

## Appendix 4D

### Half Year Report

#### For the period ended 31 December 2015

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 2015.

### Results for announcement to the market

1. Details of reporting period

Current

Half year ended 31 December 2015

Previous

Half year ended 31 December 2014

2. Key Items

2.1. Revenue from ordinary activities

Up 15.5% to \$85.7 million

2.2. Profit from ordinary activities after  
tax attributable to members

Down 26.0% to \$4.7 million

2.3. Profit for the period after tax  
attributable to members

Down 26.0% to \$4.7 million

2.4. Interim dividend amount per security  
Franked amount per security

3.0 cents

3.0 cents

2.5. Record date for determining  
dividend entitlements

16 March 2016

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

\$0.99 per share (prior year: \$0.95 per share)

4. Details of entities over which control  
has been gained or lost

Nil

5. Total dividend distribution

\$3,011,611

Dividend distribution date

4 April 2016

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:

A handwritten signature in black ink, appearing to read 'P Housden', written in a cursive style.

P Housden

Director

Sydney

Date: 7 February 2016



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

**Interim Financial Report  
For the half-year ended 31 December 2015**

**Royal Wolf Holdings Limited and its Controlled Entities**  
**Financial Statements for the half-year ended 31 December 2015**

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**Royal Wolf Holdings Limited and its Controlled Entities**  
**Directors' Report**  
**31 December 2015**

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 2015.

**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  
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 fully franked ordinary dividend in February 2016 of 3.0 cents per ordinary share for the interim period to 31 December 2015 (31 December 2014: 4.0 cents franked to 62.5%) to be paid on 4 April 2016. The dividend will be franked to 100%.

**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 2015 ("1H16") amounted to \$4,692,000 (31 December 2014 ("1H15"): \$6,342,000).

	1H16	1H15	% Growth
(\$ in thousands)			
<b>Selected income statement items</b>			
Container lease revenue	38,564	41,737	(7.6%)
Container sales revenue	47,119	32,433	45.3%
Total revenue	85,683	74,170	15.5%
EBITDA	19,187	21,228	(9.6%)
EBITA	11,154	13,663	(18.4%)
EBIT	9,624	12,250	(21.4%)
Underlying NPAT*	5,713	7,461	(23.4%)
NPAT	4,692	6,342	(26.0%)
EPS	4.7 c	6.3 c	(25.3%)



**Royal Wolf Holdings Limited and its Controlled Entities**  
**Directors' Report**  
**31 December 2015**

**Review of operations (continued)**

\*Underlying NPAT is presented as follows:

	1H16	1H15
NPAT	4,692	6,342
<i>Items not forming part of the normal ongoing operating activity</i>		
Mark to market valuation loss/(gain) for interest rate swaps	-	14
Unrealised exchange loss/(gain) on forward contracts	73	284
Amortisation of intangible assets related to business acquisitions	1,385	1,300
<i>Subtotal</i>	1,458	1,598
Tax effect	(437)	(479)
<i>Subtotal</i>	1,021	1,119
Underlying NPAT	5,713	7,461

**Key points on the results**

- Total revenues for 1H16 were \$85.7 million, an increase of \$11.5 million, or 15.5% from 1H15 and included a number of low margin sales transactions in the freight sector valued at approximately \$11.0 million.
- Container lease revenue from the Resource and Energy Sectors is \$4.1 million behind last year. Other sectors delivered lease revenue growth of \$0.9 million with a total 1H16 outcome of \$38.6 million, a decrease in total of \$3.2 million or 7.6% compared to 1H15.
- Container leasing revenue comprised 45.0% of total revenue versus 56.3% last year as a result of the Resource and Energy contraction and the impact of sales transactions in the period.
- Utilisation of 85.5% at December 2015 compares to 85.8% at 31 December 2014 and 79.1% at 30 June 2015 and demonstrates Royal Wolf's ability to flex its purchasing and sales channels to maintain optimal fleet.
- Net debt reduced by \$12.3 million in the first half, primarily with the sale of two NZ properties.
- Royal Wolf's secured position with a creditor in Voluntary Administration and Receivership delivered receipts to Royal Wolf of \$0.4 million in January 2016 which has been applied to their 1H16 outstanding balance of \$0.6 million.
- EBITDA of \$19.2 million (margin of 22.4%) compared to \$21.2 million (margin of 28.6%) last year. The \$4.1 million contraction of high yielding container leasing revenues from Resources/Energy has been mitigated through our diversity.
- Net Profit after Tax (NPAT) attributable to ordinary shareholders of \$4.7 million or 4.7c per share compared to \$6.3 million or 6.3c per share last year.
- An interim dividend of 3.0c per share (fully franked) will be paid on 4 April 2016.

Following is a brief discussion of the main factors which affected Royal Wolf's operating and financial performance in 1H16 and which it expects may continue to affect operating and financial performance in future periods.

**Royal Wolf Holdings Limited and its Controlled Entities  
Directors' Report  
31 December 2015**

**Review of operations (continued)**

**Revenue**

**Total revenues** for 1H2016 were \$85.7 million, an increase of 15.5% from 1H2015.

Total revenue for 1H2016 included a number of low margin sales transactions in the freight sector valued at \$11.7 million.

Container lease revenue declined by \$3.1 million, or 7.6%. Container leasing revenue from the Resource and Energy Sectors is \$4.1 million behind last year with the increased demand from the building and construction / infrastructure industries in our CSC network in both Australia and New Zealand partially offsetting the off hire impact from the Resources and Energy sector contraction.

Container leasing revenues as a percentage of total revenue has decreased from 56.3% for 1H2015 to 45.0% for 1H2016 as a result of the Resource and Energy contraction and the impact of sales transactions in the period.

Container sales revenue increased to \$47.1 million from \$32.4 million, an increase of 45.3%. As mentioned above 1H2016 included the delivery of a number of low margin sales transactions exceeding \$11.7 million in total. Excluding the effect of these sale transactions the 1H2016 result was 9.3% ahead of 1H2015. We have confirmed orders for a further number of low margin sales transactions of approximately \$8.0 million in the Freight sector for delivery in 2H2016.

**Portable storage** revenues for 1H2016 increased to 53.5 million or 0.4% from 1H2015 with container leasing revenue decreasing by 0.8% and container sales revenue increasing by 1.5%. Fleet size decreased by 0.6% to 26,881 containers from 30 June 2015.

**Portable buildings** revenue for 1H2016 increased to 14.3million or 1.9% from 1H2015 with container leasing revenue decreasing by 21.5% and container sales revenue increasing by 118.4%. Fleet size increased by 11.3% to 6,169 containers from 30 June 2015.

**Freight** revenues increased 159.6% to \$17.9 million from 1H2015 primarily as a result of the number of low margin container sales mentioned above. Fleet size increased by 1.2% to 9,240 containers from 30 June 2015.

**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 1H2016 of 41.0% compares to 53.0% same period last year. Excluding the low margin container sales transactions in the freight sector the margin would have been 45.7%.

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

The selling and general expenses decreased by \$2.1 million during 1H2016 to \$16.0 million from \$18.1 million during 1H2015 largely due to lower employee costs , professional and business promotion expenses.

We were able to deliver cost reductions within the business as we adjusted our structure to the reduced resources activity through tight cost control management and headcount rationalisation.



**Royal Wolf Holdings Limited and its Controlled Entities  
Directors' Report  
31 December 2015**

**Review of operations (continued)**

**Earnings** at the EBITDA level for the period decreased by 9.6% to \$19.2 million when compared to 1H2015.

**Depreciation and amortisation** combined was \$9.6 million up 6.7% from \$9.0 million due to the compound effect of current and previous year's asset purchases. Fleet value increased 1.9% compared to 1H2015. At the end of the 1H2016 we have \$26.9 million of idle accommodation assets. Since the contraction of demand for accommodation solutions in the resources and energy sector in mid-2014, a total of \$9.5 million of these assets have been redeployed or sold. We continue to identify and secure opportunities to gradually redeploy the idle accommodation assets and if we 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 \$12.3 million to \$9.6 million period on period.

**Financing costs** of \$3.4 million compares to 3.5 million period on period.

**Net profit after tax** of \$4.7 million compares to \$6.3 million period on period.

**Net cash flow before financing activities** for the period was \$18.6 million (1H2015 negative \$11.0 million) comprising cash flow from operating activities of \$15.3 million (1H2015 \$12.5 million) and cash from investing activities of \$3.3 million (1H2015 cash used \$23.5 million).

Container fleet capital expenditure has decreased to \$9.3 million (\$10.4 million in 1H2015) to align with the reduced resources activity and our available fleet. Inventories at 31 December 2015 were \$23.0 million compared to \$28.2 million at 31 December 2014.

**Financial gearing** at the end of the period was 43.0% (1H2015: 46.0%) on a net debt to net debt plus equity basis reflecting the appropriate level of capital expenditure on containers to facilitate future growth.

**Outlook**

In the recent market update following the appointment of administrators to Titan Energy Services we advised that the obligations of the Titan Group in respect of Royal Wolf's claim are secured by first ranking security interests over all of the present and after acquired property of Titan Energy Services and its relevant operating subsidiaries.

We also advised that the impact on our rental revenue and potential asset sales is forecast to reduce our FY16 EBITDA to the range of \$36-\$39 million and NPAT to \$7.5-\$9.5 million. The total amount of Royal Wolf's claim against the Titan Group entities will need to be quantified but is expected to be approximately \$5 million. Whilst we will continue to pursue the full amount of our claim from Titan, we have not included in our forecast any contribution by 30th June 2016, and consequently reaffirm that guidance.

We continue to actively seek opportunities to redeploy the idle accommodation assets in alternate markets.

At Royal Wolf we have always adopted the strategy of engaging with diverse customers in diverse geographies demonstrating the strength and flexibility of Royal Wolf's container designs and we have sustained and grown our leasing revenues from existing business segments through innovation and meeting specific customer needs.

We continue to expand activity in growth opportunities such as building solutions for the capital city building and construction industries. Ongoing market campaigns are improving the sale volume through geographic networks and accretive margin. Increasing activity in most Australian and New Zealand Customer Service Centres is being challenged by the softening of the resources demand in WA and the completion of the consumer housing rebuild in Christchurch.



**Royal Wolf Holdings Limited and its Controlled Entities  
Directors' Report  
31 December 2015**

**Significant changes in the state of affairs**

On 29 October 2015 Royal Wolf acquired the assets and business of Spacewise (Aust) Pty Limited operating in the New South Wales, Queensland and Victorian territory for consideration of A\$324,000. They commenced operations in 2013 and were in the business of providing rental and sales of reefers and storage containers to a wide customer base and industries including logistics, construction, manufacturing and the retail market.

On 23 December 2015 Royal Wolf acquired the assets and business of W.A. Container Services Pty Limited based and operating in Perth, WA for consideration of A\$450,000. They commenced operations in 2007 and the business provided containers for hire, sales, modifications and relocations to a wide variety of industries ranging from retail market to construction and manufacturing businesses based predominantly in the Perth and its surrounds.

**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 2015.

**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 7 February 2016.

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



P Housden  
Director  
Sydney  
7 February 2016



**Crowe Horwath Sydney**

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7 February 2016

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 2015, 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

A handwritten signature in blue ink that reads "Crowe Horwath Sydney".

**CROWE HORWATH SYDNEY**

A handwritten signature in blue ink that reads "John Haydon".

**JOHN HAYDON  
PARTNER**

**Royal Wolf Holdings Limited and its Controlled Entities**  
**Consolidated Income Statement**  
**For the half-year ended 31 December 2015**

	Note	31 December 2015 \$'000	31 December 2014 \$'000
<b>Revenue from continuing operations</b>			
Container lease revenue		38,564	41,737
Container sales revenue		47,119	32,433
<b>Total revenue</b>	3	85,683	74,170
Direct cost of sales and leasing operations		(50,534)	(34,836)
Other income	3	256	35
Foreign exchange (losses)/gains		(29)	(257)
Employee benefits expense		(12,179)	(13,359)
Travel and accommodation		(377)	(536)
Professional and business promotion expenses		(2,014)	(2,330)
IT and telecommunications		(600)	(576)
Other expenses		(1,019)	(1,083)
<b>Profit before interest, tax, depreciation and amortisation (EBITDA)</b>		19,187	21,228
Depreciation expense	3	(8,033)	(7,565)
<b>Profit before interest, tax and amortisation (EBITA)</b>		11,154	13,663
Amortisation expense	3	(1,530)	(1,413)
<b>Profit before interest and tax (EBIT)</b>		9,624	12,250
Financing costs		(3,388)	(3,478)
<b>Profit/(loss) before tax</b>		6,236	8,772
Income tax benefit/(expense)		(1,544)	(2,430)
<b>Profit after tax (NPAT)</b>		4,692	6,342
<b>Profit from continuing operations</b>		4,692	6,342
<b>Profit for the period</b>		4,692	6,342
<b>Profit attributable to:</b>			
Owners of Royal Wolf Holdings Limited		4,692	6,342
		4,692	6,342
<b>Earnings per share for profit attributable to the ordinary equity holders of the Group</b>			
Basic earnings per share (cents)		4.7	6.3
Diluted earnings per share (cents)		4.7	6.3

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 2015**

	31 December 2015 \$'000	31 December 2014 \$'000
<b>Profit for the period:</b>	4,692	6,342
<b>Other comprehensive income:</b>		
Exchange differences on translation of foreign operations	(21)	(43)
Change in the fair value of cash flow hedge	1,038	716
<b>Total comprehensive income for the period:</b>	<u>5,709</u>	<u>7,015</u>
 Total comprehensive income for the period is attributable to:		
Owners of Royal Wolf Holdings Limited	5,709	7,015
	<u>5,709</u>	<u>7,015</u>

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 2015**

	Note	31 December 2015 \$'000	30 June 2015 \$'000
<b>Assets</b>			
Cash and cash equivalents		2,522	3,531
Trade and other receivables		20,412	18,602
Inventories		23,045	17,178
Current tax asset		997	-
Derivative financial instruments		-	157
<b>Total current assets</b>		<b>46,976</b>	<b>39,468</b>
<b>Non-current assets</b>			
Trade and other receivables		87	185
Property, plant and equipment	4	5,493	19,311
Container for hire fleet	5	208,243	203,493
Intangible assets	6	56,353	57,176
<b>Total non-current assets</b>		<b>270,176</b>	<b>280,165</b>
<b>Total assets</b>		<b>317,152</b>	<b>319,633</b>
<b>Liabilities</b>			
Trade and other payables		25,206	15,380
Current tax liability		438	1,686
Derivative financial instruments		433	-
Employee benefits		2,769	2,548
<b>Total current liabilities</b>		<b>28,846</b>	<b>19,614</b>
<b>Non-current liabilities</b>			
Derivative financial instruments		1,451	1,866
Interest bearing loans and borrowings	7	113,081	125,262
Deferred tax liabilities		17,989	18,237
Employee benefits		571	652
Provisions		53	53
<b>Total non-current liabilities</b>		<b>133,145</b>	<b>146,070</b>
<b>Total liabilities</b>		<b>161,991</b>	<b>165,684</b>
<b>Net assets</b>		<b>155,161</b>	<b>153,949</b>
<b>Equity</b>			
Contributed equity	8	141,878	141,082
Accumulated losses		7,562	7,890
Reserves	8	5,721	4,977
<b>Total equity attributable to equity holders of the parent</b>		<b>155,161</b>	<b>153,949</b>

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 2015**

	Note	Contributed Equity	Retained Earnings/ (Accumulated Losses)	Reserves	Total Equity
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2014</b>		141,383	4,398	5,645	151,426
Total comprehensive income for the period		-	6,342	673	7,015
<b>Transactions with owners in their capacity as owners:</b>					
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)
<b>Balance at 31 December 2014</b>		<u>141,092</u>	<u>5,219</u>	<u>6,114</u>	<u>152,425</u>
<b>Balance at 1 July 2015</b>		141,082	7,890	4,977	153,949
Total comprehensive income for the period			4,692	1,017	5,709
<b>Transactions with owners in their capacity as owners:</b>					
Share repurchase and distribution	8(a)	796			796
Dividends provided for or paid			(5,019)		(5,019)
Employee share options adjustment	8(b)			(272)	(272)
<b>Balance at 31 December 2015</b>		<u>141,878</u>	<u>7,562</u>	<u>5,721</u>	<u>155,161</u>

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 2015**

	31 December 2015 \$'000	31 December 2014 \$'000
<b>Cash flows from operating activities</b>		
Receipts from customers	87,329	85,164
Payments to suppliers and employees	(64,604)	(68,625)
Interest paid	(3,336)	(3,409)
Income taxes paid	(4,114)	(640)
<b>Net cash provided by operating activities</b>	<b>15,275</b>	<b>12,490</b>
<b>Cash flows from investing activities</b>		
Payment for purchase of intangible assets	(348)	(366)
Proceeds from sale of property, plant and equipment	14,173	37
Interest received	52	26
Payment for business acquisition	(561)	(1,660)
Acquisition of property, plant and equipment	(668)	(11,089)
Purchase of container hire fleet	(9,343)	(10,446)
<b>Net cash (used in) investing activities</b>	<b>3,305</b>	<b>(23,498)</b>
<b>Cash flows from financing activities</b>		
(Repayment)/proceeds from finance lease and other liabilities	-	(28)
(Repayment)/proceeds from borrowings (ANZ Bank)	(12,284)	17,798
Purchase of shares on market and distribution	-	(291)
Dividends paid	(5,019)	(5,521)
<b>Net cash provided by financing activities</b>	<b>(17,303)</b>	<b>11,958</b>
Net (decrease)/increase in cash and cash equivalents	1,277	950
Cash and cash equivalents at beginning of the period	3,531	6,071
Effect of exchange rate on cash and cash equivalents	(2,286)	(2,515)
<b>Cash and cash equivalents at the end of the period</b>	<b>2,522</b>	<b>4,506</b>

8 (a)

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

**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**Note 1: Summary of Significant Accounting Policies**

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2015 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 2015 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**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory, except for AASB 1, have not been early adopted.

**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.



**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**Note 2: Segment information (continued)**

**(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 2015 is as follows:

	National Accounts	Customer Service Centres		Head Office	Total
		Australia	New Zealand		
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Half-year 2015</b>					
Total segment revenue	24,970	47,327	13,379	7	85,683
Inter-segment revenue	-	-	-	-	-
Revenue from external customers	24,970	47,327	13,379	7	85,683
EBITDA	6,235	10,238	5,750	(3,036)	19,187
Total segment assets	75,959	138,695	50,510	51,550	316,714
Total segment liabilities	2,870	21,387	27,842	109,454	161,553
<b>Half-year 2014</b>					
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

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.

**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**Note 2. Segment Information (continued)**

	<b>Consolidated Group</b>	
	31 December 2015 \$'000	31 December 2014 \$'000
A reconciliation of EBITDA to operating profit before income tax is provided as follows:		
<b>Half-year</b>		
<b>EBITDA</b>	19,187	21,228
Interest revenue	52	26
Finance costs	(3,440)	(3,504)
Depreciation and amortisation	(9,563)	(8,978)
<b>Profit before income tax from continuing operations</b>	<b>6,236</b>	<b>8,772</b>

**3. Revenue and expenses**

Profit before tax includes the following specific items:

**a. Revenue**

Container lease	38,564	41,737
Container sales	47,119	32,433
<b>Total revenue</b>	<b>85,683</b>	<b>74,170</b>

**b. Other income**

Sundry income	256	35
<b>Total other income</b>	<b>256</b>	<b>35</b>

**c. Expenses**

Depreciation of hire fleet containers	7,027	6,378
Depreciation of other property, plant and equipment	1,006	1,187
Amortisation of intangibles	1,530	1,413
<b>Total depreciation and amortisation expense</b>	<b>9,563</b>	<b>8,978</b>

Net financing costs		
Interest (received)	(52)	(26)
Interest expense - bank	3,440	3,504
	<b>3,388</b>	<b>3,478</b>

Net gain on disposal of property, plant and equipment	152	15
Rental expense relating to operating leases	3,593	3,189
Minimum lease payments		
Foreign exchange (losses)/gains (including realised)	(29)	(257)
Doubtful debt expense	301	377

**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**4. Property, plant and equipment**

<b>Consolidated Group</b>	<b>Land</b>	<b>Buildings</b>	<b>Plant and equipment, furniture and fittings and motor vehicles</b>	<b>Total</b>
	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
<b>31 December 2015</b>				
<i>Cost</i>				
Balance at 1 July 2015	9,853	2,751	20,383	32,987
Acquisitions during the half-year	-	-	668	668
Exchange adjustments	613	172	220	1,005
Disposals during the half-year	(10,466)	(2,923)	(2,009)	(15,398)
Cost at 31 December 2015	-	-	19,262	19,262
<i>Depreciation and impairment losses</i>				
Balance at 1 July 2015	-	(99)	(13,577)	(13,676)
Depreciation charge for the half-year	-	(18)	(997)	(1,015)
Disposals and other adjustments	-	117	804	921
Accumulated depreciation at 31 December 2015	-	-	(13,769)	(13,769)
<i>Carrying amounts</i>				
At 31 December 2015	-	-	5,493	5,493
<b>30 June 2015</b>				
Cost	9,853	2,751	20,383	32,987
Accumulated depreciation	-	(99)	(13,577)	(13,676)
Net carrying amount	9,853	2,652	6,806	19,311

**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**5. Containers for hire fleet**

<b>31 December 2015</b>	<b>Total \$'000</b>
<i>Cost</i>	
Balance at 1 July 2015	246,681
Acquisitions and transfers from inventory	16,853
Business acquisitions	590
Disposals	(10,116)
Exchange adjustments	2,151
Cost at 31 December 2015	<u>256,158</u>
<i>Depreciation and impairment losses</i>	
Balance at 1 July 2015	(43,188)
Depreciation charge for the period	(7,027)
Disposals during the period	2,607
Exchange adjustments	(307)
Accumulated depreciation at 31 December 2015	<u>(47,915)</u>
<i>Carrying amounts</i>	
At 31 December 2015	<u>208,243</u>
 <b>30 June 2015</b>	
 <i>Cost</i>	 246,681
Accumulated depreciation	<u>(43,188)</u>
Net carrying amount	<u>203,493</u>

Transfers includes hire fleet inventory 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 containers.



**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**6. Intangible assets**

	Software	Goodwill	Non complete agreement	Customer list	Establis- hment costs	Develop- ment costs	Trademark	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>31 December 2015</b>								
Cost								
Balance at 1 July 2015	3,418	46,204	8,494	32,347	193	317	3,300	94,273
Acquisitions	348	-	-	-	-	-	-	348
Business acquisitions	-	81	104	99	-	-	-	284
Exchange adjustments	-	37	25	298	-	-	-	359
Cost at 31 December 2015	3,766	46,321	8,623	32,744	193	317	3,300	95,264
<i>Amortisation and impairment losses</i>								
Balance at 1 July 2015	(1,720)	-	(7,567)	(27,312)	(193)	(305)	-	(37,097)
Amortisation for the half-year	(143)	-	(185)	(1,200)	-	(2)	-	(1,530)
Exchange/other adjustments	8	-	-	(292)	-	-	-	(284)
Accumulated amortisation at 31 December 2015	(1,855)	-	(7,752)	(28,804)	(193)	(307)	-	(38,911)
Carrying amounts At 31 December 2015	1,911	46,321	871	3,940	-	10	3,300	56,353
<b>30 June 2015</b>								
Cost	3,418	46,204	8,494	32,347	193	317	3,300	94,273
Accumulated amortisation	(1,720)	-	(7,567)	(27,312)	(193)	(305)	-	(37,097)
Net carrying amount	1,698	46,204	927	5,035	-	12	3,300	57,176

**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

	Note	Consolidated Group	
		31 December 2015 \$'000	30 June 2015 \$'000
<b>7. Interest bearing loans and borrowings</b>			
<b>Non-current</b>			
Bank loans		113,081	125,262
		<u>113,081</u>	<u>125,262</u>
<b>8. Capital and reserves</b>			
<b>(a) Share capital</b>			
On issue at 1 July, 100,387,052 fully paid shares (30 June 2015: 100,387,052 fully paid)		141,082	141,383
Repurchase of shares on market		-	(1,639)
Shares distributed under the LTI plan		796	1338
Subtotal		<u>796</u>	<u>(301)</u>
Balance at the end of the half-year period		<u>141,878</u>	<u>141,082</u>
<b>(b) Reserves</b>			
Share based payments reserve		3,026	3,299
Foreign currency translation reserve		2,940	1,902
Hedging reserve		(245)	(224)
		<u>5,721</u>	<u>4,977</u>
<b>(c) Movements</b>			
<b>(i) Share-based payments reserve</b>			
Balance 1 July		3,299	2,878
Option expense		578	1,037
Reversal of FY 2013 LTI reserve on exercise		(851)	(616)
Balance at the end of period		<u>3,026</u>	<u>3,299</u>
<b>(ii) Foreign currency translation reserve</b>			
Balance 1 July		1,902	2,936
Currency translation differences arising during the half-year		1,038	(1,034)
Balance at the end of period		<u>2,940</u>	<u>1,902</u>
<b>(iii) Hedging reserve</b>			
Balance 1 July		(224)	(169)
Movement in the fair value of instruments, net of tax		(21)	(55)
Balance at the end of period		<u>(245)</u>	<u>(224)</u>

**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**9. Dividends**

Final fully franked dividend of \$5,019,353 (5.0 cents per fully paid share) was paid on 2 October 2015. Subsequent to 31 December 2015 the directors declared a fully franked interim dividend (100 %) of 3.0 cents per share to the holders of fully paid ordinary shares. The dividend will be paid on 4 April 2016. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$3,011,611. The record date for determining dividend entitlements is 16 March 2016.

**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 2015 or 30 June 2015.

**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 2015 annual financial report.

**13. Business combination**

**(a) Summary of acquisitions - Spacewise (Aust) Pty Limited**

On 29 October 2015 Royal Wolf acquired the assets and business of Spacewise (Aust) Pty Limited operating in the New South Wales, Queensland and Victorian territory for consideration of A\$324,000. They commenced operations in 2013 and were in the business of providing rental and sales of reefers and storage containers to a wide customer base and 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	324
The assets and liabilities recognised as a result of the acquisition are as follows:	
Container hire fleet	341
Intangible assets-customer lists	43
Intangible assets – non compete	40
Net identifiable assets acquired	424
Bargain purchase (gain on purchase)	(100)



**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**13. Business combination - Spacewise (Aust) Pty Limited (continued)**

*(i) Purchase price*

The purchase price of \$324,000 includes cash paid of \$212,100 and contingent consideration of \$78,000 and purchase price adjustments of \$33,900.

*(ii) Contingent consideration*

Under the agreement of sale of business there is a holdback amount of \$78,000 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 when the requirements set out in the purchase agreement are satisfied.

*(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 \$22,235 and net profit of \$15,012 to the group for the period from 29 October 2015 to 31 December 2015. If the acquisition had occurred on 1 July 2015, consolidated revenue and consolidated profit for the half-year ended 31 December 2015 would have increased by approximately \$64,410 and \$24,179 respectively.

**(b) Summary of acquisitions - W.A. Container Services Pty Limited**

On 23 December 2015 Royal Wolf acquired the assets and business of W.A. Container Services Pty Limited based and operating in Perth, WA for consideration of A\$450,000. They commenced operations in 2007 and the business provided containers for hire, sales, modifications and relocations to a wide variety of industries ranging from retail market to construction and manufacturing businesses based predominantly in the Perth and its surrounds.

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

	Fair Value \$'000
Purchase price	450
The assets and liabilities recognised as a result of the acquisition are as follows:	
Container hire fleet	249
Intangible assets-customer lists	56
Intangible assets – non compete	64
Net identifiable assets acquired	369
Goodwill	81

*(i) Purchase price*

The purchase price of \$450,000 includes cash paid of \$349,354 and contingent consideration of \$90,000 and purchase price adjustments of \$10,646.



**Royal Wolf Holdings Limited ACN 121 226 793 and Controlled Entities**  
**Notes to the consolidated financial statements**  
**For the half-year ended 31 December 2015**

**13. Business combination - W.A. Container Services Pty Limited (continued)**

*(ii) Contingent consideration*

Under the agreement of sale of business there is a holdback amount of \$90,000 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 when the requirements set out in the purchase agreement are satisfied.

*(iii) Acquisition-related costs*

Acquisition-related costs of \$1,100 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 \$14,944 and net profit of \$1,977 to the group for the period from 23 December 2015 to 31 December 2015. If the acquisition had occurred on 1 July 2015, consolidated revenue and consolidated profit for the half-year ended 31 December 2015 would have increased by approximately \$340,919 and \$45,105 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 2015. The derivative financial liabilities of \$433,090 (derivative financial assets 30 June 2015: \$157,000) and liabilities of \$1,450,517 (30 June 2015: \$1,866,000) continue to be classified under level 2.

**15. Subsequent events**

On 7 February 2016 the directors have declared the payment of interim dividend of \$ 3,011,611 (3.0 cents per fully paid share) to be paid on 4 April 2016.

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 23 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 2015 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  
7 February 2016

## 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 2015, 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 the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

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

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 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.



*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 2015 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*

**JOHN HAYDON  
PARTNER**

Dated this 7th day of February 2016