

The Manager Companies
Company Announcements Office
ASX Limited
Level 4, Stock Exchange Centre
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Sydney NSW 2000

HALF YEAR RESULT – 31 DECEMBER 2015

The Company recorded a statutory profit for the half year of \$1.63m (2014: \$1.74m) on revenue of \$41.8m (2014: \$43.7m). This result included a non-cash loss of \$0.51m (2014: \$0.46m profit) resulting from the mark to market valuation of foreign currency exchange contracts held at balance date.

The result was achieved despite difficult trading conditions exacerbated by the Dick Smith group suspending all purchasing in the lead up to the Christmas trading period.

During the period under review the Company paid a final dividend for the 2015 financial year of 1c per share. No interim dividend has been declared.

The Company's balance sheet remains healthy leaving it in a good position to continue to evaluate and potentially execute organic and acquisitive growth opportunities.

Alexander Beard
Chairman
02 9087 8000



Cellnet Group Limited
and its controlled entities

ABN: 97 010 721 749

Half-Year Financial Report
Period Ended 31 December 2015

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Section A

Appendix 4D HALF YEAR REPORT Statutory Results

Name of Entity	Cellnet Group Limited
ABN	97 010 721 749
Reporting Period	Half-year ended 31 December 2015
Previous Corresponding Period	Half-year ended 31 December 2014

This information presented should be read in conjunction with the 30 June 2015 financial report.

Results for announcement to the market

	Reporting Period	Previous Corresponding Period	% Change Increase / (Decrease)
	\$000	\$000	
Revenues from ordinary activities	41,802	43,742	(4.44%)
Profit from ordinary activities after tax attributable to members	1,625	1,737	(6.45%)
Net Profit for the period attributable to members	1,625	1,737	(6.45%)

For commentary on the results refer to the Directors' Report which forms part of the Half Year Report.

	Reporting Period	Previous Corresponding Period
Final Dividend	\$556,841	-
Amount per security	\$0.01	N/A
Franked amount per security	\$0.01	N/A
Record Date	09.09.2015	N /A
Interim Dividends	-	-
Amount per Security	N/A	N/A
Franked Amount per Security	N/A	N/A
Record Date	N/A	N/A

NTA Backing

Net tangible assets backing per share	24.3¢	21.9¢
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Additional Appendix 4D Disclosure Requirements

Nil.

Financial Information

This Appendix 4D should be read in conjunction with the Half Year Report for the half year ended 31 December 2015 as set out on pages 4 to 20.

Compliance Statement

This report is based on accounts that have been reviewed. The review report, which was not subject to audit dispute or qualification, is included in the interim financial report.

Cellnet Group Limited
and its controlled entities
Half-Year Financial Report

Condensed Financial Report
for the Half-Year Ended
31 December 2015

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Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Corporate Information

ABN 97 010 721 749

Directors

A. Beard (Chairman)
M. Brookman
E. Kaplan

Company Secretary

C. Barnes

Principal Registered Office

Cellnet Group Limited
59-61 Qantas Drive
Eagle Farm QLD 4009
Phone: 1300 CELLNET
Fax: 1800 CELLNET

Banker

Westpac Banking Corporation
260 Queen Street
Brisbane QLD 4000

Auditor

Pitcher Partners
345 Queen Street
Brisbane QLD 4000
Phone: 07 3222 8444

Share Registrar

Link Market Services Ltd
Level 15 ANZ Building
324 Queen Street, Brisbane QLD 4000
Phone: 1300 554 474

Stock Exchange

The Company is listed on the Australian Securities Exchange. The home exchange is Brisbane.

Cellnet Group Limited and its controlled entities

Half-Year Financial Report

Directors' Report

Your Directors submit their report for the half-year ended 31 December 2015.

Directors

The names of the Company's Directors in office during the half-year and until the date of this report are set out below. Directors were in office for this entire period unless otherwise stated.

A. Beard (Chairman)
M. Brookman
E. Kaplan

Principal activities

The principal activities of the consolidated entity are:

Sourcing products and the distribution of market leading brands and lifestyle technology products including mobile phone, tablet and notebook/hybrid accessories into retail and business channels in Australia and New Zealand.

Review and results of operations

The Company recorded a statutory profit for the half year of \$1.63m (2014: \$1.74m) on revenue of \$41.8m (2014: \$43.7m). This result included a non-cash loss of \$0.51m (2014: \$0.46m profit) resulting from the mark to market valuation of foreign currency exchange contracts held at balance date.

The result was achieved despite difficult trading conditions exacerbated by the Dick Smith group suspending all purchasing in the lead up to the Christmas trading period.

During the period under review the Company paid a final dividend for the 2015 financial year of 1c per share. No interim dividend has been declared.

The Company's balance sheet remains healthy leaving it in a good position to continue to evaluate and potentially execute organic and acquisitive growth opportunities.

Dividends

A fully franked \$0.01 dividend per share was declared on 24 August 2015. The dividend had a record date of 9 September 2015 and was paid to shareholders on 23 September 2015.

Rounding

The consolidated entity is of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission. Amounts in the financial report and Directors' report have been rounded off to the nearest \$1,000 unless otherwise stated.

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Directors' Report (Cont'd)

Auditor's Independence Declaration

Attached is a copy of the Auditors Independence Declaration provided under Section 307C of the *Corporations Act 2001* in relation to the review of the half year ended 31 December 2015. This Auditors Independence Declaration forms part of this Directors' Report.

Signed in accordance with a resolution of the Directors.



A Beard
Director
Sydney
18 February 2016



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IAN JONES
KYLIE LAMPRECHT
NORMAN THURECHT
BRETT HEADRICK
WARWICK FACE
NIGEL BATTERS
COLE WILKINSON
SIMON CHUN

Auditor's Independence Declaration

As lead auditor for the audit of Cellnet Group Limited for the half-year ended 31 December 2015, I declare that, to the best of my knowledge and belief, 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.

This declaration is in respect of Cellnet Group Limited and the entities it controlled during the period.

PITCHER PARTNERS

JJ EVANS
Partner

Brisbane, Queensland
18 February 2016

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

**Interim consolidated statement of
comprehensive income**

For the six months ended 31 December 2015

	Consolidated	
	31 Dec 2015 \$000	31 Dec 2014 \$000
Continuing operations		
Sales of goods	41,262	43,042
Rendering of services	540	700
Revenue	41,802	43,742
Other income	5	8
Materials, packaging and consumables used	(32,236)	(33,091)
Depreciation and amortisation expense	(138)	(145)
Employee benefit expense	(4,519)	(5,040)
Finance costs	(236)	(249)
Freight expense	(1,123)	(1,504)
Occupancy expense	(444)	(750)
Other expense	(1,486)	(1,234)
Profit before income tax	1,625	1,737
Income tax (expense) / benefit	-	-
Profit for the period	1,625	1,737
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation	165	17
Total comprehensive income for the period	1,790	1,754
Earnings per share for profit attributable to the ordinary equity holders of the parent		
Basic earnings per share	2.99¢	3.15¢
Diluted earnings per share	2.97¢	3.15¢

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

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Interim consolidated statement of financial position

As at 31 December 2015

	Note	Consolidated	
		31 Dec	30 Jun
		2015	2015
		\$000	\$000
ASSETS			
Current assets			
Cash and cash equivalents	8	1,678	2,373
Trade and other receivables		16,385	9,400
Inventories	9	11,778	8,004
Derivative financial instruments		-	261
Total current assets		29,841	20,038
Non-current assets			
Property, plant and equipment		453	498
Deferred tax assets		845	838
Total non-current assets		1,298	1,336
TOTAL ASSETS		31,139	21,374
LIABILITIES			
Current liabilities			
Trade and other payables		9,704	7,153
Provisions		412	594
Derivative financial instruments		513	-
Interest-bearing loans and borrowings	10	6,473	555
Total current liabilities		17,102	8,302
Non-current liabilities			
Provisions		129	93
Total non-current liabilities		129	93
TOTAL LIABILITIES		17,231	8,395
NET ASSETS		13,908	12,979
EQUITY			
Issued capital	11	31,324	31,699
Reserves		3,672	2,368
Accumulated losses		(21,088)	(21,088)
TOTAL EQUITY		13,908	12,979

The above interim consolidated statement of financial position should be read in conjunction with the accompanying notes.

Cellnet Group Limited and its controlled entities

Half-Year Financial Report

Interim consolidated statement of changes in equity

For the six months ended 31 December 2015

	Note	Share capital \$000	Reserve for own shares \$000	Foreign currency translation reserve \$000	Share based payment reserve \$000	Reserve for profits \$000	Accumu- lated losses \$000	Total Equity \$000
At 1 July 2015		31,699	(25)	(79)	823	1,649	(21,088)	12,979
Profit for the period		-	-	-	-	1,625	-	1,625
Foreign currency translation		-	-	165	-	-	-	165
Total comprehensive income for the half year		-	-	165	-	1,625	-	1,790
Share based payments		-	-	-	71	-	-	71
Share buy back		(375)	-	-	-	-	-	(375)
Dividends paid		-	-	-	-	(557)	-	(557)
Balance at 31 December 2015		31,324	(25)	86	894	2,717	(21,088)	13,908
At 1 July 2014		31,699	(25)	107	576	-	(21,088)	11,269
Profit for the period		-	-	-	-	1,737	-	1,737
Foreign currency translation		-	-	17	-	-	-	17
Total comprehensive income for the half year		-	-	17	-	1,737	-	1,737
Share buy back		-	-	-	-	-	-	-
Dividends paid		-	-	-	-	-	-	-
Balance at 31 December 2014		31,699	(25)	124	576	1,737	(21,088)	13,023

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

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Interim consolidated statement of cash flows
For the six months ended 31 December 2015

	Note	Consolidated	
		31 Dec 2015 \$000	31 Dec 2014 \$000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		40,059	36,302
Payments to suppliers and employees (inclusive of GST)		(45,539)	(42,129)
Interest paid		(174)	(185)
Net cash flows used in operating activities		(5,654)	(6,012)
Cash flows from investing activities			
Purchase of property, plant and equipment		(134)	(72)
Interest received		5	8
Net cash flows from / (used in) investing activities		(129)	(64)
Cash flows from financing activities			
Payment of dividend		(557)	-
Payments for share buy-backs		(375)	-
Proceeds from borrowings		18,301	17,066
Repayment of borrowings		(12,383)	(11,478)
Net cash flows from financing activities		4,986	5,588
Net increase / (decrease) in cash and cash equivalents		(797)	(488)
Cash and cash equivalents at beginning of period		2,373	2,551
Net foreign exchange differences		102	68
Cash and cash equivalents at end of period	7	1,678	2,131

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

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement

For the six months ended 31 December 2015

1. Corporate Information

Cellnet Group Limited (the “Company”) is a company domiciled in Australia whose shares are publicly traded. The interim condensed consolidated financial statements of the Company as at and for the half-year ended 31 December 2015 comprise the results of the Company and its subsidiaries (together referred to as the “consolidated entity”).

The interim condensed consolidated financial statements of the consolidated entity for the six months ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 18 February 2016.

The interim condensed consolidated financial statements of the consolidated entity as at and for the half-year ended 31 December 2015 are available upon request from the Company’s registered office at 59-61 Qantas Drive, Eagle Farm QLD 4009 or at www.cellnet.com.au.

2. Basis of preparation and accounting policies

Basis of preparation

The interim condensed consolidated financial statements for the six months ended 31 December 2015 have been prepared in accordance with AASB 134 Interim Financial Reporting and the Corporations Act 2001.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s annual financial statements as at 30 June 2015.

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those adopted in the Group’s annual report for the year ended 30 June 2015.

3. Seasonality of operations

The consolidated entity’s balance sheet is impacted by seasonality in sales. December trade balances are generally expected to be higher than those as at the previous financial year end due to greater sales activity around calendar year end. Users of the interim consolidated financial report may therefore benefit from reading this report in conjunction with the interim consolidated financial report for the half-year ended 31 December 2014.

4. Operating segment information

Identification of reportable segments

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the Chief Executive Officer (the chief operating decision maker) in assessing performance and in determining the allocation of resources.

As there is only one segment, segment revenues, profit/(loss), assets and liabilities are consistent with those reported in the statement of comprehensive income and statement of financial position.

Cellnet Group Limited and its controlled entities

Half-Year Financial Report

Notes to the Financial Statement

For the six months ended 31 December 2015

5. Fair value measurements

Outlined below are the judgements and estimates made in determining the fair value of assets and liabilities that are recognised and measured at fair value. To provide an indication about the reliability of the inputs used in determining fair value, the group has classified its assets and liabilities into the three levels prescribed under the accounting standards, as follows:

Level 1: The fair value of assets and liabilities traded in active markets is based on quoted market prices at the end of the reporting period.

Level 2: The fair value of assets and liabilities that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. That is, all valuation inputs are observable.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

The group holds forward foreign exchange contracts at fair value. The fair value of these financial instruments is determined using forward exchange rates at the balance sheet date. Such fair value measurement is included in level 2, as it is based on an observable input. At 31 December 2015 the group recognised a liability of \$513,000 (30 June 2015: asset of \$261,000) for forward exchange contracts held at balance date.

6. Dividends

The group paid a fully franked (at 30%) dividend of 1 cent per fully paid ordinary share, amounting to \$556,841, on 23 September 2015. No dividends were declared or paid during the comparative half year ended 31 December 2014.

7. Income tax expense

Numerical reconciliation of income tax benefit to prima facie tax payable:

	Consolidated	
	Dec 2015	Dec 2014
	\$000	\$000
Profit before income tax benefit / (expense)	1,625	1,737
Prima facie tax benefit / (expense) at the Australian tax rate of 30%	(488)	(551)
Tax effect of adjustments		
Non-deductible expenditure	(30)	(7)
Difference in New Zealand tax rate (28%)	4	10
Previously unrecognised tax losses utilised	174	122
Recognition of historical tax losses	364	339
Tax losses not recognised	(24)	(13)
Income tax benefit / (expense)	-	-

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement

For the six months ended 31 December 2015

8. Cash and cash equivalents

For the purpose of the interim consolidated statement of cash flows, cash and cash equivalents are comprised of the following:

	Consolidated	
	Dec 2015	June 2015
	\$000	\$000
Cash at bank and in hand	1,342	2,023
Funds held by bank	350	350
Total cash and cash equivalents	1,692	2,373

9. Inventories

	Consolidated	
	Dec 2015	June 2015
	\$000	\$000
Stock on hand	12,282	8,322
Less: provision for obsolescence	(504)	(318)
	11,778	8,004

10. Interest bearing loans and borrowings

	Interest Rate	Maturity	Dec 2015	June 2015
	%		\$000	\$000
Business finance	5.30	7 January 2016	328	-
	5.26	7 January 2016	295	-
	5.43	18 January 2016	279	-
	5.27	21 January 2016	707	-
	5.27	21 January 2016	98	-
	5.32	6 July 2015	-	128
	5.31	20 July 2015	-	220
Invoice finance		Various	4,765	-
		Various	-	207
			6,472	555

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Notes to the Financial Statement
For the six months ended 31 December 2015

11. Contributed equity

	Dec 2015 No. of shares	Dec 2015 \$000	Dec 2014 No. of shares	Dec 2014 \$000
Balance at 1 July	55,684,090	31,699	55,684,090	31,699
Shares bought back and cancelled	(2,074,800)	(375)	-	-
Balance at 31 December	53,609,290	31,324	55,684,090	31,699

12. Related party transactions

The following table provides the total amount of transactions which have been entered into with related parties during the six month periods ending 31 December 2015 and 31 December 2014.

		Sales to related parties	Services from related parties	Amounts owed by related parties	Amounts owed to related parties
		\$000	\$000	\$000	\$000
Entity with ultimate control over the consolidated entity:					
CVC Managers Pty Limited	2015	-	52	-	-
CVC Managers Pty Limited	2014	-	52	-	-

Cellnet Group Limited and its controlled entities
Half-Year Financial Report

Directors' declaration

In accordance with a resolution of the Directors of Cellnet Group Limited, I declare that:

In the opinion of the Directors:

1. the financial statements and notes of the consolidated entity for the half year ended 31 December 2015 are in accordance with the *Corporations Act 2001* including:
 - (a) giving a true and fair view of the financial position as at 31 December 2015 and the performance for the half-year ended on that date of the consolidated entity; 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.

On behalf of the Board,



A. Beard
Director
Sydney
18 February 2016



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INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of Cellnet Group Limited,

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Cellnet Group Limited, which comprises the consolidated statement of financial position as at 31 December 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the period's end or from time to time 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 gives a true and fair view and 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 2013 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 Cellnet Group 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.

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 Cellnet Group Limited is not in accordance with the *Corporations Act 2001* including:

- a) 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) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

PITCHER PARTNERS



JJ EVANS
Partner

Brisbane, Queensland

18 February 2016