rental expense relating to operating leases		
Minimum lease payments	3,198	3,463
Foreign exchange (losses)/gains (including realised)	(257)	(616)
Doubtful debt expense	377	473

4. Property, plant and equipment

Consolidated Group

	Land	Buildings	Plant and equipment, furniture and fittings and motor vehicles	Total
	$'000	$'000	$'000	$'000
31 December 2014				
Cost				
Balance at 1 July 2014	2,140	330	19,779	22,249
Acquisitions during the half-year	7,751	2,421	917	11,089
Exchange adjustments	669	197	84	950
Disposals during the half-year	-	-	(226)	(226)
Cost at 31 December 2014	10,560	2,948	20,554	34,062
Depreciation and impairment losses				
Balance at 1 July 2014	-	(50)	(11,732)	(11,782)
Depreciation charge for the half-year	-	(19)	(1,178)	(1,197)
Disposals and other adjustments	-	-	137	137
Accumulated depreciation at 31 December 2014	-	(69)	(12,773)	(12,842)
Carrying amounts				
At 31 December 2014	10,560	2,879	7,781	21,220
30 June 2014				
Cost	2,140	330	19,779	22,249
Accumulated depreciation	-	(50)	(11,732)	(11,782)
Net carrying amount	2,140	280	8,047	10,467

5. Containers for hire fleet

31 December 2014	Total $'000
Cost	
Balance at 1 July 2014	232,131
Acquisitions and transfers from inventory	17,321
Business acquisitions	785
Disposals	(8,492)
Exchange adjustments	1,268
Cost at 31 December 2014	243,013
Depreciation and impairment losses	
Balance at 1 July 2014	(33,826)
Depreciation charge for the period	(6,378)
Disposals during the period	1,616
Exchange adjustments	(159)
Accumulated depreciation at 31 December 2014	(38,747)
Carrying amounts	
At 31 December 2014	204,266

30 June 2014	
Cost	232,131
Accumulated depreciation	(33,826)
Net carrying amount	198,305

Transfers to inventory represent hire fleet containers that are sold and which are recorded as inventory prior to sale. The sale of these containers is accounted for similar to the sale of new containers.

Fair Value
The group's hire container fleet was independently valued at 31 December 2014 by valuers, Liquidity Services Global Solutions Pty Ltd using the sales comparison approach as the valuation method. The fair market value of the hire container fleet based on the independent valuation report dated 16 January 2014 was $252,687,398. The fair market value exceeds the carrying value at 31 December 2014.

6. Intangible assets

	Software	Goodwill	Non compete agreement	Customer list	Establis-hment costs	Develop-ment costs	Trademark	Total
31 December 2014	$'000	$'000	$'000	$'000	$'000	$'000	$000	$'000
Cost								
Balance at 1 July 2014	1,796	46,035	8,319	32,156	193	317	3,300	92,116
Acquisitions	366	-	-	-	-	-	-	366
Business acquisitions	-	165	175	398	-	-	-	738
Exchange adjustments	-	21	16	171	-	-	-	208
Cost at 31 December 2014	2,162	46,221	8,510	32,725	193	317	3,300	93,428
Amortisation and impairment losses								
Balance at 1 July 2014	(1,509)	-	(7,250)	(25,207)	(193)	(294)	-	(34,453)
Amortisation for the half-year	(103)	-	(160)	(1,143)	-	(7)	-	(1,413)
Exchange/other adjustments	-	-	-	(153)	-	-	-	(153)
Accumulated amortisation at 31 December 2014	(1,612)	-	(7,410)	(26,503)	(193)	(301)	-	(36,019)
Carrying amounts								
At 31 December 2014	550	46,221	1,100	6,222	-	16	3,300	57,409
30 June 2014								
Cost	1,796	46,035	8,319	32,156	193	317	3,300	92,116
Accumulated amortisation	(1,509)	-	(7,250)	(25,207)	(193)	(294)	-	(34,453)
Net carrying amount	287	46,035	1,069	6,949	-	23		57,663

	Note	Consolidated Group 31 December 2014 $'000	30 June 2014 $'000
7. Interest bearing loans and borrowings			
Current			
Overdraft facility		-	-
Bank loan		-	-
Other term loans		5	43
		5	43
Non-current			
Bank loan		135,056	117,163
Other term loans		10	-
		135,066	117,163
8. Capital and reserves			
(a) Share capital			
On issue at 1 July, 100,387,052 fully paid shares (30 June 2014: 100,387,052 fully paid)		141,383	142,440
Repurchase of shares on market		(1,639)	(1,057)
Shares distributed under the LTI plan		1,348	-
Subtotal		(291)	(1,057)
Balance at the end of the half-year period		141,092	141,383
(b) Reserves			
Share based payments reserve		2,674	2,878
Foreign currency translation reserve		3,652	2,936
Hedging reserve		(212)	(169)
		6,114	5,645
(c) Movements			
(i) Share-based payments reserve			
Balance 1 July		2,878	1,946
Option expense		412	932
Reversal of FY 2012 LTI reserve on exercise		(616)	-
Subtotal		(204)	2,878
Balance at the end of period		2,674	2,878
(ii) Foreign currency translation reserve			
Balance 1 July		2,936	1,052
Currency translation differences arising during the half-year		716	1,884
Balance at the end of period		3,652	2,936
(iii) Hedging reserve			
Balance 1 July		(169)	34
Movement in the fair value of instruments, net of tax		(43)	(203)
Balance at the end of period		(212)	(169)

9. Dividends

Final unfranked dividend of $5,521,288 (5.5 cents per fully paid share) was paid on 3 October 2014.

Subsequent to 31 December 2014 the directors declared a partially franked interim dividend (62.5 %) of 4.0 cents per share to the holders of fully paid ordinary shares. The dividend will be paid on 3 April 2015. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is $4,015,482. The record date for determining dividend entitlements is 19 March 2015.

10. Consolidated entities

The list of consolidated entities at the half-year period is as follows:

Subsidiaries	Country of incorporation	Ownership percentage
Royal Wolf Trading Australia Pty Limited	Australia	100%
Kookaburra Containers Pty Ltd	Australia	100%
Royalwolf NZ Acquisition Co Limited	New Zealand	100%
Royalwolf Trading New Zealand Limited	New Zealand	100%

11. Contingent liabilities

There were no contingent liabilities at 31 December 2014 or 30 June 2014.

12. Related party transactions

Arrangements with the related parties continue to be in place and include sales and purchases of goods and services between Royal Wolf Trading Australia Pty Limited and Royalwolf Trading New Zealand Limited.

For further details of these arrangements refer to the 30 June 2014 annual financial report.

13. Business combination

(a) Summary of acquisitions

On 1 December 2014 Royal Wolf acquired the assets and business of YS Container Services (NZ) limited operating in the Christchurch region of New Zealand for consideration of NZ$2.0 million (A$1.8 million). YS Containers commenced operations in 1993 and is in the business of providing rental and sales of reefers and storage containers to a wide customer base that spans industries including logistics, construction, manufacturing and the retail market.

Details of the purchase consideration, the net assets acquired and gain on purchase are as follows:

	Fair Value $'000
Purchase price	1,833
The assets and liabilities recognised as a result of the acquisition are as follows:	
Container hire fleet	785
Inventory	310
Intangible assets-customer lists	175
Intangible assets – non compete	398
Net identifiable assets acquired	1,668
Goodwill	165

13. Business combination (continued)

(i) Purchase price

The purchase price of $1,833,000 includes cash paid of $1,660,000 and contingent consideration of $172,000 and purchase price adjustments of $1,000.

(ii) Contingent consideration

Under the agreement of sale of business there is a holdback amount of $172,000 in respect of any unanticipated shortages or other contingencies and the liability of the seller relating to breach of warranties. The holdback amount is payable fifty percent equally on 1 June 2015 and 1 December 2015.

(iii) Acquisition-related costs

Acquisition-related costs of $2,000 are included in other expenses in profit or loss and in the operating cash flows in the statement of cash flows.

(iv) Revenue and profit contribution

The acquired business contributed revenues of $74,000 and net profit of $26,000 to the group for the period from 1 December 2014 to 31 December 2014. If the acquisition had occurred on 1 July 2014, consolidated revenue and consolidated profit for the half-year ended 31 December 2014 would have been approximately $74,540,000 and $6,472,000 respectively.

14. Fair value measurement of financial instruments

There were no changes to the basis, hierarchy and the valuation techniques used for determining the fair values of the financial instruments since 30 June 2014. The derivative financial assets of $669,000 (30 June 2014: $780,000) and liabilities of $2,002,000 (30 June 2014: $1,870,000) continue to be classified under level 2.

15. Subsequent events

On 9 February 2015 the directors have declared the payment of interim dividend of $4,015,482 (4.0 cents per fully paid share) to be paid on 3 April 2015.

No other matters or circumstances have arisen since the end of the half-year which significantly affected or may significantly affect the operations of the consolidated group, the results of those operations, or the state of affairs of the consolidated Group in future years.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 9 to 22 are in accordance with the *Corporations Act 2001*, including:
   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
   (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date and

(b) there are reasonable grounds to believe that Royal Wolf Holdings Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

P Housden

Director

Sydney

9 February 2015

Crowe Horwath.

Crowe Horwath Sydney
ABN 97 895 683 573
Member Crowe Horwath International
Level 15 1 O'Connell Street
Sydney NSW 2000 Australia
Tel +61 2 9262 2155
Fax +61 2 9262 2190
www.crowehorwath.com.au

Independent Auditor's Review Report to the Members of Royal Wolf Holdings Limited

Report on the Half-year Financial Report

We have reviewed the accompanying half-year financial report of Royal Wolf Holdings Limited which comprises the consolidated balance sheet as at 31 December 2014, the consolidated income statement, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Royal Wolf Holdings Limited and its controlled entities (the consolidated entity). The consolidated entity comprises Royal Wolf Holdings Limited (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

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

Crowe Horwath

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 half-year financial report of Royal Wolf Holdings Limited is not in accordance with the Corporations Act 2001 including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001.

Crowe Horwath Sydney

CROWE HORWATH SYDNEY

JOHN HAYDON
PARTNER

Dated this 9th day of February 2015