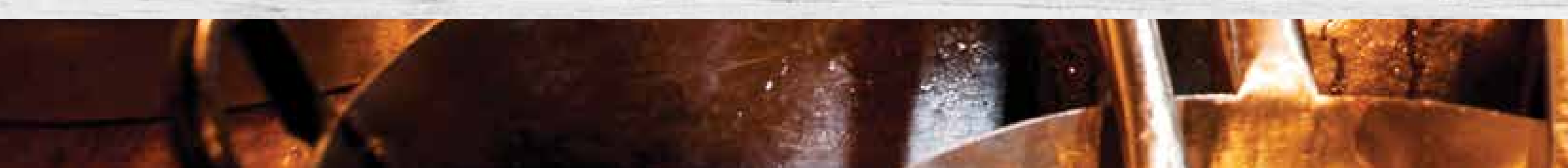
ANNUAL REPORT 2016

silverchef group

silverchef
hospitality equipment funding
your recipe for success

gogetta
equipment funding
equipped to succeed

ACHIEVING GREAT THINGS



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FY16 HIGHLIGHTS

Strong growth in EPS on the back of record profit

Excellent growth in GoGetta rental asset base

Significant increase in group rental asset base including lease receivables

Strong performance from Canadian business in line with expectations

Significantly enhanced the Company's available debt capacity to support future growth

B Corp accreditation a validation of Silver Chef's commitment to social and environmental responsibility

REVENUE
$ millions

FY15 **171.0**

FY16 **221.1**

29% change

RENTAL ASSETS AT COST AND **LEASE RECEIVABLES** $ millions

FY15 **358.4**

FY16 **539.2**

50% change

NPAT
$ millions

FY15 **15.5**

FY16 **22.4**

45% change

CONTRACT ORIGINATIONS
$ millions

FY15 **181.4**

FY16 **303.0**

67% change

BASIC EPS

FY15 **51.4cps**

FY16 **68.9cps**

34% change

DIVIDEND
Fully franked

FY15 **36.0cps**

FY16 **42.0cps**

17% change

STRATEGY AND OUTLOOK

Strong earnings momentum through growing asset base

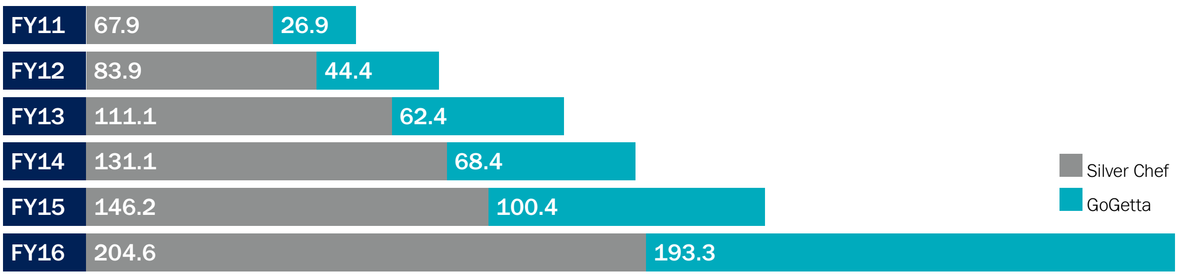
Continued expansion in Canada and New Zealand markets

Continued growth of core hospitality markets within Australia

Continued investment in systems and processes to deliver ongoing high levels of customer service in a cost competitive manner

BOOK VALUE OF RENTAL ASSETS AND LEASE RECEIVABLES

$ millions



REVENUE AND ASSETS

29%
to $221.1m
Total SIV revenue

14%
to $125.5m
Hospitality revenue

56%
to $89.5m
Gogetta revenue

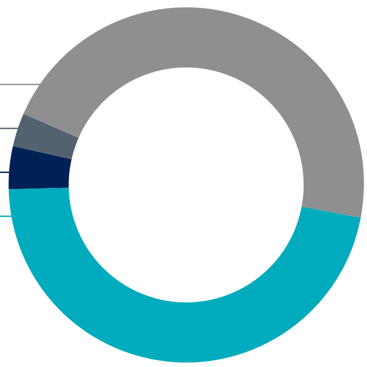
ASSETS BY SEGMENT

47% Hospitality Australia (FY15: 59%)

3% Hospitality Canada (FY15: 2%)

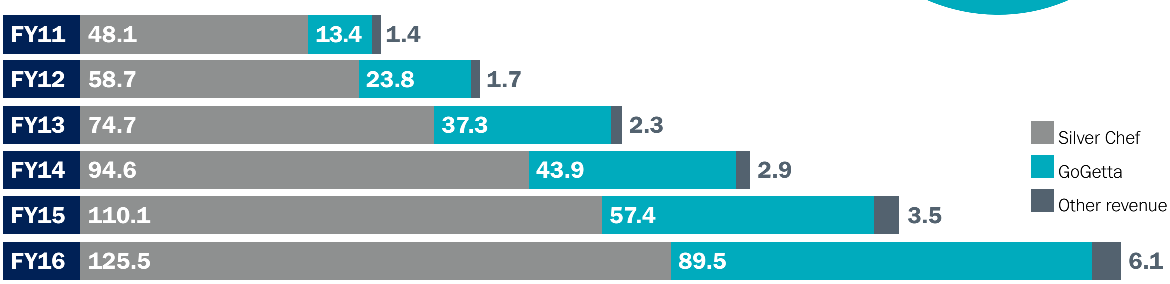
4% Hospitality New Zealand (FY15: 4%)

46% GoGetta (FY15: 36%)



REVENUE BY SEGMENT

$ millions



EXECUTIVE CHAIRMAN'S REPORT

FOR THE YEAR ENDED 30 JUNE 2016

IN MARCH 2016, SILVER CHEF CELEBRATED ITS THIRTIETH ANNIVERSARY AND IT IS WITH GREAT PRIDE THAT I RECOGNISE THE SIGNIFICANT ACHIEVEMENTS THAT THE TEAM HAS ACCOMPLISHED. WE HAVE FUNDED OVER 45,000 CUSTOMERS, HAVE GROWN OUR ASSET BASE TO $539.2 MILLION, NOW OPERATE IN THREE COUNTRIES AND EMPLOY OVER FOUR HUNDRED PEOPLE. IMPORTANTLY SINCE OUR LISTING ON THE STOCK EXCHANGE IN 2005, WE HAVE DELIVERED OUTSTANDING TOTAL SHAREHOLDER RETURNS. IT HAS BEEN A CHALLENGING BUT REWARDING JOURNEY SO FAR AND I BELIEVE BASED ON OUR BUSINESS MODEL, OUR VALUE SYSTEM AND OUR PEOPLE WE CAN CONTINUE TO ACHIEVE GREAT THINGS.

The Company reported a net profit after tax of $22.4 million for the financial year ending 30 June 2016. As previously noted, the result includes a one-off after tax break cost of $1.0 million arising from early redemption of $30 million of loan notes on 14 September 2015. As a result, after adjusting for this the net profit after tax for the year is $23.4 million. The effect of the first year of deferring upfront origination costs is set out in section 6 of the Directors' Report.

Silver Chef has again delivered a record level of period on period growth in its rental asset base and in earnings per share. The Company has continued its trend of strong returns, delivering 18% compound annual earnings per share growth since listing in 2005. Growth in the GoGetta business has exceeded our expectations and reflects the success we have had in developing deep relationships with equipment finance brokers in both the transport and construction channels. Importantly, the reliable and sustainable performance in the Australian hospitality sector remains the engine room of the business and we again delivered growth well above general industry trend. Our New Zealand and Canadian businesses delivered on aggressive origination targets for the year and are growing in line with plan. Our outlook for both the Silver Chef and GoGetta brands remains positive.

THE BUSINESS MODEL

The Company has two brands which operate as separate divisions: Hospitality (Silver Chef) which provides funding to businesses in the hospitality sector, and GoGetta, which provides equipment funding for small to medium sized businesses across a range of sectors. Both divisions offer a tried and tested equipment funding solution through the *Rent.Try.Buy.* and *Rent.Grow.Own.* solutions.

HIGHLIGHTS

Revenue up 29% to $221.1 million

Rental assets (at cost) and lease receivables up 50% to $539.2 million

Profit (after tax) up 45% to $22.4 million

18% compound annual growth in underlying earnings per share since listing

Total contract originations up 66% to $303.0 million

GoGetta asset base* up 86% on 30 June 2015, with record originations of $160.1 million for the full year

Growth in hospitality asset base* higher than expectations up 30% on 30 June 2015

Canadian business growing strongly in line with expectations

*Asset base consists of rental assets at written down value, lease receivables at amortised cost and capitalised upfront costs of lease origination

THE SUCCESS OF THE COMPANY HAS BEEN BUILT AROUND A NUMBER OF FACTORS WHICH PROVIDE CLEAR COMPETITIVE ADVANTAGES:

EXPERIENCE

The Company has been providing its core business equipment funding model for 30 years.

CUSTOMERS

A robust rental based equipment funding model for business critical assets that is well suited to the needs of small business who recognise that it is the use of the equipment and not the ownership that produces profit.

PEOPLE

We have a strong focus on acquiring and developing high quality staff who are aligned to our core values and purpose which builds value for shareholders.

RISK MANAGEMENT

Credit and asset management processes effectively manage risks associated with customer defaults.

PARTNERSHIPS

We continue to strengthen our relationships with the hospitality dealer network by growing sales and marketing support. Our GoGetta finance broker network is expanding as the compelling offer of risk sharing with their small business clients is resonating.

OUR PURPOSE

A key element of Silver Chef's long history of commercial success is that it chooses to run its business differently. The Company has always had a strong focus on our purpose of helping people achieve their dreams. This is demonstrated through initiatives such as supporting and developing our people and a meaningful economic contribution to community investment initiatives in conjunction with Opportunity International. We firmly believe that successful, sustainable commercial enterprises require alignment of their activities around a values driven framework and a desire to make a wider contribution to the world. This approach has enabled Silver Chef to attract and retain high quality staff, create deeper and more meaningful engagement with our customers and demonstrate to investors and other stakeholders that their capital is invested in a business that is performing well and doing good.

During the year, the Company continued its strategy of aligning its commercial activities around an all-encompassing purpose driven framework focused on customers, community, staff, governance and the environment. Silver Chef has taken the progressive step of obtaining independent certification for its activities in these areas through becoming a certified B Corporation. Silver Chef was one of the first "for-profit" listed companies in Australia to join a group of over 1,850 Certified B Corporations worldwide with the unifying goal of redefining success in business. Certified B Corporations meet higher standards of social and environmental performance, transparency, and accountability and set a benchmark to inspire all businesses to compete not only to be the best in the world, but to be the best for the world.

Continuing to align our organisational strategy with the B Corp principles allows us to ensure our social impact can be shared and expanded and we leverage international best practice in building a sustainable modern business.

HOSPITALITY – AUSTRALIA AND NEW ZEALAND

The Silver Chef business in Australia and New Zealand exceeded expectations for the 12-month period to 30 June 2016, with strong growth in its asset base. The Company remains focused on maintaining key relationships with its dealer network. We also made significant investment during the year in our digital marketing strategy and this has generated excellent results through more targeted engagement with our existing customer base.

Growth in the Company's key channels of restaurants, cafés and bars remains strong. The coffee channel also performed strongly during the year as we continue to support the expanding market of boutique coffee roasters who provide coffee machines to their customers through a free on loan program in partnership with Silver Chef. The future outlook for the hospitality sector in Australia and New Zealand remains strong and we anticipate ongoing growth in originations well above underlying industry growth.

HOSPITALITY – CANADA

The Canadian hospitality business performed well for the year, delivering $12 million of originations, more than double that of the previous year. The business ends the year with a rental asset base of $16 million at cost, and is delivering a small accounting profit on a monthly basis. This growing business continues to be well supported by suppliers, equipment dealers and industry bodies in the local market and we have again set an ambitious origination growth target for FY17. Based on the current operating plan, Canada will make a meaningful net profit contribution to Group earnings in FY17.

The prospects for our business in Canada are strong and we have accelerated our roll-out strategy to the Eastern Provinces in order to support our existing dealer and customer base who have national operations.

GOGETTA

The GoGetta business delivered a record breaking result for the year generating originations of $160.1 million. This exceptional year on year growth has been achieved through building deeper relationships with the equipment finance broker network by focusing on the two key channels of transport and construction. FY16 has proven that

our unique rental product has significant appeal to small business operators in the transport and construction channels and we have developed effective systems to manage the remarketing process should assets in the channels be returned to us in accordance with our flexible rental options.

The Company expects solid growth in the GoGetta portfolio again in FY17, particularly in light of our relatively small market share, but year on year originations will revert to a more sustainable growth rate. The Company continues to refine its approach to customer credit evaluation for the GoGetta business and we expect that this will yield improvement to portfolio credit performance and increase average contract length during FY17. We believe the general outlook for small business operators in the transport and construction channels remains positive, and our rental offering will become more attractive in an environment of tightening credit from traditional lenders.

LONG TERM FINANCING ARRANGEMENTS

The Company's strategy of targeting existing rental customers with strong credit performance and transitioning them into more traditional long-term financing agreements continued successfully in FY16. The lease receivable portfolio doubled during the year and is performing well in respect of credit quality. This initiative creates more established, long term income streams for the Company while reducing asset reconditioning and disposal costs.

CAPITAL MANAGEMENT

In August 2015, the Company established a new $300 million syndicated banking facility. This facility significantly enhanced the Company's available debt capacity and improved key terms and conditions relative to its historical bi-lateral financing arrangement. The facility enables Silver Chef to borrow directly in New Zealand and Canadian dollars and has a staggered maturity profile, which assists in reducing refinancing risk.

In July 2016, the Company extended available capacity in its senior syndicated banking facility by $100 million. Extension of the facility is in line with the Group's long term financing strategy and provides further capacity to fund future growth in the Company's rental asset base. The additional $100 million tranche of senior debt matures in three years and was extended on similar terms to the existing $300 million facility which commenced in September 2015.

The Company successfully completed equity capital raisings in October 2015 and April 2016, placing shares to existing and new shareholders and raising a total of $33.9 million of additional equity capital net of costs. The funds raised from these placements are used entirely to fund growth in the Company's rental asset base and were conducted as part of Silver Chef's ongoing capital management strategy.

The Company continues to enjoy the support of its senior lenders and continuously reviews its capital requirements to ensure an appropriate mix and diversity of funding sources. The Company is making good progress in its discussions with a number of financiers around the application of a wholesale debt funding model to the Company's rental agreements and finance leases.

FY17 EARNINGS GUIDANCE

As advised in July 2016, the Company has completed its annual budgeting and planning process for FY17 and anticipates FY17 net profit after tax in the range of $23 million to $25 million. To understand growth in underlying earnings between FY16 and FY17, the deferred cost impact recognised entirely in FY16 needs to be allocated to prior financial years as discussed in section 6 of the Directors' Report. In setting the FY17 budget, the Company has also taken a more conservative position in respect of provisioning for bad debts in the GoGetta business. While the Company has continued to refine its credit evaluation process progressively during FY16, the Company believes that additional provisioning against credit risk is prudent in the short term based on the significant growth in the GoGetta customer base observed during FY16 and the stage of maturity of that portfolio.

Based on these considerations, the FY17 earnings guidance range sees the Company continue to deliver compound annual growth in earnings per share ("EPS")

I BELIEVE BASED ON OUR BUSINESS MODEL, OUR VALUE SYSTEM AND OUR PEOPLE WE CAN CONTINUE TO ACHIEVE GREAT THINGS

of approximately 18%. The ongoing investment being made in Canada is expected to support high rates of EPS growth for the Group into the medium and long term.

SYSTEMS

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

KEY MANAGEMENT APPOINTMENTS

Attracting and retaining high quality talent within the business has and continues to be one of Silver Chef's key strategic advantages. During the year a number of critical appointments were made which significantly enhance the experience and capability of the Company's Senior Executive team and creates a strong platform for management of the business moving forward.

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

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

SUCCESSION PLANNING

The Board of Silver Chef is pleased to advise that Damien Guivarra will transition to the role of Chief Executive Officer effective from 3 November 2016, the date of the Company's Annual General Meeting. From that date, I will return to the Non-Executive Chairman role, allowing me more time to focus on the English Family Foundation activities.

Mr Guivarra was appointed to the role of Chief Operating Officer in October 2015. Over the last ten years he has played an integral role in the growth of the Company, holding a variety of sales focused and operational management roles. Mr Guivarra spent the last three years managing the Northern Region business across both the Silver Chef and GoGetta brands. Prior to joining Silver Chef, he held a variety of national sales and marketing roles.

I congratulate Damien on his appointment to the CEO role and am confident in the quality of the wider leadership team's ability to continue to deliver on shareholder, staff and stakeholder expectations. I am personally delighted with Damien's appointment to the CEO role and investors can be assured of my ongoing support for the Company including maintaining the English Family's existing shareholding position.

I would like to thank the leadership team and our wonderful staff for their contribution to the excellent result this year. My thanks also to our Board of Directors for their ongoing support and wise counsel. The business is in excellent shape and I am confident that we have the platform in place to continue to deliver outstanding shareholder value for the next thirty years.

Allan English
Executive Chairman

25 August 2016

CORPORATE AND SOCIAL RESPONSIBILITY STATEMENT

FOR THE YEAR ENDED 30 JUNE 2016

A KEY ELEMENT OF SILVER CHEF'S LONG HISTORY OF COMMERCIAL SUCCESS IS THAT IT CHOOSES TO RUN ITS BUSINESS DIFFERENTLY THROUGH ITS GREATER PURPOSE OF BUILDING A MORE EQUITABLE SOCIETY.

The Company has always had a strong culture focused on a purpose, in terms of helping people achieve their dreams. This is demonstrated through initiatives such as supporting and developing our people and a meaningful economic contribution to community investment initiatives in conjunction with Opportunity International. We firmly believe that successful, sustainable commercial enterprises require alignment of their activities around a values driven framework and a desire to make a wider contribution to the world. This approach has enabled Silver Chef to attract and retain high quality staff, create deeper and more meaningful engagement with our customers and demonstrate to investors and other stakeholders that their capital is invested in a business that is doing well and doing good.

B CORPORATION

The B Corporation certification is a validation of Silver Chef's purpose of helping others achieve their dreams, by formally committing to social and environmental responsibility. It reinforces that as a business, our core values and purpose are the foundation of our conduct with our employees, partners, customers and the community, and are as much of a focus as bottom line profitability. This approach will enable us to continue to create and deliver strategies that will ensure our social impact can be shared and expanded.

Silver Chef became a Certified B Corporation in June 2015. B Corps are a new type of company that use the power of business to solve social and environmental problems, and are formally certified by the non-profit B Lab. The B Lab certification is a third party rigorous assessment that explores a company's governance, transparency, and environmental and social impact. By being a B Corp, Silver Chef voluntarily holds itself to a high level of accountability in those areas.

B Lab certification applies to the whole company across all product lines and issue areas. Today, there is a growing community of over 1,850 Certified B Corps from more than 50 countries and 130 industries working together toward one unifying goal: to redefine success in business.

By voluntarily meeting higher standards of transparency, accountability, and performance, Certified B Corps are distinguishing themselves in a cluttered marketplace by offering a positive vision of a better way to do business.

More information on B Corporation and the meaning of Silver Chef's B Corporation accreditation can be found at **www.bcorporation.com.au**.

Certified B Corporation

OPPORTUNITY International AUSTRALIA

OPPORTUNITY INTERNATIONAL AUSTRALIA

Silver Chef's corporate social responsibility is also fulfilled through the Company's association with Opportunity International Australia (Opportunity). The Company and its people support Opportunity directly and indirectly. Indirectly through the provision of office space and communication services and directly through numerous fundraising and awareness enhancing initiatives.

Allan English, Silver Chef Limited's Founder and Executive Chairman, through his personal participation, and that of the English Family Foundation (which is now the largest shareholder in the Company), is a major supporter of Opportunity.

Opportunity provides small loans to families living in poverty, predominantly to mothers. Silver Chef on the other hand provides equipment funding to small business operators across many sectors in Australia, New Zealand and Canada. Silver Chef and Opportunity are aligned in purpose and share many values. Silver Chef's success, in part, benefits Opportunity and in turn Opportunity provides Silver Chef with a sense of purpose far greater than just a corporate purpose. This purpose is an essential component of Silver Chef's success and in turn provides our people with a purpose to achieve what they do.

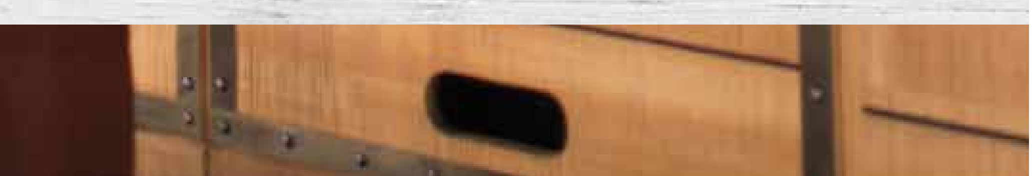
Opportunity is a not-for-profit organisation that uses a sustainable approach to solve the problem of poverty. Rather than a hand-out, they provide people living in poverty with a hand up in the form of small loans (microfinance) to help them start or grow their own small businesses. This enables them to earn regular incomes so they no longer have to struggle to afford food, clean water, proper shelter, or an education for their children.

With more than 40 years' experience working with families in poverty, Opportunity is a leading provider and pioneer of socially focused microfinance and support services. Part of the global Opportunity International Network (with support partners in the United States, United Kingdom, Canada, Singapore, Hong Kong and Germany), they are currently providing a way out of poverty for millions of people in 24 developing countries around the world.

More information about Opportunity International Australia's international development programs can be found at **www.opportunity.org.au**.

THE COMPANY HAS ALWAYS HAD A STRONG CULTURE FOCUSED ON A PURPOSE, IN TERMS OF HELPING PEOPLE ACHIEVE THEIR DREAMS

SENIOR MANAGEMENT



ALLAN ENGLISH

EXECUTIVE CHAIRMAN

The founder of Silver Chef Limited, Allan has had extensive experience in the hospitality and rental industry with over 30 years in equipment sales, service and rental sectors. Allan was the Managing Director from 1986 to June 2010 after which he was appointed Non-executive Chairman. Allan was re-appointed Executive Chairman on 13 February 2014. He is also active in the not for profit sector and acts as a Director for English Family Foundation.

DAMIEN GUIVARRA

CHIEF OPERATING OFFICER

Damien Guivarra was appointed to the role of Chief Operating Officer in October 2015. Over the last ten years Damien has played an integral role in the growth of the Company, holding a variety of sales focused and operational management roles. He spent the last three years managing the Northern Region business across both the Silver Chef and GoGetta brands. Prior to joining Silver Chef, he held a variety of national sales and marketing roles.

DOUG MCALPINE

CHIEF FINANCIAL OFFICER

Doug is a Chartered Accountant and commenced as Silver Chef's Chief Financial Officer in August 2014. He brings to the company over 15 years of accounting and finance experience, including Financial Officer and Company Secretary of public companies in Australia. His previous experience includes Chief Financial Officer of Stanmore Coal Limited and prior to that Chief Financial Officer of Watpac Limited and Ariadne Limited. Doug has strong competencies in the areas of accounting, financial management, corporate governance and risk management.

SYLVIA PO-CHING

EXECUTIVE GENERAL MANAGER, SOUTHERN REGION

The longest serving member of Silver Chef Group's leadership team, Sylvia has been with the business since 1999. Sylvia has previously taken the principal responsibilities for operational development and new market expansion. She played a pivotal role in establishment of operations in New Zealand and translated that success into the Canadian market. Sylvia returned to Australia and is now responsible for the operational management of Silver Chef and GoGetta in Victoria, South Australia, Western Australia, Northern Territory and Tasmania.

ROBERT PHELPS

EXECUTIVE GENERAL MANAGER, NORTHERN REGION

Robert has more than 25 years of experience in the financial sector, including executive positions with RemServ, St George Banking Group and National Australia Bank. Robert has a track record of achieving industry leading customer satisfaction levels and high performance sales cultures. As Executive General Manager he is passionate and dedicated to delivering superior customer service and building strong and mutually rewarding relationships with partners and clients.

KRISTIAN THANAS

EXECUTIVE GENERAL MANAGER, CANADA

Kristian joined Silver Chef in 2012 as part of a new business development role in the hospitality sector in NSW. With a significant personal history of entrepreneurial activity in starting and selling his own businesses in the hospitality sector, he was an integral member of the Canadian start up team in late 2013. Kristian has historically been a Silver Chef customer and vendor, providing him with a unique insight into the Silver Chef business model, value system and the Company's objectives for its stakeholders. Kristian is now Executive General Manager of the Canadian business, overseeing the growth within that rapidly growing market and is also a member of the company's executive management team.

MIKE CONNELL

HEAD OF PEOPLE AND CULTURE

Mike has worked for over 25 years in Human Resources across a range of industries and markets both within Australia and Asia. He recently completed a PhD in management, and has recent experience in senior executive roles in infrastructure and resource based companies as well as a career based on leading purpose based organisational change programs across a diverse range of markets and cultures.

SIMONE SMITH-HENRY

MANAGER, PROJECTS

Simone is responsible for Project Management and Project Execution across the group. Simone joined Silver Chef in 2007, and has extensive experience across all aspects of the Group's operations. A PRINCE2 certified Project Manager, Simone uses her qualifications along with the group's Gazelle and Argenti methodologies to drive executional excellence. Prior to her time at Silver Chef, Simone had operational roles in a range of manufacturing and professional services firms.

KEVIN SAVVAS

GROUP SALES & MARKETING MANAGER

Kevin Savvas started with the Company in 2011 as the Northern Region Sales Manager for Silver Chef, implementing key strategic initiatives that led to exceptional growth in a core market. Kevin's approach to innovation and leadership is derived from his extensive experience in the advertising and technology space. Since that initial role, Kevin has held three progressive roles in the organisation, working across the Silver Chef and GoGetta brands. His management and leadership experience and demonstrated ability to generate acquisition results across both brands made him the ideal candidate for the Group Sales & Marketing Manager role on the Executive Leadership Team. Kevin's remit for the role is to provide support to the regions and directly lead the national marketing teams and Silver Chef's 'new channel' innovation.

VINNIE D'ALESSANDRO

IT MANAGER

Vinnie D'Alessandro joined Silver Chef in June 2015 as IT Manager. He has 18 years of technology experience across various operational, architecture, strategy and management roles. After a decade in the energy and construction industries, Vinnie joined the ASX listed Tatts Group where he led the award winning infrastructure architecture team. Since joining Silver Chef he has developed the group IT strategy and set about building a team of solution focused technology professionals.

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

THE DIRECTORS PRESENT THEIR REPORT TOGETHER WITH THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP COMPRISING OF SILVER CHEF LIMITED ("THE COMPANY") AND ITS CONTROLLED ENTITIES, FOR THE YEAR ENDED 30 JUNE 2016 AND THE AUDITOR'S REPORT THEREIN.

1. DIRECTORS

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

ANDREW KEMP

(65) B.COMM, CA

Appointed a Director and Chairman in February 2005 at the time of listing, and resigned as Chairman on 30 June 2010. Andrew heads Huntington Group Pty Limited, a Brisbane-based corporate advisory company. His experience includes chartered accounting with KPMG and Littlewoods, merchant banking and corporate advisory services with AIFC (an affiliate of ANZ Banking Group) and since 1987 with Huntington Group. He is currently a director of the following ASX listed companies: PTB Group Limited (appointed August 2006). Formerly a director of G8 Education Limited (from March 2011 to March 2015). Andrew is an independent Non-Executive Director, Chairman of the Audit & Risk Management Committee and a member of the Remuneration Committee and Finance Committee.

BEDE KING

(60)

Appointed a Director in March 2005, Bede is the senior partner at Tobin King Lateef, Solicitors & Notaries. Bede is a Trustee of the Board of Trustees of the State Public Sector Superannuation Scheme (QSuper) and is a director of QSuper Limited and QInvest Limited. Bede is a fellow of the Financial Services Institute of Australia, a Director of several non-listed companies and a member of various compliance committees for property, infrastructure and equity investment funds. He is the former National Chairman of YHA Australia, having occupied that position for over 10 years. He recently retired as a Board Member of St. Aidan's Foundation Limited, a not-for-profit organisation. Bede is an independent Non-Executive Director and Chairman of the Remuneration Committee and a member of the Audit & Risk Management Committee and Finance Committee.

SOPHIE MITCHELL

(49) B ECON, GAICD, SF FIN.

Appointed a Director in September 2011. Sophie's career has been in the financial sector and is currently a Director of Morgans Financial Limited. Previous roles have included Head of Research and senior analyst with Morgans' predecessor company ABN AMRO Morgans and Portfolio Manager for Seymour Wealth Management. Sophie is a Member of the Takeovers Panel and the Queensland Advisory Board for Australian Super, a board member of the Australia Council for the Arts, a Director of the Morgans Foundation and ASX-listed Flagship Investments Limited (appointed June 2008), and a Trust Member of the Queensland Performing Arts Trust. Sophie is an independent Non-Executive Director and Chairman of the Finance Committee and is a member of the Audit & Risk Management Committee and Remuneration Committee.

PATRICK TAPPER

(54) FAICD

Appointed in July 2015, Patrick has had over 25 years' experience in the telecommunications, technology, media, and entertainment industries, most notably as Executive Director and Chief Executive Officer of national broadband company, Internode. He commenced with Internode in 1998 when it was a small business and was appointed Chief Executive Officer in 2008. Patrick currently serves as Non-Executive Director of Redflow Limited, an ASX listed company providing innovative sustainable energy storage solutions. He is also a Non-Executive Director of Service to Youth Council Limited (SYC), a non-government, not-for-profit community service organisation. Patrick sits on a number of SYC's Board committees – as Chairman of their Digital Transformation committee, and as a member of their Audit and Risk committee. He also serves on the board of Acurus Pty Ltd, a leading Australian IT consulting and solutions provider based in Melbourne. Patrick is a former Governor of the American Chamber of Commerce (Amcham) in South Australia, and a former Chairman at Executive Boards Australia, which provides advisory board facilitation, leadership, HR and marketing services.

He is a Fellow of the Institute of Company Directors.

2. COMPANY SECRETARY

DON MACKENZIE

(71)

Mr Don Mackenzie was appointed Company Secretary in November 2010, and acts in a part time capacity. He commenced his professional career with a Chartered Accounting firm, and in 1976 commenced employment in a senior accounting role with a Queensland based ASX listed company. In 1993 he commenced practice as a Chartered Accountant providing corporate services predominantly to public companies until 2008, after which he acted in a personal capacity. He also acts or has acted as Company Secretary for several listed and unlisted public companies. He is also the Secretary to all Board Committees.

3. DIRECTORS' MEETINGS

The number of Directors' meetings (including meetings of Committees) and number of meetings attended during the financial year are:

Director	Board meetings		Audit and risk management committee meetings		Remuneration committee meetings		Finance committee meetings	
	A	B	A	B	A	B	A	B
Allan English	16	16	-	-	-	-	-	-
Andrew Kemp	16	16	3	3	2	2	2	2
Bede King	15	16	3	3	2	2	2	2
Sophie Mitchell	16	16	3	3	2	2	2	2
Patrick Tapper	15	16	-	-	-	-	-	-

A: Number of meetings attended
B: Number of meetings held during the time the Director held office during the year

4. CORPORATE GOVERNANCE STATEMENT

This statement outlines the main corporate governance practices in place throughout the financial year, which comply with the ASX Corporate Governance Council (Recommendations), unless otherwise stated.

The Company's Corporate Governance Charter which provides detailed information about governance is available on the Company's website at www.silverchefgroup.com.au.

Silver Chef does not comply with ASX Corporate Governance Council's Principles that requires a chair person to be an independent Director. Allan English cannot be regarded as independent by virtue of his shareholding interests. The Board has processes in place to manage any potential conflicts arising from the shareholdings in which Allan English has a beneficial or relevant interest.

With effect from 13 February 2014, the founder of Silver Chef returned to the Company in a full time role as Executive Chairman. The Board agrees that it is in the best interests of the Company, its leadership team and shareholders that Allan English assumes the Executive Chairman role and he has agreed to do so pending the recruitment of a Chief Executive Officer.

Silver Chef has not established a nominations committee. The full Board deals with such matters in accordance with the Nomination Committee's charter.

4.1 Board of Directors

Role of the Board

The Board Charter outlines the roles and responsibilities of the Board. Key responsibilities in summary include:

- determining Silver Chef's strategic direction;
- evaluating Board performance and determining Board size and composition;
- appointing and determining the duration, remuneration and other terms of appointment of the Executive Chairman;
- evaluating the performance of the Executive Chairman;
- establishing goals for management and monitoring the achievement of these goals;
- reviewing and approving the Group's Business Plan;
- approving all significant business transactions including acquisitions and divestments;
- monitoring business risk exposures and risk management systems;
- approving and monitoring financial and other external reporting;

4.1 Board of Directors (continued)

- approving changes to the Group's capital structure;
- reporting to shareholders; and
- promoting ethical conduct.

Delegated authority

The Constitution and the Board Charter enable the Board to delegate their responsibilities to Committees and management.

The roles and responsibilities delegated to Board Committees are captured in the Charters of each established committee which includes the Audit & Risk Management Committee, Remuneration Committee and Finance Committee and a summary of their activities is included in this report.

The Board Charter also provides for the Board to delegate to the Executive Chairman, who is responsible for the day to day management of the business and includes:

- strategy – implementing corporate strategies and making recommendations on significant strategic initiatives;
- senior management selection – the appointment of senior management, determining their terms of appointment, evaluating performance and maintaining succession plans for senior management roles;
- financial performance – developing the annual budget and managing day to day operations within the budget;
- risk management – maintaining effective risk management frameworks;
- continuous disclosure – keeping the Board fully informed about material developments to enable the Company to keep the market informed; and
- corporate and social responsibility – including compliance with social, ethical and environmental practices.

Board meetings

Meetings are normally held monthly but will number not less than ten in any year, with meeting papers being circulated prior to the meeting. Minutes of meetings are circulated within ten days of the Board meeting.

The Company's Non-Executive Directors only receive fees for their services and the reimbursement of reasonable expenses. The fees are competitively set to attract and retain appropriately qualified and experienced Directors.

The Directors' fees available to Non-Executive Directors were set at a maximum of $310,000 per annum in the aggregate.

Skills and independence

The Board ensures, in the selection and appointment of proposed Board members, that a diverse range of candidates is considered and involve professional intermediaries to identify and/or assess candidates.

Together, the Board members have a broad range of relevant financial and other skills and knowledge combined with the extensive experience necessary to guide Silver Chef's business. Details of their skills and knowledge are set out in section 1 of this report.

The Board assesses the independence of Directors on appointment and at least annually. Each Director provides a regular attestation of their interests and independence. Directors are considered independent if they are independent of management and free from any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of unfettered and independent judgment.

At the date of this annual report all Non-Executive Directors are considered to be independent.

Education

On appointment, Directors are offered an induction program appropriate to their experience to familiarise them with the business, strategy and any current issues before the Board. The Company also promotes continuing education.

Access to information and advice

With the prior approval of the Executive Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the

4.1 Board of Directors (continued)

Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are to be borne by the Company.

Composition of the Board

The Company's Constitution provides that the number of Directors shall not be less than three or more than ten and currently there are five Directors on the Board.

Silver Chef's Constitution states that at each Annual General Meeting one third of the Directors and any other Director who has held office for three or more years since their last election, must retire. The Constitution also provides that where a Director is appointed by the Board, that person will stand for election at the Annual General Meeting following their appointment.

The Board is empowered to establish committees of the Board to support it in carrying out its function effectively and where practical, will comprise Board members.

4.2 Remuneration committee

On behalf of the Board, the Remuneration Committee (Committee) oversees the remuneration of Non-Executive Directors and key management personnel. The Committee has no authority independent of the function delegated to it by the Board, and is to report its findings and recommendations to the Board.

The Charter states that the Committee is to comprise at least three Non-Executive Directors. In the period under review the Committee members were Bede King, Andrew Kemp and Sophie Mitchell. The Company Secretary serves as Secretary to the Committee.

The Charter provides that the Executive Chairman attends all Committee meetings except at times where his own arrangements are considered.

In addition to matters dealing with remuneration, the Committee has a broader role including oversight of diversity objectives and succession planning.

External advisors

In performing its role, the Board and the Committee directly commission and receive information, advice and recommendations from independent external advisors to ensure the appropriateness of remuneration packages and contracts of employment for the key management personnel so as to reflect trends in employment markets, and to achieve the objectives of the Group's remuneration strategy.

4.3 Remuneration report – audited

This Remuneration Report sets out the remuneration information relating to the Company's Directors and Senior Executives who comprise the key management personnel of the Group for the year ended 30 June 2016.

Director	
Allan English	Executive Chairman
Andrew Kemp	Non-Executive Director
Bede King	Non-Executive Director
Sophie Mitchell	Non-Executive Director
Patrick Tapper	Non-Executive Director (appointed 31 July 2015)
Senior Executive	
Damien Guivarra	Chief Operating Officer (appointed 1 October 2015)
Doug McAlpine	Chief Financial Officer

Principles of compensation

Key management personnel (who comprise the Directors and Senior Executives for the Group) have the authority and responsibility for planning, directing and controlling the activities of the Group.

Remuneration levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and Senior Executives. The remuneration structures

4.3 Remuneration report – audited (continued)

explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the key management personnel; and
- the key management personnel's ability to control the Group's performance including:
  - the Group's profit before tax; and
  - the growth in earnings per share.

Remuneration packages include a mix of fixed and variable remuneration, and short-term and long-term performance-based incentives.

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes employer contributions to superannuation funds).

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants (where appropriate) provide analysis and advice to ensure the Directors' and Senior Executives' remuneration is competitive in the market place.

Performance linked remuneration

Performance linked remuneration includes both short-term and long-term incentives, and is designed to reward executives for meeting or exceeding corporate financial and personal performance objectives and to create alignment with the creation of shareholder value. The short-term incentive (STI) is an 'at risk' bonus provided in the form of cash and the long-term incentive (LTI) is also provided in the form of cash.

Short-term incentive bonus

Each year the Remuneration Committee reviews key performance indicators (KPIs) for the executives. The KPIs generally include measures relating to the Group, the relevant segment, and the individual and include financial, people, customer, strategy and risk, which the measures chosen align the individual's reward to the KPIs of the Group and to its strategy and performance.

The financial performance objectives are 'profit before tax' compared to budgeted amounts. The non-financial objectives vary with position and responsibility and include measures such as achieving strategic outcomes, safety performance, customer satisfaction and staff development.

Also included in the short-term incentive is the annual payment of approximately half of any bonus earned under the long-term incentive scheme.

Long-term incentive

This incentive scheme is payable based on achieving growth in earnings per share (EPS) in excess of 10% per annum. The level of bonus attainable by members of the scheme increases in steps between the minimum at 10% per annum and is capped at a maximum of 20% EPS growth. If greater than 20% compound EPS growth is achieved over a four year period, an eligible employee will earn a maximum LTI bonus equal to 40% of their base remuneration.

Fifty per cent of any benefit earned is payable each year, with the remainder held back to be paid based on achieving compound growth in EPS over a four year period of greater than 10% per annum. The Remuneration Committee recommends the cash incentive to be paid to the individuals for approval by the Board. This method of assessment was chosen as it provides the Committee with an objective assessment of the individual's performance which is linked directly to shareholder value.

Short-term and long-term incentive structure

The Remuneration Committee considers that the above performance-linked remuneration structure generates the desired outcome of aligning management's intentions with shareholders whilst offering competitive compensation arrangements to attract and retain key staff. The evidence for this is the growth in profits and earnings per share over a five year period.

4.3 Remuneration report – audited (continued)

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board reviewed the following data in respect of the current financial year and the previous four financial years.

	2016	2015	2014	2013	2012
Net profit after tax $'000	**22,356**	15,531	12,701	11,449	8,991
Basic earnings per share (EPS) (cents)	**68.9**	51.4	43.4	41.5	37.4
Dividends paid $'000	**11,566**	9,458	8,286	7,704	4,763
Closing share price at year end	**$10.72**	$8.03	$5.07	$7.38	$3.33

EPS is considered as one of the financial performance targets in setting short-term incentives with the overall level of Senior Executives' compensation being aligned to the financial performance of the Group.

Share based incentive

Subject to Board discretion on a year on year basis, a share based incentive scheme is in place for all eligible employees of the Group where employees are gifted shares in Silver Chef subject to meeting profit targets set by the Board. In the FY16 year, the value of the shares gifted in respect of the FY15 financial year was $1,000 (FY14: $500) per eligible employee, resulting in the issue of 22,444 shares (FY14: 4,880 shares).

All full-time and permanent part-time employees who are employed by Silver Chef or its subsidiaries at the date set by the Board in respect of each share offer may participate in the Plan subject to minimum service requirements including twelve months employment with the Company.

Shares issued under the incentive scheme are allotted for a price equal to the volume weighted average price of shares on the ASX on the five trading days up to and including the day of issue. The number of shares issued is rounded down to the nearest whole number.

Employment contract – Executive Chairman

In March 2015, the Board agreed that Mr English would continue in the role of Executive Chairman until a suitable candidate for the Chief Executive Officer position was identified. The Board entered into an amended contract of employment with Mr English which took effect from 1 January 2015. The principal terms of that contract included: base remuneration comprising a fixed annual salary of $600,000, inclusive of any obligations under the superannuation guarantee legislation. Upon the appointment of a Chief Executive Officer, Mr English will transition back to the role of Non-Executive Chairman. At this time, Mr English's remuneration will return to Non-Executive Chairman's fees. On 27 January 2016, Mr English's contract was amended to part time employment (three days per week) and the existing remuneration structure was pro-rated.

Mr English is also eligible to participate in the Company's LTI scheme described above. However on the assumption that Mr English transitions back to the Non-Executive Chairman role in the short to medium term, the Board has elected to pay 100% of his LTI entitlement in the year and not hold back the 50% retention linked to four years compound EPS growth. The contract can be terminated within three months by either party, and in the event of termination or resignation, Mr English is entitled to any statutory entitlements to annual leave and long service leave, if applicable.

Employment contracts – Senior Executives

On 1 October 2015, Mr Damien Guivarra (previously Northern Region EGM) commenced in the role of Chief Operating Officer. The Chief Operating Officer has a service agreement which can be terminated within six months, and in the event of termination or resignation, he is entitled to any statutory entitlements to annual and long service leave if applicable.

The Chief Financial Officer has a service agreement which can be terminated within six months, and in the event of termination or resignation, he is entitled to any statutory entitlements to annual and long service leave if applicable.

Non-Executive Directors

Total remuneration for Non-Executive Directors has been set at a maximum of $310,000 in the aggregate, which was approved at the Annual General Meeting held on 24 October 2013.

Directors' fees cover all Board activities including attendance at committee meetings of the Board.

4.3 Remuneration report – audited (continued)

Remuneration of key management personnel

Details of the nature and amount of each major element of remuneration for each of the key management personnel are:

				Short-term		Long-term
In dollars		**Salary & fees**	**Non-monetary benefits**	**STI cash bonus**	**Long service leave**	**LTI cash bonus**
Executive Director						
Allan English	**2016**	**495,726**	**-**	**55,000**	**-**	**-**
	2015	464,232	7,556	185,693	-	-
Non-Executive Directors						
Andrew Kemp	**2016**	**50,000**	**-**	**-**	**-**	**-**
	2015	50,000	-	-	-	-
Bede King	**2016**	**50,000**	**-**	**-**	**-**	**-**
	2015	50,000	-	-	-	-
Sophie Mitchell	**2016**	**45,662**	**-**	**-**	**-**	**-**
	2015	46,605	-	-	-	-
Patrick Tapper	**2016**	**41,974**	**-**	**-**	**-**	**-**
	2015	-	-	-	-	-
Karen Penrose	**2016**	**-**	**-**	**-**	**-**	**-**
	2015	37,473	-	-	-	-
Total Executive Directors Remuneration	**2016**	**495,726**	**-**	**55,000**	**-**	**-**
	2015	464,232	7,556	185,693	-	-
Total Non-Executive Directors Remuneration	**2016**	**187,636**	**-**	**-**	**-**	**-**
	2015	184,078	-	-	-	-
Senior Executives						
Doug McAlpine CFO	**2016**	**336,550**	**-**	**36,000**	**-**	**34,000**
	2015	296,807	-	59,361	-	52,519
Damien Guivarra COO	**2016**	**280,384**	**-**	**50,000**	**-**	**46,000**
(appointed 1 October 2015)	2015	-	-	-	-	-
Total Senior Executives Remuneration	**2016**	**616,934**	**-**	**86,000**	**-**	**80,000**
	2015	296,807	-	59,361	-	52,519

Post-employment						**Share based**
Super -annuation	**Termination benefits**	**Options and rights**	**Shares and units**	**Total**	**Proportion of remuneration performance related**	**S300A Value of options as proportion of remuneration %**
34,999	**-**	**-**	**-**	**585,725**	**9%**	-
34,999	-	-	-	692,480	27%	-
-	**-**	**-**	**-**	**50,000**	**-**	**-**
-	-	-	-	50,000	-	-
-	**-**	**-**	**-**	**50,000**	**-**	**-**
-	-	-	-	50,000	-	-
4,338	**-**	**-**	**-**	**50,000**	**-**	**-**
3,395	-	-	-	50,000	-	-
3,987	**-**	**-**	**-**	**45,961**	**-**	**-**
-	-	-	-	-	-	-
-	**-**	**-**	**-**	**-**	**-**	**-**
3,520	-	-	-	40,993	-	-
34,999	**-**	**-**		**585,725**		
34,999	-	-		692,480		
8,325	**-**	**-**		**195,961**		
6,915	-	-		190,993		
37,130	**-**	**-**	**-**	**443,680**	**16%**	
28,196	-	-	-	436,883	26%	-
26,636	**-**	**-**	**-**	**403,020**	**24%**	**-**
-	-	-	-	-	-	-
63,766	**-**	**-**	**-**	**846,700**		
28,196	-	-	-	436,883		

4.3 Remuneration report – audited (continued)

Analysis of bonuses included in remuneration – audited

	Short-term incentive bonus	Long-term incentive bonus	Total
	Vested in year	**Deferred**	
Allan English	**55,000**	-	55,000
Doug McAlpine	**36,000**	34,000	70,000
Damien Guivarra	**50,000**	46,000	96,000

Amounts paid as short-term incentive bonuses vested during the year.

Movements in shares

The movement during the reporting period in the number of ordinary shares in Silver Chef Limited held, directly, indirectly or beneficially, by each key management person, included their related parties, is as follows:

2016	Held 1 July 2015	Purchased	Options exercised	Employee share scheme	Sold	Dividend reinvest-ment plan	Rights Issue	Held 30 June 2016
Directors								
Allan English	8,991,341	-	-	-	(50,000)	-	-	8,941,341
Andrew Kemp	1,008,672	-	-	-	-	-	-	1,008,672
Bede King	81,970	-	-	-	-	2,000	9,330	93,300
Sophie Mitchell	22,659	-	-	-	-	553	2,580	25,792
Patrick Tapper	-	9,164	-	-	-	-	1,019	10,183
Senior Executives								
Doug McAlpine	-	-	-	124	-	-	-	124
Damien Guivarra	30,153	-	-	228	-	-	-	30,381

Individual Directors and executives compensation disclosures

Apart from the details disclosed in this report, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

Key management personnel and Director transactions

Directors, or their related entities, hold or held positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. These entities transacted with the Group in the reporting period in relation to legal advice and capital raising in the normal course of business and reflect long standing relationships between the Group and those entities. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

In the view of the Company, these transactions do not compromise the independence of the associated Directors.

4.3 Remuneration report – audited (continued)

The aggregate amount recognised during the year relating to Directors and their personally-related entities, amounted to $768,882 (2015: $215,111). Details of the transactions are as follows:

	Transaction	Note	2016 $	2015 $
Bede King	Legal advice	(i)	102,323	102,611
Sophie Mitchell	Management and underwriting fees	(ii)	666,559	112,500
			768,882	**215,111**

i. Legal fees paid to Tobin King Lateef, a law firm in which Bede King is a partner. Services provided were on commercial terms as one of the Company's panel of legal firms.

ii. Fees paid to Morgans, a company in which Sophie Mitchell is a director, for services provided jointly with Wilson HTM Corporate Finance Pty Ltd, arising from capital raising on commercial terms.

4.4 Audit and risk management committee

The Board delegates oversight responsibility for risk management to the Audit and Risk Management Committee ("ARM Committee").

The purpose of the ARM Committee is to advise on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of Silver Chef. The ARM Committee operates with the primary objective to assist the Board of Directors in fulfilling the Board's responsibilities relating to the accounting, reporting and financial risk management practices of the Company.

The specific recommendation issued by the ASX Recommendations specifies that an ARM Committee comprise at least three Directors, all of whom are Non-Executive Directors, and a majority of whom are independent.

At the date of this report, the members of the Company's ARM Committee were Andrew Kemp, Bede King and Sophie Mitchell. The Company Secretary serves as Secretary to the Committee. In fulfilling their objectives, the ARM Committee meets at least three times each year. The main duties and responsibilities of the committee include:

- internal control framework including management information systems including oversight of the internal audit function;
- assessing corporate risk compliance with internal controls;
- management processes supporting external reporting;
- review of financial statements and other financial information distributed externally;
- review of the effectiveness of the external audit function;
- review of the performance and independence of the external auditors;
- review of the external audit function to ensure prompt remedial action by management, where appropriate, in relation to any deficiency in or breakdown of controls;
- assessing the adequacy of external reporting for the needs of shareholders;
- monitoring compliance with the Company's code of ethics;
- monitoring the procedures to ensure compliance with the *Corporations Act 2001*, the ASX Listing Rules and all other regulatory requirements; and
- addressing any matters outstanding with auditors, Australian Tax Office, Australian Securities Exchange, Australian Securities and Investments Commission and other regulators.

Operating and reporting

Meetings of the ARM Committee are held quarterly, with two meetings being focused on financial reporting to coincide with annual and half year financial reporting and the other two meetings dedicated to matters relating to risk management.

4.4 Audit and risk management committee (continued)

The Charter provides that the Executive Chairman and the Chief Financial Officer attend the ARM Committee meetings in an ex-officio capacity and external auditors are invited to attend all meetings. All Directors receive Committee papers and may also attend meetings on an ad hoc basis.

Prior to signing the Group's 2016 annual financial statements, Silver Chef's Executive Chairman and Chief Financial Officer report in writing to the ARM Committee that:

- the statement given in accordance with ASX Principles Recommendations best practice recommendation 7.2 and 7.3 and Section 295 of the *Corporations Act 2001* is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board; and
- the Company's risk management and internal compliance and control framework is operating efficiently and effectively in relation to financial risks.

4.5 Finance Committee

At the date of this report, the members of the Company's Finance Committee are Sophie Mitchell, Bede King and Andrew Kemp. Other Directors attend on an ad hoc basis. Members are required to be financially literate and include at least one, and preferably two, member(s) with past employment experience in finance.

The Charter provides that the Executive Chairman and the Chief Financial Officer attend all meetings of the Committee together with such other executives and management as may be invited by the Committee. The Company Secretary serves as Secretary to the Committee.

The Finance Committee has responsibility for the following in respect of Silver Chef and its subsidiaries from time to time, or as required:

a. considering and making recommendations to the Board concerning the formulation and monitoring of the Company's capital management strategy, including dividend payment strategies;
b. considering the Company's funding requirements and making recommendations to the Board concerning specific funding proposals;
c. monitoring borrowings from financial institutions and compliance with borrowing covenants;
d. formulating, approving and monitoring policies in relation to capital structure, treasury practices (cash management, payments processing and bank account administration) and the management of credit, debt structure, liquidity and market risks (interest rates, currency and commodity) assumed by the Company in the course of carrying on its business;
e. reviewing and making recommendations to the Board in relation to financial risks and exposure resulting from movements in interest rates and exchange rates, including the extent and methods of financial risk mitigation through hedging;
f. considering and reporting to the Board on such other matters as the Board may refer to the Committee from time to time; and
g. reviewing all ASX releases, broker presentations and releases containing any financial results or indicative forecasts.

4.6 Risk management

Quantitative disclosures are included throughout these consolidated financial statements in relation to the Group's exposure to risks, their objectives, policies and processes for measuring and managing risk and their management of capital.

Risk management approach

The approach to assessing risk is by identifying and managing risks that affect the business and enable the risks to be balanced against appropriate rewards and reflects our values, objectives and strategies.
The Company has established policies for the oversight and management of our material business risks.

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the ARM Committee, which is responsible for developing and monitoring risk management policies and the committee reports regularly to the Board of Directors on its activities.

4.6 Risk management (continued)

Risk management policies are established to identify and analyse the risks faced by the Group, set appropriate risk limits and controls, and monitor risks and adherence to limits which are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARM Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Executive Chairman (or his delegate) and Chief Financial Officer having ultimate responsibility to the Board for the Group's risk management and internal control activities. Arrangements put in place by the Board to monitor risk management include:

- regular reporting to the Board in respect of operations and the financial position of the Group;
- reports by the Chairman of the ARM Committee and circulation to the Board of the minutes of each meeting held by the ARM Committee;
- reports to the Board from the internal auditor on internal controls;
- presentations made to the Board throughout the year by appropriate members of the Group's Leadership Team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- any Director may request that operational and project audits be undertaken by management.

The Group's financial instruments comprise receivables, payables, bank loans, finance leases, cash, interest rate swaps and short-term deposits. Further details of the Group's policies relating to interest rate management, liquidity risk management, market risk management and credit risk management are included in note 26 to the consolidated financial statements.

Operational risk

Operational risk arises from direct or indirect loss from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure, external factors other than credit, and market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour. Operational risks can arise from all of the Group's operations.

The Group's objective is to manage operational risk to balance the avoidance of financial losses and damage to the Group's reputation with overall cost effectiveness and to minimise control procedures that restrict initiative and creativity.

The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management and is supported by the development of overall Group standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties, including the independent authorisation of transactions;
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- requirements for the reporting of operational losses and proposed remedial action;
- development of contingency plans;
- training and professional development;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

4.7 Ethical standards

Code of conduct and principles for doing business

The Board encourages the highest standards of ethical conduct by all Directors and employees of the Group and has adopted a Code of Ethics that sets out the principles and standards with which all Group officers and employees are expected to comply in the performance of their respective functions and which include:

- comply with the law;
- act honestly and with integrity;
- reduce the opportunity for situations to arise which result in divided loyalties or conflicts of interest;
- ensure there is responsibility and accountability for individuals for reporting and investigating reports of unethical practices;
- use Silver Chef's assets responsibly and in the best interests of Silver Chef shareholders; and
- be responsible and accountable for their actions.

Policies for reporting unethical practices and legal obligations are contained in the Company's Corporate Governance Charter.

4.8 Diversity

The Board is committed to having an appropriate blend of diversity in all levels of the organisation including for its key management personnel. The Board has established a policy regarding gender, age, ethnic and cultural diversity. The key elements of the diversity policy are to work towards:

- ensuring that the most suitable candidate for the role is appointed whilst ensuring that no gender or other bias influences the appointment of any candidate to any role; and
- an annual assessment by the Board of performance against the objectives.

Gender representation	June 2016		June 2015	
	Female	Male	Female	Male
Board representation	20%	80%	25%	75%
Leadership Team representation	20%	80%	30%	70%
Group representation	53%	47%	54%	46%

4.9 Trading in Silver Chef shares

Under the Company's Securities Trading Policy all employees (including Directors) may only buy and sell Silver Chef shares in accordance with the Policy which specifically states that Silver Chef employees are prohibited from buying and selling Silver Chef shares at any time if they are aware of any price sensitive information that has not been made public and during periods when a trading blackout applies.

4.10 Communication with shareholders

Silver Chef has in place procedures to ensure a level of disclosure that provides all investors with equal, timely, balanced and meaningful information.

The Company Secretary is accountable for the compliance with ASX Listing Rules and the Executive Chairman and Chief Financial Officer are responsible for monitoring the Company's activities in light of its continuous disclosure policy and where necessary discussing disclosure obligations with the Company Secretary and the Board.

The Group encourages communication with shareholders and other stakeholders in an open, regular and timely manner so that the market has sufficient information to make informed investment decisions on the operations and results of the Group.

4.10 Communication with shareholders (continued)

Mechanisms employed to ensure open and timely communications include:

- regular shareholder communications such as half-yearly reports and the full financial report;
- financial results presentations at the Company's Annual General Meeting;
- shareholder access to communications through Silver Chef's website; and
- utilising Boardroom Pty Limited, the Group's share registry service provider.

Shareholders are encouraged to attend and actively participate in Silver Chef's Annual General Meeting, and at the time of receipt of the Notice of Meeting, shareholders are invited to put forward questions that they would like addressed at that meeting.

5. PRINCIPAL ACTIVITIES

The principal activity of the Group is the rental and financing of commercial equipment. There have been no changes in the nature of those activities during the year.

6. OPERATING AND FINANCIAL REVIEW

Silver Chef Limited (referred to in this report as either "the Company" or "the Group") is a commercial equipment rental and financing company which provides flexible equipment funding solutions to small and medium sized businesses. The Group operates through two main segments:

- Silver Chef (Hospitality) which provides commercial equipment rental and financing solutions to small and medium sized businesses in the hospitality industry. Customer sectors in the Hospitality business include coffee shops, takeaway stores, independently owned restaurants and franchises. Silver Chef operates in Australia, New Zealand and Canada.
- GoGetta which provides commercial equipment rental and financing solutions to small and medium sized businesses in industries other than the hospitality industry. GoGetta was formed in 2007 to diversify the Group's industry exposure. GoGetta provides flexible funding solutions to a range of industry sectors. The majority of the Group's customers operate in the transport, light commercial vehicle and light construction sectors. GoGetta operates only in Australia.

Financial performance

The Group's financial performance for the year was pleasing, delivering strong growth in period on period net profit after tax to $22.4 million. The result includes a one-off after tax break cost of $1.0 million arising from early redemption of $30.0 million of loan notes on 14 September 2015. As a result, after adjusting for this the net profit after tax for the year is $23.4 million. The effect of the first year of deferring upfront origination costs is set out on the following page.

Group revenue for the 2016 financial year increased by 29% on the previous corresponding period, driven by a corresponding level of growth in the Group's average rental asset base, including long term finance leases. The Group continued to realise high utilisation of its rental asset base with assets subject to the reconditioning process constituting less than 10% of the total rental asset base.

Hospitality revenue grew 14% from $110.1 million to $125.5 million. Of this revenue, $14.3 million was generated by contracts in New Zealand and Canada. Growth in the New Zealand and Canadian rental asset bases during the year was pleasing given their relatively small starting positions. New Zealand and Canada are now both contributing positively to Group accounting profit. Domestic growth in the hospitality business exceeded expectations on the back of strong industry level expansion in the Company's key channels of restaurants, cafés and bars. The coffee channel also performed strongly during the year as we continue to support the expanding market of boutique coffee roasters who provide coffee machines to their customers through a free on loan program in partnership with Silver Chef.

EBITDA contribution as a percentage of asset cost improved slightly year on year, reflecting improved utilisation of the Company's asset base and more efficient leveraging of the Company's overhead structure. This trend is expected to continue moving forward as the GoGetta business reaches maturity and system efficiencies are effective in reducing growth in personnel costs. It should be noted however that the prior year EBITDA calculation includes $10.6 million upfront lease origination costs which are capitalised and depreciated with effect from FY16. After adjusting for these costs, underlying EBITDA performance remains strong.

6. OPERATING AND FINANCIAL REVIEW (CONTINUED)

GoGetta revenue grew 56% from $57.4 million to $89.5 million. The rate of revenue growth in the GoGetta business was driven by growth in the underlying GoGetta rental asset base which benefited from record originations of $160.1 million. This growth has been achieved through building deeper relationships with the equipment finance broker network by focusing on the two key channels of transport and construction. FY16 has proven that our unique rental product has significant appeal to small business operators in the transport and construction sectors and we have developed effective systems to manage the remarketing process should assets in the channels be returned to us in accordance with our flexible rental options.

Bad debts and asset impairment costs increased in FY16 largely as a consequence of growth in the GoGetta book. The hospitality business performed in line with historical trends. The GoGetta arrears position has grown substantially, but generally in line with growth in the underlying rental asset base. The Company has taken a more conservative position in respect of provisioning for bad debts in the GoGetta business.

The statutory net profit after tax for FY16 is calculated after also deferring costs associated with originating new rental contracts for the first time. Due to the relatively short duration of the Company's rental contracts the historical period to period effect of deferring upfront origination costs ("upfront costs"), had until this financial year not been material. The substantial volume of acquisitions written during this year relative to prior years now requires the Company to apply the cost deferral requirements of *AASB 117 Leases* with effect from 1 July 2015. Upfront costs are now deferred as part of the value of new plant and equipment financed under rental contracts and amortised over a twelve-month period. The effect of applying this cost deferral policy for the first time has increased net profit after tax for the year by $3.7 million which relates to prior periods. Ongoing application of this accounting standard will provide more accurate matching of upfront costs with the rental revenue streams created.

The following table calculates underlying net profit after tax for both FY16 and FY15 after taking into account the items discussed above:

$ millions	FY16	FY15	Change
Net profit after tax	22.4	15.5	45%
Add back loan note break costs	1.0	-	-
Net profit after tax but before one-off loan note break costs	23.4	15.5	51%
Less deferred cost impact relating to prior periods	(3.7)	0.9	-
Underlying net profit after tax	**19.7**	**16.4**	**20%**

Key financial performance information	2016 $000's	2015 $000's	2014 $000's	2013 $000's
Rental income	**203,608**	162,952	138,631	114,148
Lease interest	**17,393**	8,028	2,586	-
Other income	**81**	35	109	226
Total revenue	**221,082**	171,015	141,326	114,374
Depreciation and amortisation expense	**(94,914)**	(70,194)	(62,189)	(49,234)
Loss on sale of rental assets	**(9,128)**	(6,089)	(5,405)	(4,476)
Impairment of rental assets	**(8,807)**	(6,716)	(6,274)	(3,504)
Bad debt expense	**(6,248)**	(4,504)	(1,564)	(652)
Expenses from ordinary activities	**(26,779)**	(27,974)	(22,754)	(18,265)
Employee expenses	**(32,211)**	(25,470)	(18,258)	(14,845)
Finance costs	**(11,155)**	(7,779)	(6,950)	(6,817)
Profit before income tax expense	**31,840**	22,289	17,932	16,581
Income tax expense	**(9,484)**	(6,758)	(5,231)	(5,132)
Profit for the year	**22,356**	15,531	12,701	11,449
Basic earnings per share	**68.9 cents**	51.4 cents	43.4 cents	41.5 cents

Rental asset base

The key drivers of the Group's revenue are the growth and high utilisation of its rental assets and the growth of its long term rental contracts, recognised as finance leases, as illustrated below:

6. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Rental assets and lease receivables	2016 $000's	2015 $000's	2014 $000's	2013 $000's
Hospitality rental assets at cost*				
Australia	**219,185**	191,543	187,672	168,497
New Zealand	**18,105**	12,063	8,863	4,993
Canada	**14,544**	6,601	894	-
Hospitality lease receivables	**46,205**	18,677	5,376	-
Total Hospitality rental assets and lease receivables	**298,039**	228,884	202,805	173,490
GoGetta rental assets at cost*	**222,110**	117,619	90,094	83,948
GoGetta lease receivables	**19,096**	12,390	6,083	-
Total GoGetta rental assets and lease receivables	**241,206**	130,009	96,177	83,948
Total Group rental assets and lease receivables	**539,245**	358,893	298,982	257,438

*Rental assets at costs include capitalised upfront costs of lease origination.

Growth in the Hospitality rental asset base and lease receivables was above expectations and in total represents an increase of 30% since 30 June 2015. This growth has in part been achieved by growth in the Company's New Zealand and Canada operations.

Strong GoGetta growth for the year was achieved through increased focus in the truck and trailer market and new opportunities in the light commercial sector.

Capital management

During FY16 the Company established a new $300 million syndicated banking facility. This facility significantly enhanced the Company's available debt capacity and improved key terms and conditions relative to its historical bi-lateral financing arrangement. The facility enables Silver Chef to borrow directly in New Zealand and Canadian dollars and has a staggered maturity profile, which assists in reducing refinancing risk. Part of the proceeds from the refinancing were used to redeem all of the 8.50% Fixed Interest Notes with a face value of $30.0 million. These notes were redeemed on 14 September 2015 at a premium to face value of 103%. The refinancing of these notes will generate substantial interest savings over the period to the original maturity date of the notes in 2018.

In July 2016, the Company extended available capacity in its senior syndicated banking facility by $100 million. Extension of the facility is in line with the Group's long term financing strategy and provides further capacity to fund future growth in the Company's rental asset base. The additional $100 million tranche of senior debt matures in three years and was extended on similar terms to the existing $300 million facility which commenced in September 2015.

The Company successfully completed equity capital raisings in October 2015 and April 2016, placing shares to existing and new shareholders and raising a total of $33.9 million of additional equity capital net of costs. The funds raised from these placements are used entirely to fund growth in the Company's rental asset base and were conducted as part of Silver Chef's ongoing capital management strategy.

The Company continues to enjoy the support of its senior lenders and continuously reviews its capital requirements to ensure an appropriate mix and diversity of funding sources. The Company is making good progress in its discussions with a number of financiers around the application of a wholesale debt funding model to the Company's rental agreements and finance leases.

Cash flows and working capital

The Group continues to generate strong operating cash flow which is primarily reinvested in the Group's asset base. Asset funding is supplemented through debt and new equity raisings. Net operating cash flow grew by 16% to $119.7 million in line with growth in underlying earnings. Working capital deteriorated slightly year on year as a consequence of growth in the Company's arrears position linked to GoGetta. The working capital cycle associated with our customers in the transport and construction channels is inherently more volatile than that historically experienced in the hospitality business resulting in a higher level of arrears. At 30 June 2016 these arrears are appropriately provisioned in respect of our expectations of credit related losses. The Company continues to work with its customers to ensure we are providing them with the appropriate support during the critical early stages of their small businesses without exposing Silver Chef to an unsustainable level of credit losses.

6. OPERATING AND FINANCIAL REVIEW (CONTINUED)

Key cash flow information	2016 $000's	2015 $000's	2014 $000's	2013 $000's
Net operating cash flow	**119,741**	103,290	89,402	75,344
Cash from the sale of rental assets	**58,272**	48,287	35,064	24,236
Cash paid for new rental assets	**(282,879)**	(175,367)	(137,675)	(126,098)
Dividends paid	**(10,877)**	(7,606)	(6,891)	(7,179)
Net proceeds from borrowings	**110,636**	32,000	17,457	26,326
Proceeds from the issue of shares	**35,358**	9,000	3,658	8,779

Risks

The Company is subject to the risks of operating in the rental finance industry including general economic conditions, competitive pressures, credit risk, residual asset equipment risk and capital availability.

Credit risk is the risk that customers will not pay amounts due on time and will default. The Group uses a combination of product design and business process to manage this risk. These include:

- Receiving rental payments weekly in advance, by direct debit. This allows the credit teams to identify issues early if a customer begins to default.
- Receiving a security bond from the customer at the beginning of the contract. This bond is used to offset any overdue amounts owed if the customer defaults.
- The Group seeks to work with small business and their cash flow commitments, however if a contract remains in arrears for over six weeks, appropriate recovery action is implemented.

There has been no material change to the credit performance of the Group's contracts and bad debts have remained at between 2 and 3% of gross revenue, although the Group has started to observe a higher level of bad debt.

Residual asset risk is the risk that assets cannot be recovered from defaulting contracts and written off or where the assets are returned from contracts and not effectively remarketed. The Group uses a number of means to manage this risk including:

- Retaining title over its rental assets and registering its rental assets on the Personal Property Securities Register
- Using agents to recover assets on defaulting contracts, on a timely basis once it is determined that the customer's credit position cannot be satisfactorily repaired
- Managing any returned hospitality assets through one of the Group's service facilities. Returned assets are cleaned, serviced and remarketed through direct sale or placing the asset back onto a new rental contract
- Managing GoGetta assets which are returned or repossessed through established relationships in the vendor network.

Strategy and outlook

The Company continues to focus on delivering its ten year strategic plan. The Hospitality strategy is to continue to grow its core markets within Australia and to continue to build its presence in New Zealand and Canada. The GoGetta growth strategy is to retain focus within Australia and penetrate deeper into transport and light commercial vehicle markets while focusing on delivering the highest levels of customer service.

The Company will continue investing for the long term growth of the Company including improving the systems and processes that underpin the business and ensuring we achieve appropriate operational leverage.

7. DIVIDENDS

Dividends paid or declared by the Company to members since the end of the previous year were:

Type	Cents per share	Total amount $	Date of payment
Declared and paid during the year			
Final dividend – 2015	20.0	6,183,000	17 September 2015
Interim dividend – 2016	17.0	5,373,000	22 April 2016
		11,556,000	
			Proposed payment
Dividend declared – after year-end	25.0	8,787,916	16 September 2016

8. EVENTS SUBSEQUENT TO REPORTING DATE

A dividend of 25.0 cents per share, fully franked was declared by the Directors on 25 August 2016. The dividend has not been provided for in the 30 June 2016 financial report. The Dividend Reinvestment Plan has been reinstated.

In July 2016 the Company successfully increased its existing syndicated debt facility by $100 million.

9. DIRECTORS' INTERESTS

The relevant interests of each Director in the shares issued by the Company as notified by the Directors to Australian Securities Exchange in accordance with section 205G (1) of the *Corporations Act 2001*, at the date of this report is:

Name	Ordinary shares
Allan English	
English Family Foundation Pty Ltd <English Family Foundation A/C>	4,500,000
Tessana Pty Ltd <A English Family A/C>	4,149,956
Tessana Pty Ltd < Tessana Superannuation Fund >	291,385
	8,941,341
Andrew Kemp	
Huntington Group Pty Ltd	137,130
Huntington Group Pty Ltd <S Account>	533,412
Huntington Investment Services Pty Ltd	229,659
Manco (Aust) Pty Ltd	6,524
A P & A Kemp	101,947
	1,008,672
Bede King	
BF King & HJ King <King Superannuation Plan>	**93,300**
Sophie Mitchell	
Mitchelldangar Pty Ltd	**25,792**
Patrick Tapper	
Tapper Super Fund Pty Ltd <Tapper SMSF A/C>	**10,183**

Each of the persons listed above has a beneficial interest or an interest through an association in the shares registered in entities associated with each of the Directors.

10. SHARE OPTIONS

Options granted by Silver Chef Limited to Directors and officers of the Company

During the financial year, no options on ordinary shares were granted by the Company.

Unissued ordinary shares under options issued by Silver Chef Limited

At the date of this report there were no unissued shares of the Company under option.

11. INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

The Company has agreed to indemnify the Directors and Senior Executives of the Company and its controlled entities against all liabilities to another person (other than the Company or a related body corporate) that may arise from their positions as Directors and Officers of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Insurance premiums

The Company pays insurance premiums in respect of Directors' and Officers' liability and legal expense insurance contracts, for current and former Directors and Officers, including Senior Executives of the Company and Directors of its controlled entities. The premium and level of cover of this policy is deemed to be confidential and not disclosed in this report.

The insurance premiums relate to:

- Costs and expenses incurred by the relevant Officers in defending proceedings, whether civil or criminal and whatever their outcome; and
- Other liabilities that may arise from their position, with the exception of conduct involving willful breach of duty or improper use of information or position to gain a personal advantage.

12. NON-AUDIT SERVICES

During the year KPMG, the Company's auditor, has performed certain other services in addition to its statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- The non-audit services provided do not undermine the general principles relating to auditor independence as set out in *APES 110 Code of Ethics for Professional Accountants*, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out in Note 27 to the financial statements.

13. LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the lead auditor's independence declaration as required under Section 307C of the Corporations Act is included on page 81.

14. ROUNDING OFF

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

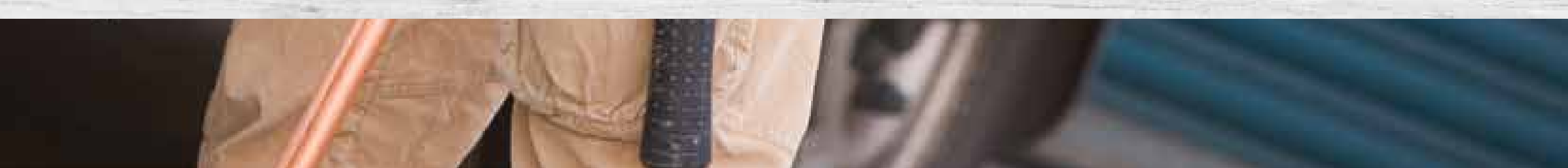
Signed in accordance with a resolution of Directors

Allan English
Executive Chairman

Brisbane
25 August 2016

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016



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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $000's	2015 $000's
Revenue	8	221,082	171,015
Depreciation and amortisation expense		(94,914)	(70,194)
Loss on sale of rental assets		(9,128)	(6,089)
Impairment of rental assets	12	(8,807)	(6,716)
Bad debt expense		(6,248)	(4,504)
Employee expenses	10	(32,211)	(25,470)
Expenses from ordinary activities	9	(26,779)	(27,974)
Finance costs	11	(11,155)	(7,779)
Profit before income tax		**31,840**	**22,289**
Income tax expense	14	(9,484)	(6,758)
Profit after income tax		**22,356**	**15,531**
Other comprehensive income (net of tax)			
Items that may be reclassified subsequently to profit or loss			
Cash flow hedge revaluation	24	(983)	-
Foreign currency translation differences – foreign operations	24	596	(386)
Total comprehensive income for the year attributable to owners of the Company		**21,969**	**15,145**
Dividend per share	22	**42.0 cents**	**36.0 cents**
Earnings per share			
Basic earnings per share	23	68.9 cents	51.4 cents
Diluted earnings per share	23	68.9 cents	51.4 cents

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	Number of shares on issue 000's	Share capital $000's	Retained earnings $000's	Reserves $000's	Total equity $000's
Balance at 1 July 2015	**30,918**	**55,739**	**28,370**	**(86)**	**84,023**
Total comprehensive income for the year					
Profit for the year	-	-	22,356	-	**22,356**
Foreign currency translation differences	-	-	-	596	**596**
Cash flow hedge reserve	-	-	-	(983)	**(983)**
Total comprehensive income for the year	**-**	**-**	**22,356**	**(387)**	**21,969**
Transactions with owners of the Company					
Dividends recognised and paid during the year	-	-	(11,566)	-	**(11,566)**
Share issue costs	-	(1,410)	-	-	**(1,410)**
Shares issued under employee share scheme	22	180	-	-	**180**
Shares issued under dividend reinvestment plan	84	689	-	-	**689**
Shares issued via placement	4,128	35,358	-	-	**35,358**
Total contributions by and distributions to owners of the Company	**4,234**	**34,817**	**(11,566)**	**-**	**23,251**
Balance at 30 June 2016	**35,152**	**90,556**	**39,160**	**(473)**	**129,243**

	Number of shares on issue 000's	Share capital $000's	Retained earnings $000's	Reserves $000's	Total equity $000's
Balance at 1 July 2014	**29,470**	**45,081**	**22,297**	**300**	**67,678**
Total comprehensive income for the year					
Profit for the year	-	-	15,531	-	15,531
Foreign currency translation differences	-	-	-	(386)	(386)
Total comprehensive income for the year	**-**	**-**	**15,531**	**(386)**	**15,145**
Transactions with owners of the Company					
Dividends recognised and paid during the year	-	-	(9,458)	-	(9,458)
Share issue costs	-	(225)	-	-	(225)
Shares issued under employee share scheme	5	31	-	-	31
Shares issued on exercise of options	-	-	-	-	-
Shares issued under dividend reinvestment plan	289	1,852	-	-	1,852
Shares issued via placement	1,154	9,000	-	-	9,000
Total contributions by and distributions to owners of the Company	**1,448**	**10,658**	**(9,458)**	**-**	**1,200**
Balance at 30 June 2015	**30,918**	**55,739**	**28,370**	**(86)**	**84,023**

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 $000's	2015 $000's
Assets			
Current assets			
Cash and cash equivalents	21A	5,676	1,570
Trade and other receivables	15	36,777	17,135
Current tax assets	18	1,404	1,369
Other assets	16	1,770	960
Total current assets		**45,627**	**21,034**
Non-current assets			
Trade and other receivables	15	43,678	21,995
Property, plant and equipment	12	335,355	219,544
Intangibles assets	13	3,141	1,724
Deferred tax assets	14	5,238	7,590
Total non-current assets		**387,412**	**250,853**
Total assets		**433,039**	**271,887**
Liabilities			
Current liabilities			
Trade and other payables	17	9,319	8,504
Customer security bonds payable		32,867	31,484
Loans and borrowings	19	467	475
Employee benefits	20	2,205	1,746
Total current liabilities		**44,858**	**42,209**
Non-current liabilities			
Trade and other payables		68	-
Customer security bonds payable		6,069	4,006
Loans and borrowings	19	249,584	140,672
Employee benefits	20	1,276	545
Other liabilities		537	432
Derivatives	26	1,404	-
Total non-current liabilities		**258,938**	**145,655**
Total liabilities		**303,796**	**187,864**
Net assets		**129,243**	**84,023**
Equity			
Share capital		90,556	55,739
Retained earnings		39,160	28,370
Reserves	24	(473)	(86)
Total equity		**129,243**	**84,023**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	Note	2016 $000's	2015 $000's
Cash flows from operating activities			
Receipts from customers		252,632	195,750
Payments to suppliers and employees		(119,656)	(74,260)
Finance costs paid		(10,278)	(7,560)
Interest received		49	35
Income taxes paid		(6,746)	(9,783)
GST (paid)/recovered		3,740	(892)
Net cash from operating activities	**21B**	**119,741**	**103,290**
Cash flows from investing activities			
Payments for plant and equipment		(305,003)	(184,043)
Proceeds from sale of plant and equipment		58,272	48,287
Net cash used in investing activities		**(246,731)**	**(135,756)**
Cash flows from financing activities			
Proceeds from borrowings		265,336	43,000
Repayment of borrowings		(154,700)	(11,000)
Repayment of finance leases		(475)	(440)
Transaction costs paid in relation to loans and borrowings		(2,136)	(154)
Proceeds from issue of shares		35,358	9,000
Transaction costs paid in relation to issue of shares		(1,410)	(225)
Dividends paid		(10,877)	(7,606)
Net cash from financing activities		**131,096**	**32,575**
Net increase in cash held		4,106	109
Cash at beginning of year		1,570	1,461
Cash and cash equivalents at end of year	**21A**	**5,676**	**1,570**

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. REPORTING ENTITY

Silver Chef Limited ("the Company") is a company domiciled in Australia. The address of the Company's registered office is Park Tower, 20 Pidgeon Close West End Qld 4101. The consolidated financial statements of the Company as at and for the year ended 30 June 2016 comprise the Company and its subsidiaries (together referred to as "the Group" and individually as "Group entities"). The Group is a for-profit entity and is primarily involved in the rental of commercial equipment.

2. BASIS OF PREPARATION

(a) Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial statements comply with International Financial Reporting Standards (IFRSs) adopted by the International Accounting Standards Board (IASB).

The consolidated financial statements were authorised for issue by the Board of Directors on 25 August 2016.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments that have been measured at fair value.

At year end there was a small surplus of current assets to current liabilities, which is summarised below.

	2016 $000's	**2015 $000's**
Current assets	45,627	21,034
Current liabilities	(44,858)	(42,209)
	769	**(21,175)**

Included in the consolidated current liabilities at 30 June 2016 is an amount of $32,867,000 of customer security bonds (30 June 2015 $31,484,000). The security bonds are an important part of the Group's business model and in commercial terms, perform as follows:

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

2. BASIS OF PREPARATION (CONTINUED)

(b) Basis of measurement (continued)

Except for those security bonds which are attached to a rental contract with a maturity date greater than 12 months, customer security bonds are classified as current as the Group does not have the unconditional right to defer repayment of the bonds for a period greater than 12 months in the majority of cases. In practice, not all customer security bonds are refunded within 12 months.

The balance of the bond liability is affected by movements in the rental asset base. Any decrease in the bond liability will usually be timed with the disposal of rental assets.

Another factor affecting the current ratio is the Group's cash management practices. The Group holds enough cash on hand to cover short term working capital requirements. The majority of the cash requirements are covered by the reliable, daily cash receipts from rental payments and other cash receipts which results in the Group not needing to hold large cash balances. Any excess cash is deployed in purchasing rental assets, returned to shareholders as dividend payments or used to pay down debt. This practice is supported by the Group's debt facilities, with the Group being able to draw down extra funds as required. At 30 June 2016, the Group had available undrawn facilities of $48.7 million. As described in Note 33, subsequent to 30 June 2016, the Company increased its senior syndicated debt facility by $100 million to $400 million.

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

(c) Functional and presentation currency

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

(d) Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2016 relate primarily to potential impairment against financial and non-financial assets. Information about these risks is in note 3 (l).

3. SIGNIFICANT ACCOUNTING POLICIES

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

i. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

ii. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Foreign currency translation differences arising on re-translation are recognised in profit or loss.

ii. Foreign operations

The assets and liabilities of foreign operations are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

(c) Financial instruments

i. Non-derivative financial assets and financial liabilities – recognition and de-recognition

The Group initially recognises loans and receivables and debt securities issued on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

ii. Non-derivative financial assets – measurement

Loans and receivables

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

iii. Non-derivative financial liabilities – measurement

Non-derivative financial liabilities are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments (continued)

iv. Derivative financial instruments and hedge accounting

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

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

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

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

v. Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

(d) Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

ii. Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

iii. Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the period of time that management estimates it can utilise the leased assets to generate income.

Items of property, plant and equipment are depreciated from the date that they are installed and ready for use.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

- rental assets –1 to 5 years
- fixtures and fittings –5 to 10 years
- computer equipment – 2 to 4 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate. Refer note 2(d).

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Property, plant and equipment (continued)

iv. Deferral of upfront costs

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

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

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

The impact from adopting this accounting policy during the financial year has been to capitalise costs of $23.7m with amortisation recognised in profit before tax of $11.4m and an increase in deferred tax liabilities of $3.7m.

(e) Intangible assets

i. Recognition and measurement

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

ii. Subsequent costs

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. All other expenditure is recognised in profit or loss as incurred.

iii. Amortisation

Intangible assets are amortised on a straight-line basis in profit or loss over their estimated useful lives from the date that they are available for use.

The estimated useful lives for the current and comparative years of significant intangible assets are as follows:

- software – 4 to 5 years
- intellectual property – 3 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(f) Leases – Group is lessee

i. Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether the arrangement is or contains a lease and if applicable the Group separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

ii. Leased assets

Assets held by the Group under leases that transfer to the Customer substantially all of the risks and rewards of ownership are classified as finance leases. The leased assets are measured initially at an amount equal to the lower of their fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the assets are accounted for in accordance with the accounting policy applicable to that asset.

Assets held under other leases are classified as operating leases and are not recognised in the Group's statement of financial position.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Leases – Group is lessee (continued)

iii. Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(g) Assets held for sale

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses on initial classification as held-for-sale and subsequent gains and losses on re-measurement are recognised in profit or loss.

Once classified as held-for-sale, property, plant and equipment are no longer depreciated.

(h) Employee benefits

i. Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value.

ii. Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

iii. Share-based payment transactions

The share option program (when in place) allows Group employees to acquire shares in the Company. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black – Scholes model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to share prices not achieving the threshold for vesting.

(i) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(j) Revenue

i. Contract rental income

The Group recognises revenue from its *Rent.Try.Buy.* and *Rent.Grow.Own.* contracts as rental income. Rental income from operating leases is recognised in profit or loss on a straight-line basis over the lease term as it falls due.

Operating leases arise where substantially all of the risks and benefits incidental to ownership of the leased asset remain with the Group. Receipts from operating leases are due and payable by the lessee on a weekly, or in some cases monthly, basis in advance.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Revenue (continued)

ii. Lease finance interest revenue

The Group recognises lease finance interest revenue by applying discount rates implicit in the lease balances receivable at the beginning of each payment period.

(k) Leases – Group is lessor

The Group has classified its long term contracts as finance leases for accounting purposes. Under a finance lease, substantially all the risks and benefits incidental to the ownership of the leased asset are transferred by the Group to the lessees. The Group recognises at the beginning of the lease term an asset at an amount equal to the aggregate of the present value (discounted at the interest rate implicit in the lease) of the minimum lease payments and an estimate of any unguaranteed residual value expected to accrue to the Group at the end of the lease term.

(l) Impairment

i. Non-derivative financial assets

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they are impaired. The main non-derivative financial assets held by the Group are contract debtors and lease receivables.

Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- indications that a debtor will enter bankruptcy; or
- adverse changes in the payment status of contract holders.

The Group considers evidence of impairment for their rental contract debtors at a collective level. Contracts in arrears are assessed and grouped together depending on their risk characteristics.

In assessing collective impairment, the Group uses historical information on the likelihood of recoveries, the total amount of security bonds held against the delinquent contracts and impairs the debtor ledger accordingly. Losses are recognised in profit or loss and reflected in an allowance account. When the Group has exhausted all reasonable efforts of recovery, the net book debt of the contract is written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets.

Impairment losses are recognised in profit or loss and reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(m) Finance income and finance costs

Finance income comprises interest income on funds invested. Interest income is recognised in profit or loss as it accrues.

Finance costs comprise interest expense on borrowings and are recognised in profit or loss using the effective interest method. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(n) Taxes

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Company and its wholly-owned Australian resident entities are part of a tax-consolidated group. As a consequence, all members of the tax-consolidated group are taxed as a single entity. The head entity within the tax-consolidated group is Silver Chef Limited. Foreign entities are taxed individually within their respective tax jurisdictions.

(o) Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or the proportionate share of the acquiree’s identifiable net assets. Acquisition related costs are expensed as incurred and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of *AASB 139 Financial Instruments: Recognition and Measurement*, is measured at fair value with the changes in fair value recognised in the statement of profit or loss.

4. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments

AASB 9, published July 2014, replaces existing guidance in *AASB 139 Financial Instruments: Recognition and Measurement*. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected loss model for calculating impairment on financial assets and the new general hedge accounting requirements. It also carries forward the guidance on recognition and de-recognition of financial instruments from AASB 139.

AASB 9 is effective for annual periods beginning on or after 1 January 2018 with early adoption permitted. The adoption of this standard is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes principles for reporting the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The new revenue standard will be mandatory for the Group's 30 June 2018 financial statements. The new standard is currently being assessed for the impact, if any, on the Group's future financial results.

AASB 16 Leases

AASB 16 was released by the AASB in early March 2016 and applies to financial reporting periods beginning on or after 1 January 2019 with early adoption permitted if an entity is applying, or has already applied *IFRS 15 Revenue from Contracts with Customers* at the same time.

The new standard does away with the current operating/finance lease distinction, requiring entities to recognise all but the lowest value leases on the balance sheet. The new standard is currently being assessed for impact on the future financial results of the Group.

5. DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (ie. as prices) or indirectly (ie. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value, at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. In respect of the liability component of finance leases, the market rate of interest is determined by reference to similar lease agreements.

Derivative financial instruments

Derivatives such as interest rate swaps, are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

5. DETERMINATION OF FAIR VALUES (CONTINUED)

Cash and cash equivalents

The carrying amount is an approximation of fair value as they are short term in nature or are receivable on demand.

Lease and trade receivables

The fair value of lease receivables is estimated by recalculating the receivable at the current effective rental rate as if the contract were entered into as at 30 June 2016.

The carrying value of trade receivables is an approximation of fair values as they are short term in nature.

Payables

The carrying amount of payables is an approximation of fair values as they are short term in nature.

Borrowings

The fair value of borrowings is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group.

Set out below is a comparison of the carrying amounts and fair values of financial assets and liabilities as at 30 June 2016 and 30 June 2015.

	30 June 2016		30 June 2015	
	Carrying amount $000's	Fair value $000's	Carrying amount $000's	Fair value $000's
Financial assets				
Cash and cash equivalents	5,676	5,676	1,570	1,570
Trade and other receivables	15,375	15,375	8,187	8,187
Lease receivables	65,080	65,080	30,943	30,943
Financial liabilities				
Payables	9,319	9,319	8,504	8,504
Borrowings	251,336	251,336	110,698	112,833
Derivatives	1,404	1,404	-	-

6. OPERATING SEGMENTS

The Group has two reportable segments based on the strategic management of the Group's underlying brands, being Hospitality and GoGetta. The brands are managed separately because they target distinctly different markets. For each of the strategic divisions, the Group's Executive Chairman (the chief operating decision maker) and other executive managers reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Hospitality – providing equipment rental finance predominantly to the hospitality industry; and
- GoGetta – Providing equipment rental finance to other industries.

Information about reportable segments

	Hospitality		GoGetta		Unallocated		Total	
	2016 $000's	**2015 $000's**	**2016 $000's**	**2015 $000's**	**2016 $000's**	**2015 $000's**	**2016 $000's**	**2015 $000's**
External revenue	125,546	110,119	89,476	57,368	6,060	3,528	221,082	171,015
Depreciation and amortisation	(52,766)	(47,549)	(40,120)	(21,312)	(2,028)	(1,333)	(94,914)	(70,194)
Interest expense	(6,234)	(4,943)	(4,872)	(2,747)	(49)	(89)	(11,155)	(7,779)
Loss on sale of property, plant and equipment	(4,018)	(3,398)	(5,110)	(2,688)	-	(3)	(9,128)	(6,089)
Bad and doubtful debt expense	(1,716)	(2,806)	(4,532)	(1,698)	-	-	(6,248)	(4,504)
Impairment on property, plant and equipment	(2,262)	(3,010)	(6,545)	(3,706)	-	-	(8,807)	(6,716)
Reportable segment profit before tax	**37,187**	**29,833**	**16,270**	**11,401**	**(21,617)**	**(18,945)**	**31,840**	**22,289**
Reportable segment assets	213,720	155,255	202,069	107,724	17,250	8,908	433,039	271,887
Property, plant and equipment acquired during year	122,788	90,289	160,091	87,097	-	-	282,879	177,385
Reportable segment liabilities	(172,248)	(124,021)	(124,570)	(59,368)	(6,978)	(4,475)	(303,796)	(187,864)

*Comparatives have been restated to reflect changes in current period segment classification

The geographic information below analyses the Group's revenue and non-current assets based on their geographical location.

	2016 $000's		**2015 $000's**	
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
Australia	206,754	359,640	162,999	235,482
New Zealand	7,744	13,825	5,981	9,340
Canada	6,584	13,947	2,035	6,031
Total	**221,082**	**387,412**	**171,015**	**250,853**

7. BUSINESS COMBINATIONS

On 21 March 2016, Silver Chef acquired 100% of a small Sydney-based FinTech business called Profitable Hospitality.

Profitable Hospitality is an online hospitality education business and has been an industry leader since 1994 with a vision to support the success and sustainability of operators in the hospitality industry by providing training manuals, recruitment and staff development tools, cost-control systems, webinars and marketing training.

Consideration paid on 21 March 2016 was $200,000 with a further $35,000 payable on each anniversary date for the next three years, bringing the total contracted purchase price to an undiscounted value of $305,000.

7. BUSINESS COMBINATIONS (CONTINUED)

Assets acquired and liabilities assumed

The fair values of the identifiable assets purchased in this transaction as at the date of acquisition were:

Assets	$
Intangible assets (subscriber list and learning materials)	300,000
Property, plant and equipment (office furniture and computer equipment)	5,000
Total identifiable net assets at fair value	**305,000**

From the date of acquisition, Profitable Hospitality contributed $31,400 of revenue and $2,400 to profit before tax from continuing operations of the Group.

Purchase consideration	$
Cash paid at settlement	200,000
Present value of deferred consideration (annually over 3 years)	103,011
Total consideration	**303,011**

8. REVENUE

	2016 $000's	2015 $000's
Rental income	203,608	162,952
Lease interest	17,393	8,028
Interest	49	35
Other income	32	-
Total revenue	**221,082**	**171,015**

9. EXPENSES FROM ORDINARY ACTIVITIES

	2016 $000's	2015 $000's
Cost of rental services	10,636	15,603
Other administrative expenses	13,140	10,688
Sales and marketing	3,003	1,683
Total expenses from ordinary activities	**26,779**	**27,974**

*Prior year comparatives have been restated to reflect changes in current period classification in order to better reflect the true nature of the expenses

10. EMPLOYEE BENEFITS EXPENSE

	2016 $000's	2015 $000's
Wages and salaries	26,743	21,350
Other associated personnel expenses	2,569	2,244
Superannuation expense	2,719	1,818
Long service leave	180	58
Total employee benefits expense	**32,211**	**25,470**

11. FINANCE COSTS

	2016 $000's	2015 $000's
Interest expense on financial liabilities measured at amortised cost	9,378	7,560
Amortisation of capitalised borrowing costs	1,777	219
Total finance costs	**11,155**	**7,779**

12. PROPERTY, PLANT AND EQUIPMENT

	2016 $000's	2015 $000's
Plant and equipment		
At cost	8,456	7,712
Less accumulated depreciation	(5,732)	(4,210)
Carrying amount of property, plant and equipment	**2,724**	**3,502**
Movements during the year		
Balance at 1 July	3,502	3,450
Additions	735	1,519
Depreciation expense	(1,519)	(1,246)
Disposals	-	(8)
Transfer to intangible assets	-	(222)
Effect of movement in exchange rates	6	9
Balance at 30 June	**2,724**	**3,502**
Rental assets		
At cost	473,944	327,826
Less accumulated depreciation	(134,765)	(107,486)
Less provision for impairment	(6,548)	(4,298)
Carrying amount of rental assets	**332,631**	**216,042**
Movements during the year		
Balance at 1 July	216,042	188,149
Additions	282,879	177,385
Capitalised upfront costs of lease origination	23,663	-
Depreciation and amortisation expense	(92,897)	(68,550)
Impairment loss*	(8,807)	(6,716)
Effect of movement in exchange rates	547	(181)
Assets converted to lease receivables	(30,892)	(22,172)
Disposals	(57,904)	(51,873)
Balance at 30 June	**332,631**	**216,042**
Total property, plant and equipment	**335,355**	**219,544**

*Impairment of rental assets: assessments are made monthly on the recoverable amount of returned assets and assets on contracts which have defaulted. No impairment losses have been reversed (2015: Nil). Recoverable amount is determined on a value in use basis and assumes that the estimated cash flows will be received within twelve months.

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	2016 $000's	2015 $000's
Assets leased out under operating leases and included in rental assets above		
At cost	450,943	308,849
Less accumulated depreciation and amortisation	(126,801)	(100,762)
Less provision for impairment	(4,641)	(2,547)
Balance at 30 June	**319,501**	**205,450**
Depreciation recognised in year	89,257	65,286

13. INTANGIBLE ASSETS

	2016 $000's	2015 $000's
Intangible assets		
Intangible assets at cost	5,971	4,056
Less accumulated amortisation	(2,830)	(2,332)
Carrying amount of intangible assets	**3,141**	**1,724**
Movements during the year		
Balance at 1 July	1,724	857
Additions	1,915	1,043
Transfer from plant and equipment	-	222
Amortisation expense	(498)	(398)
Balance at 30 June	**3,141**	**1,724**

14. TAXES

Current tax expense	2016 $000's	2015 $000's
Tax recognised in profit or loss		
Current year	7,132	7,508
Increase in deferred tax asset posted from equity	(760)	68
Deferred tax expense	3,112	(818)
	9,484	**6,758**

Reconciliation of effective tax rate	%	2016 $000's	%	2015 $000's
Profit for the year		22,356		15,531
Total tax expense		9,484		6,758
Profit before tax		**31,840**		**22,289**
Tax using the Company's domestic tax rate	30.00%	9,552	30.00%	6,687
Non-deductible expenses	0.16%	52	0.20%	44
Other	(0.36)%	(120)	0.10%	27
	29.80%	**9,484**	**30.30%**	**6,758**

14. TAXES (CONTINUED)

Unrecognised deferred tax assets	**2016 $000's**	**2015 $000's**
Deferred tax assets have not been recognised in respect of the following items:		
Capital tax losses	579	579
	579	**579**

Deferred tax assets in respect of capital losses have not been recognised because it is not probable that future taxable capital gains will be available against which the Group can utilise the benefits there from.

Recognised deferred tax assets and liabilities	**2016 $000's**	**2015 $000's**
Deferred tax liabilities		
Lease receivables	10,753	7,458
Deferred upfront costs	3,670	-
Plant and equipment	4	10
Intangibles	21	44
Other	22	7
Total deferred tax liabilities (temporary differences)	**14,470**	**7,519**
Deferred tax assets		
Rental assets	12,337	11,131
Allowance for impairment of receivables	1,759	1,120
Employee entitlements	1,125	698
Rental asset impairment	1,903	1,246
Other	1,741	622
Total deferred tax assets (temporary differences)	**18,865**	**14,817**
Deferred tax asset relating to tax losses carried forward	843	292
Total net deferred tax assets	**5,238**	**7,590**

Movement in deferred tax balances during the year	**2016 $000's**	**2015 $000's**
Deferred tax liabilities		
Lease receivables	3,297	4,047
Intangibles	(22)	(29)
Deferred upfront costs	3,670	-
Other	-	7
Deferred tax assets		
Rental assets	(1,185)	(3,032)
Plant and equipment	(113)	14
Allowance for impairment of receivables	(639)	(614)
Employee entitlements	(439)	(285)
Rental asset impairment	(657)	(482)
Tax losses	(553)	(292)
Accrued expenses	(247)	(124)
Deferred tax expense	**3,112**	**(818)**
Movement in deferred tax asset recognised directly in equity	(760)	68
Net movement in deferred tax balances during the year	**2,352**	**(750)**

15. TRADE AND OTHER RECEIVABLES

	2016 $000's	2015 $000's
Included in current receivables		
Trade receivables	20,602	11,544
Finance lease receivables	21,623	9,072
Other receivables	438	279
Allowance for impairment losses	(5,886)	(3,760)
Current receivables	**36,777**	**17,135**
Included in non-current receivables		
Finance lease receivables	43,678	21,995
Non-current receivables	**43,678**	**21,995**
Total receivables	**80,455**	**39,130**

Operating leases – Group is lessor

Plant and equipment is leased to various industries

Included in current receivables		
Lease commitments receivable	18,519	8,938
Less provision for impairment	(5,264)	(3,219)
Net operating lease commitments receivable	**13,255**	**5,719**

Future minimum lease receipts in respect of non-cancellable operating leases according to the time expected to elapse to the expected date of receipt:

Rental equipment		
Not later than one year	125,058	69,535
Total future minimum lease receipts	**125,058**	**69,535**

Rental contracts are normally for a minimum of twelve months duration.

Finance leases – Group is lessor		
Less than one year	37,897	19,387
Between one and five years	56,944	30,191
	94,841	**49,578**
Unearned interest income	(29,540)	(18,511)
Net finance lease receivables	**65,301**	**31,067**
The net investment in finance leases comprise:		
Less than one year	21,623	9,072
Between one and five years	43,678	21,995
Total net finance lease receivables	**65,301**	**31,067**

16. OTHER ASSETS

	2016 $000's	2015 $000's
Current		
Prepayments	1,770	960
	1,770	**960**

17. TRADE AND OTHER PAYABLES

	2016 $000's	2015 $000's
Current		
Creditors and accruals (unsecured)	7,475	7,150
Deferred rental revenue	1,844	1,354
	9,319	**8,504**

18. TAX ASSETS AND LIABILITIES

	2016 $000's	2015 $000's
Current		
Current tax receivable	1,404	1,369

19. LOANS AND BORROWINGS

	2016 $000's	2015 $000's
Current		
Finance lease liabilities (secured)	467	475
	467	**475**
Non-current		
Secured:		
Finance lease liabilities	-	468
Bank loans[1,2]	249,584	110,550
Unsecured:		
Corporate loan notes[3]	-	29,654
	249,584	**140,672**

1. In August 2015 the Group entered into a $300.0 million syndicated banking facility which significantly improved the key terms and conditions of Silver Chef's debt funding arrangements, including reducing pricing and increasing capacity to fund future growth. The syndicated facility created a staggered debt maturity profile over three years to August 2018 ($175.0 million limit) and five years to August 2020 ($125.0 million limit). The syndicate arrangements also provide the flexibility for the Group to borrow directly in New Zealand and Canadian dollars from overseas branches of the syndicate banks.

   Subsequent to balance date, the syndicated facility was increased by $100 million to allow the Company further head room and to fund acquisition growth. Maturity of this debt extension is three years to July 2019.

2. The prior year balance comprised total senior secured facility limits to $140.0 million. This facility was fully repaid in September 2015 on commencement of the syndicated banking facility.

3. The corporate loan notes were senior, unsecured, unsubordinated notes with a face value of $30.0 million at a fixed coupon rate of 8.5% per annum and a maturity date of 14 September 2018. The notes were redeemed on 14 September 2015 at a premium to face value of 103% and incurred break costs of $1m after tax.

	2016 $000's	2015 $000's
Summary of available facilities		
Finance lease liabilities secured by respective plant and equipment	477	477
Commercial bills secured by way of a fixed and floating charge over the Group's assets	-	29,302
Syndicated debt facility	48,664	-

19. LOANS AND BORROWINGS (CONTINUED)

Finance lease payment commitments – Group is lessee

	2016			2015		
	Future minimum lease payments $000's	**Interest $000's**	**Present value of minimum lease payments $000's**	**Future minimum lease payments $000's**	**Interest $000's**	**Present value of minimum lease payments $000's**
Less than one year	486	18	468	529	54	475
Between one and five years	-	-	-	486	18	468
Total	**486**	**18**	**468**	**1,015**	**72**	**943**

20. EMPLOYEE BENEFITS

	2016 $000's	**2015 $000's**
Current		
Annual leave payable	1,651	1,247
Long service leave payable	193	87
Other employee benefits payable	361	412
	2,205	**1,746**
Non-current		
Long service leave payable	412	349
Other employee benefits payable	864	196
	1,276	**545**

21A. CASH AND CASH EQUIVALENTS

	2016 $000's	**2015 $000's**
Bank balances	5,676	1,570
Cash and cash equivalents in the statement of cash flows	**5,676**	**1,570**

21B. RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES

	2016 $000's	2015 $000's
Profit for the year	**22,356**	**15,531**
Adjustments for:		
Depreciation	82,988	69,796
Amortisation of deferred upfront costs	11,428	-
Amortisation of borrowing costs	877	219
Amortisation of intangible assets	498	398
Impairment loss on receivables	2,126	2,067
Impairment provision on rental assets	9,006	6,716
Loss on sale of fixed assets	9,128	6,089
Employee share scheme expense	-	183
Deferral of commissions	(23,662)	-
Change in tax assets and liabilities	2,738	(3,025)
Change in trade receivables	(14,700)	(2,723)
Change in lease receivables	8,366	3,229
Change in other current assets	(810)	(338)
Change in creditors and accruals	3,910	(192)
Change in deferred revenue, advances and bonds	3,935	4,520
Change in provision for employee benefits	1,557	820
Net cash provided by operating activities	**119,741**	**103,290**

22. DIVIDENDS

The following dividends were declared and paid by the Group.

	Cents per share	Total amount $000's	Franked/ unfranked	Date of payment
2016				
Final dividend – 2015	20.0	6,188	Fully franked	17 September 2015
Interim dividend – 2016	17.0	5,378	Fully franked	22 April 2016
	37.0	**11,566**		
2015				
Final dividend – 2014	16.0	4,716	Fully franked	26 September 2014
Interim dividend – 2015	16.0	4,742	Fully franked	24 March 2015
	32.0	**9,458**		

Subsequent event

After 30 June 2016, the following dividends were declared by the Directors. The dividends have not been provided for and there are no income tax consequences.

	Cents per share	Total amount $000's	Date of payment
Final dividend 2016	25.0	$8,788	16 September 2016

22. DIVIDENDS (CONTINUED)

Franking account balance

The ability to utilise the franking credits is dependent upon the ability to declare dividends. In accordance with the tax consolidation legislation, the Company as head entity in the tax consolidated group has also assumed the benefit of $21,207,000 (2015: $19,699,000) franking credits. The amount of franking credits available to shareholders for subsequent financial years is as follows:

	2016 $000's	2015 $000's
Franking account balance as at the end of the financial year at 30% (2015: 30%)	21,207	19,699
Franking (debits)/credits that will arise from the refund/payment of income tax payable as at the end of the financial year	(1,404)	(1,262)
	19,803	**18,437**

23. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2016 was based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding. Both the current and prior year's earnings per shares calculations have been adjusted for the bonus component of the rights issue which occurred in April 2016.

Profit attributable to ordinary shareholders	2016 $000's	2015 $000's
Profit for the year	22,356	15,531
Weighted average number of ordinary shares	**000's**	**000's**
Issued ordinary shares at 1 July	30,918	29,470
Effect of shares issued under the dividend reinvestment plan	65	160
Effect of shares issued under the employee share scheme	18	4
Effect of shares issued under placement	1,170	288
Effect of rights issue bonus shares	284	284
Weighted average number of ordinary shares at 30 June	**32,455**	**30,206**

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2016 was based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares:

Profit attributable to ordinary shareholders (diluted)	2016 $000's	2015 $000's
Profit for the year	22,356	15,531
Weighted average number of ordinary shares (diluted)	**000's**	**000's**
Weighted average number of ordinary shares (basic)	32,455	30,206
Effect of employee share based payment transactions	-	-
Weighted average number of ordinary shares at 30 June	**32,455**	**30,206**

24. CAPITAL AND RESERVES

Share capital	2016 000's	2015 000's
On issue at 1 July	30,918	29,470
Issued under dividend reinvestment plan	84	289
Issued via placement	4,128	1,154
Issued under employee share scheme	22	5
On issue at 30 June	**35,152**	**30,918**

Ordinary shares

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. All shares rank equally with regard to the Company's residual assets.

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Issue of ordinary shares

During the period, 84,349 shares were issued under the dividend reinvestment plan at $8.20 (2015: 122,524).
In September 2015, 22,444 shares were issued under the employee share scheme at $8.04 per share.
In October 2015, 611,112 shares were issued under share placement at $9.00 per share.
In April 2016, 3,516,522 shares were issued under the Institutional and Retail Entitlement Offers at $8.50 per share.

Shares issued under employee share scheme

Shares are allotted for a price equal to the closing price of shares on the ASX on the trading day prior to issue. Issue price is based on the five day VWAP (being the period commencing one day after the results are released to the ASX and the offer is despatched to eligible employees). The number of shares issued will be rounded down to the nearest whole number.

All full-time and permanent part-time employees that are employed by Silver Chef Limited or its subsidiaries at the date set by the Board in respect of each Offer may participate in the employee share scheme.

Translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of foreign operations.

Translation reserve	2016 $000's	2015 $000's
Opening balance	(86)	300
Movements	596	(386)
Closing balance 30 June	**510**	**(86)**

Cash flow hedge reserve

The cash flow hedge reserve comprises the effective portion of the fair value movement in the Company's interest rate swaps.

Cash flow hedge reserve	2016 $000's	2015 $000's
Opening balance	-	-
Movements	(983)	-
Closing balance 30 June	**(983)**	**-**

25. OPERATING LEASES – GROUP IS LESSEE

	2016 $000's	2015 $000's
Leases as lessee		
Not later than one year	1,234	1,071
Later than one year not later than five years	4,630	5,182
More than five years	-	495
	5,864	**6,748**

The Group leases its office and warehouse facilities under operating leases. The leases run for up to 10 years, with an option to renew after the expiry date. The Group also leases some office equipment under operating leases. The total operating lease expense recognised in profit or loss for the year ended 30 June 2016 was $1,405,000 (2015: $1,177,000).

26. FINANCIAL INSTRUMENTS

(a) Financial risk management

i. Overview

The Group's principal financial instruments comprise receivables, payables, loans, interest rate swap, borrowings, cash and cash equivalents.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk and the Group's management of capital.

ii. Risk management framework

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board has established the Audit and Risk Management Committee ("ARM Committee"), which is responsible for developing and monitoring the Group's risk management policies. The ARM Committee reports regularly to the Board on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The ARM Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Responsibility for control and risk management is delegated to the appropriate level of management within the Group with the Executive Chairman and Chief Financial Officer having ultimate responsibility to the Board for the Group's risk management and internal control activities. Arrangements put in place by the Board to monitor risk management include:

- regular monthly reporting to the Board in respect of operations and the financial position of the Group;
- reports by the Chairman of the ARM Committee and circulation to the Board of the minutes of each meeting held by the ARM Committee;
- reports to the Board from the internal auditor on internal controls;

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Financial risk management (continued)

- presentations made to the Board throughout the year by appropriate members of the Group's leadership team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk; and
- any Director may request that operational and project audits be undertaken by management.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

i. Exposure to credit risk

The carrying amount of financial assets represents the maximum exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016 $000's	2015 $000's
Cash and cash equivalents	5,676	1,570
Trade and other receivables	21,040	11,823
Finance lease receivables	65,301	31,067
	92,017	**44,460**

ii. Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Each customer is assessed for creditworthiness and on their potential to service their rental agreement. The credit approval process is tiered depending on the total contract exposure of each customer.

The Group's exposure to credit risk is minimised through the nature of its business model. Weekly rental payments are received in advance by direct debit which provides opportunities to identify delinquent customers early. Security is held against most contracts by a security bond paid by the customer at the beginning of the contract and the Group maintains title over the rental assets. In some cases, where the individual client exposure is higher than the average contract, personal guarantees or other collateral may be obtained.

In monitoring customer credit risk, customers who are in arrears are grouped together according to the likelihood of successful repayment or recovery. An estimate for incurred losses is then made after taking into account the bond held to offset any losses.

The Group has established an allowance for impairment that represents the estimate of incurred losses in respect of trade and other receivables.

The ageing of trade receivables at 30 June is detailed below:

	2016 $000's		2015 $000's	
	Gross	**Allowance**	**Gross**	**Allowance**
Not past due	1,228	-	2,188	-
Past due 1–4 weeks	4,287	(239)	2,098	(58)
Past due 5–7 weeks	1,723	(230)	627	(87)
Past due 8–12 weeks	2,110	(444)	776	(215)
Past due +12 weeks	11,254	(4,752)	5,855	(3,276)
Total trade receivables	**20,602**	**(5,665)**	**11,544**	**(3,636)**

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit risk (continued)

Receivables past due but not considered impaired in the Group is $13,709,000 (2015: $5,720,000).

Management is satisfied that payment will be received in full or holds sufficient bond to offset amounts owed. There are bonds available of $4,960,000 (2015: $2,516,000) to be applied against the operating lease arrears position.

Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received in full.

iii. Finance lease receivables

The Group also provides longer term asset rentals which are recognised as finance leases. To qualify for one of the long term rental arrangements, a customer must have rented their assets for a period of 12 months on an operating lease with a good payment history before converting to a long term rental contract, or be eligible for a long term franchise finance lease. The Group has recourse to the underlying asset which provides additional credit risk protection in the event of customer default.

The ageing of finance lease receivables at 30 June is detailed below:

	2016 $000's		2015 $000's	
	Gross	Allowance	Gross	Allowance
Not past due	53,299	-	26,929	-
Past due 1–4 weeks	5,501	(12)	2,281	(3)
Past due 5–7 weeks	1,594	(7)	548	(9)
Past due 8–12 weeks	1,617	(15)	332	(2)
Past due +12 weeks	3,290	(187)	977	(110)
Total finance lease receivables	**65,301**	**(221)**	**31,067**	**(124)**

There are bonds available of $596,000 (FY15: $187,000) to be applied against the finance lease arrears position.

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

	2016 $000's	2015 $000's
Balance at 1 July	3,760	1,693
Impairment loss recognised	9,989	5,887
Amounts written off	(7,863)	(3,820)
Balance at 30 June	**5,886**	**3,760**

iv. Cash and cash equivalents

The Group held cash and cash equivalents of $5,676,000 at 30 June 2016 (2015: $1,570,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank counterparties with a credit rating of AA- or better.

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk (continued)

The Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected net cash outflows over the succeeding 30 days. In addition, the Group maintains a level of undrawn finance facilities which are detailed in note 19.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

30 June 2016	Less than 6 months $000's	6–12 months $000's	More than 1 and less than 5 years $000's	More than 5 years $000's	Total $000's
Non-derivative financial instruments					
Trade accounts payable	7,475	-	-	-	7,475
Customer security bonds	20,151	12,716	6,069	-	38,936
Secured bank facilities	5,072	5,072	272,764	-	282,908
Finance lease liabilities	265	221	-	-	486
	32,963	**18,009**	**278,833**	**-**	**329,805**

30 June 2015	Less than 6 months $000's	6–12 months $000's	More than 1 and less than 5 years $000's	More than 5 years $000's	Total $000's
Non-derivative financial instruments					
Trade accounts payable	7,150	-	-	-	7,150
Customer security bonds	22,716	8,768	4,006	-	35,490
Secured bank facilities	1,777	1,777	112,489	-	116,043
Corporate loan notes	1,275	1,275	38,925	-	41,475
Finance lease liabilities	265	264	486	-	1,015
	33,183	**12,084**	**155,906**	**-**	**201,174**

The Group's secured bank facilities contain debt covenants. A breach of any covenant may require the Group to repay the facility or redeem the notes earlier than indicated in the above table. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

As disclosed in Note 2(b), the Group holds customer security bonds as part of its business model. The repayment of these security bonds will normally be timed with the paying out of a contract or the return of rental assets.

(d) Market risk

Market risk is the risk that changes in market prices, such as interest rates, will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

At balance date, the Group had the following mix of financial assets and liabilities exposed to Australian variable interest rate risk:

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (continued)

	2016 $000's	2015 $000's
Financial assets – current		
Cash and cash equivalents	5,676	1,570
Financial liabilities – non current		
Secured bank facilities	251,336	110,698

At 30 June 2016, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2016 $000's	2015 $000's	2016 $000's	2015 $000's
+0.5% (50 basis points)	(510)	(347)	-	-
-0.5% (50 basis points)	510	347	-	-

i. Derivatives

	2016 $000's	2015 $000's
Interest rate swap at fair value	1,404	-
Total derivatives	**-**	**-**

The Company commenced using an interest rate swap as a derivative financial instrument effective from 7 December 2015 to manage its interest rate risk as permitted under the Group's risk management policy. It is being used exclusively for hedging purposes and not for trading or speculative purposes.

Silver Chef has an interest rate swap agreement to fix the floating interest rate component for $100 million of its debt facility for three years maturing December 2018. The interest rate swap agreement entitles the Company to receive monthly interest at a floating rate on the notional value of $100 million and obligates it to pay monthly interest at a fixed rate.

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

ii. Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

26. FINANCIAL INSTRUMENTS (CONTINUED)

(d) Market risk (continued)

	Level 1 $000's	Level 2 $000's	Level 3 $000's	Total $000's
Derivatives				
Interest rate swap used for hedging – 30 June 2016	-	1,404	-	1,404
Interest rate swap used for hedging – 30 June 2015	-	-	-	-
Total financial liabilities carried at fair value	**-**	**1,404**	**-**	**1,404**

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

iii. Currency risk

The Group's exposure to currency risk was minimised by setting up facility limits to be drawn in all three functional currencies of the Group under its syndicated debt facility – Australian dollars (AUD), New Zealand dollars (NZD) and Canadian dollars (CAD). The existing limits are comprised of AUD$248 million, AUD$20 million drawable in either NZD or AUD, and a limit of CAD$30 million. The currency of borrowings can now be matched to the cash flows underlying the operations of the Group but the currency in which borrowings are primarily denominated is the AUD.

The Group monitors its exposure to currency risk and considers existing positions, obtaining loans in currencies that match the cash flows generated by the operations of the Group and alternate hedging positions.

(e) Capital management

The Board's policy is to maintain a strong capital base (which includes reserves and ordinary shares) so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net profit after income tax over average shareholders' equity. In 2016, return on capital was 21% (2015: 20.5%).

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

The Group's gearing target is to fund no more than 70% of the carrying amount of the Group's rental assets and lease receivable by interest bearing debt. At 30 June 2016 this was calculated as follows:

	2016 $000's	2015 $000's
Interest bearing debt (current and non-current)	250,052	141,147
Carrying amount of rental assets and lease receivables	383,536	246,659
Ratio of interest bearing debt to carrying amount of rental assets	**65%**	**57%**

- to maintain shareholder equity at around 30% of total assets. At 30 June 2016 this was calculated as follows:

	2016 $000's	2015 $000's
Total equity	129,243	84,023
Total assets	433,039	271,887
Ratio of total equity to total assets	**30%**	**31%**

26. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Capital management (continued)

- to maintain an adjusted debt to adjusted debt plus equity ratio of between 60% to 65%. For the purposes of this calculation, adjusted debt is calculated as interest bearing debt less cash. At 30 June 2016 this was calculated as follows:

	2016 $000's	2015 $000's
Interest bearing debt	250,052	141,147
Less cash and cash equivalents	5,676	1,570
Adjusted debt	**244,376**	**139,577**
Total equity	129,243	84,023
Adjusted debt plus total equity	**373,619**	**223,600**
Adjusted debt to adjusted debt plus equity	**65%**	**62%**

27. AUDITOR REMUNERATION

	2016 $	2015 $
Audit and review of financial reports	129,000	143,250
Services other than audit work		
Taxation services	89,472	88,577
Other services	15,000	-
Total	**233,472**	**231,827**

28. CONTINGENCIES

Bank guarantees totalling $593,000 exist as at 30 June 2016 (2015: $597,000).

29. PARENT ENTITY INFORMATION

As at, and throughout the financial year ended 30 June 2016, the parent company of the Group was Silver Chef Limited.

	2016 $000's	2015 $000's
Result of the parent entity		
Profit for the year	9,728	7,172
Other comprehensive income	(983)	-
Total comprehensive income for the period	**8,745**	**7,172**
Financial position of the parent entity at year end		
Current assets	54,268	36,205
Total assets	372,429	237,698
Current liabilities	3,840	3,120
Total liabilities	260,823	158,089
Total equity of the parent entity comprising of:		
Share capital	90,556	55,738
Retained earnings	22,033	23,871
Cash flow hedge reserve	(983)	-
Total equity	**111,606**	**79,609**

29. PARENT ENTITY INFORMATION (CONTINUED)

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity is part of the Group loan arrangement for the syndicated banking facility which secures the Group's assets against that facility.

The parent entity has entered into a Deed of Cross Guarantee with the effect that the Company guarantees debts in respect of certain subsidiaries.

Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed are disclosed in note 31.

30. CONTROLLED ENTITIES

	Balance date	Country of Incorporation	% of Shares held	
			2016	**2015**
Silver Chef Finance Company Limited	30 June	Australia	100	100
Silver Chef Rentals Pty Ltd	30 June	Australia	100	100
GoGetta Equipment Funding Pty Ltd	30 June	Australia	100	100
Silver Chef Rentals Limited	30 June	New Zealand	100	100
Launch Point Pty Ltd	30 June	Australia	100	100
Silver Chef Rentals Inc	30 June	Canada	100	100

31. DEED OF CROSS GUARANTEE

Pursuant to ASIC Class Order 98/1418 (as amended) dated 13 August 1998, the wholly-owned subsidiaries listed below are relieved from the *Corporations Act 2001* requirements for preparation, audit and lodgement of financial reports, and Directors' reports.

It is a condition of the Class Order that the Company and the subsidiaries enter into a Deed of Cross Guarantee. The effect of the Deed is that the Company guarantees to each creditor payment in full of any debt in the event of winding up of the subsidiaries under certain provisions of the *Corporations Act 2001*. If a winding up occurs under other provisions of the Act, the Company will only be liable in the event that after six months any creditor has not been paid in full. The subsidiaries have also given similar guarantees in the event that the Company is wound up.

In 2016, the subsidiaries subject to the Deed were Silver Chef Finance Company Limited, Silver Chef Rentals Pty Ltd and GoGetta Equipment Funding Pty Ltd.

A consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2016 is set out as follows:

Statement of profit or loss and other comprehensive income	**2016 $000's**	**2015 $000's**
Revenue	206,754	163,000
Expenses from ordinary activities	(156,565)	(127,233)
Finance costs	(10,730)	(7,645)
Loss on sale of plant and equipment	(8,401)	(5,545)
Profit before income tax	**31,058**	**22,577**
Tax expense	(9,221)	(6,715)
Profit after income tax	**21,837**	**15,862**
Other comprehensive income	(983)	-
Total comprehensive income attributable to members of the parent	**20,854**	**15,862**

31. DEED OF CROSS GUARANTEE (CONTINUED)

Statement of financial position	2016 $000's	2015 $000's
Assets		
Cash and cash equivalents	3,320	770
Trade and other receivables	35,399	16,521
Current tax receivable	1,583	1,369
Other assets	1,568	174
Total current assets	**41,870**	**18,834**
Trade and other receivables	58,734	21,344
Property plant and equipment	311,278	205,204
Intangibles	3,025	1,583
Deferred tax assets	4,184	7,352
Total non-current assets	**377,221**	**235,483**
Total assets	**419,091**	**254,317**
Liabilities		
Trade and other payables	37,825	21,763
Loans and borrowings	467	475
Employee benefits	2,145	1,699
Total current liabilities	**40,437**	**23,937**
Non-current liabilities		
Trade and other payables	6,126	4,393
Loans and other borrowings	240,974	140,672
Employee benefits	1,276	545
Derivative financial instruments	1,404	-
Total non-current liabilities	**249,780**	**145,610**
Total liabilities	**290,217**	**169,547**
Net assets	**128,874**	**84,770**
Equity		
Share capital	90,556	55,740
Retained earnings	39,301	29,030
Reserves	(983)	-
Total equity	**128,874**	**84,770**

32. RELATED PARTIES

(a) Key management personnel compensation

The key management personnel compensation comprised:

	2016 $000's	2015 $000's
Short-term employee benefits	1,441,296	1,264,407
Other long-term benefits	80,000	67,387
Post-employment benefits	107,090	76,099
	1,628,386	**1,407,893**

(b) Individual Directors and executives compensation disclosures

Information regarding individual Directors and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the remuneration report section of the Directors' report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year-end.

The aggregate amount recognised during the year relating to Directors and their personally-related entities, amounted to $768,882 (2015: $215,111). Details of the transactions are as follows:

	Transaction	Note	2016 $	2015 $
Bede King	Legal advice	(i)	102,323	102,611
Sophie Mitchell	Management and underwriting fees	(ii)	666,559	112,500
			768,882	**215,111**

i. Legal fees paid to Tobin King Lateef, a law firm in which Bede King is a partner. Services provided were on commercial terms as one of the Company's panel of legal firms.

ii. Fees paid to Morgans, a company in which Sophie Mitchell is a director, for services provided jointly with Wilson HTM Investment Group Ltd, arising from capital raising on commercial terms.

33. EVENTS SUBSEQUENT TO BALANCE DATE

A dividend of 25.0 cents per share, fully franked was declared by the Directors on 25 August 2016. The dividend has not been provided for in the 30 June 2016 financial report. The Dividend Reinvestment Plan has been reinstated.

In July 2016 the Company successfully increased its existing syndicated debt facility by $100 million.

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Silver Chef Limited (the Company):
   a. the consolidated financial statements and notes that are set out on pages 43 to 77 and the Remuneration report in section 4.3 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:
      i. giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and
      ii. complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
   b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. There are reasonable grounds to believe that the Company and the group entities identified in note 30 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Executive Chairman and Chief Financial Officer for the financial year ended 30 June 2016.
4. The Directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Allan English
Executive Chairman

Brisbane
25 August 2016

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SILVER CHEF LIMITED

KPMG

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Silver Chef Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2016, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that is free from material misstatement whether due to fraud or error. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements,* that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in section 4.3 of the Directors' report for the year ended 30 June 2016. The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Silver Chef Limited for the year ended 30 June 2016, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Jillian Richards

Jillian Richards
Partner

Brisbane
25 August 2016

LEAD AUDITOR'S INDEPENDENCE DECLARATION

UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

To: The Directors of Silver Chef Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

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

KPMG

KPMG

Jillian Richards

Jillian Richards
Partner

Brisbane
25 August 2016

ASX ADDITIONAL INFORMATION

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

SHAREHOLDINGS AS AT 16 AUGUST 2016

The number of substantial shareholders and their associates is set out below:

Shareholder	Number of ordinary shares
English Family Foundation <English Family Foundation A/C>	4,350,000
Tessana Pty Ltd < A English Family A/C>	4,149,956
JP Morgan Nominees Australia Limited	3,573,071
National Nominees Limited	2,225,795
BNP Paribas Nom Pty Ltd	1,858,468

VOTING RIGHTS

Ordinary shares

Every holder of ordinary shares has the right to receive notices of, to attend and to vote at the general meetings of the Company. On a show of hands every shareholder present at a meeting in person or by proxy, attorney or representative is entitled to one vote and upon a poll each share is entitled to one vote.

DISTRIBUTION OF SECURITY HOLDERS

Category	Holders	Ordinary shares
1–1,000	1,644	635,403
1,001–5,000	1,327	3,150,794
5,001–10,000	252	1,768,310
10,001–100,000	231	5,721,410
100,001 and over	28	23,875,745
	3,482	**35,151,662**

The number of shareholders with less than a marketable parcel of ordinary shares is 268.

ON-MARKET BUY-BACK

There is no current on-market buy-back.

Twenty largest shareholders as at 16 August 2016

Name	**Number of ordinary shares held**	**Percentage of capital held**
English Family Foundation Pty Ltd <English Fam Foundation A/C>	4,350,000	12.384
Tessana Pty Ltd <A English Family A/C>	4,149,956	11.815
J P Morgan Nominees Australia Limited	3,573,071	10.173
National Nominees Limited	2,225,795	6.337
BNP Paribas Noms Pty Ltd <DRP>	1,858,468	5.291
UBS Nominees Pty Ltd	1,036,335	2.950
Citicorp Nominees Pty Limited	796,856	2.269
Ruminator Pty Ltd	750,000	2.135
Contemplator Pty Ltd <ARG Pension Fund A/C>	750,000	2.135
HSBC Custody Nominees (Australia) Limited	690,057	1.965
Huntington Group Pty Limited <Huntington Gp P/L Super A/C>	451,262	1.285
Aust Executor Trustees Ltd <Ds Capital Growth Fund>	304,417	0.867
Mr Allan John English & Mrs Tessa Winifred English <Tessana Super Fund A/C>	291,385	0.830
Mr Peter Mervyn Moon & Mrs Vicki Ann Moon <The Moon Super Fund A/C>	250,000	0.712
Huntington Investment Services Pty Ltd <Huntington Investment A/C>	229,659	0.654
Australian Executor Trustees Limited <No 1 Account>	225,827	0.643
Mr George Adrian Clark-Walker	222,223	0.633
HSBC Custody Nominees (Australia) Limited <Nt-Comnwlth Super Corp A/C>	216,553	0.617
Demandem Holdings Pty Ltd <Super Fund A/C>	185,746	0.529
Mirrabooka Investments Limited	170,667	0.486
	22,728,277	**64.707**

COMPANY DIRECTORY

EXECUTIVE CHAIRMAN
Allan English

NON-EXECUTIVE DIRECTORS
Andrew Kemp
Bede King
Sophie Mitchell
Patrick Tapper

CHIEF OPERATING OFFICER
Damien Guivarra

CHIEF FINANCIAL OFFICER
Doug McAlpine

COMPANY SECRETARY
Don Mackenzie

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West End Qld 4101
Phone: 07 3335 3300
Fax: 07 3335 3399
Web: silverchefgroup.com.au

ACN
011 045 828

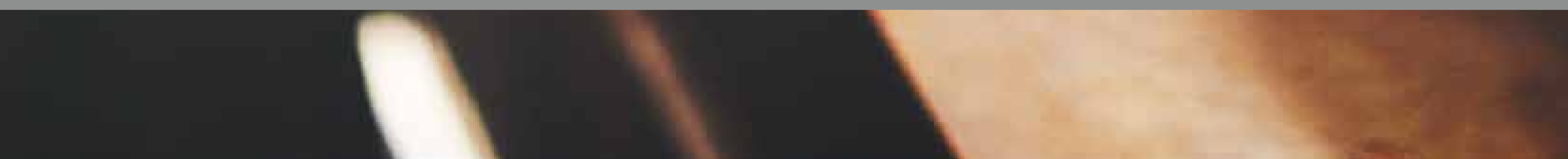
AUDITORS
KPMG

SOLICITORS
McCullough Robertson

SHARE REGISTER
Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Phone: 1300 737 760
Fax: 1300 653 459
Web: boardroomlimited.com.au

SECURITIES EXCHANGE
The Company is listed on the Australian Securities Exchange.
Code: Shares – SIV

OTHER INFORMATION
Silver Chef Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares.



silverchef group

silverchef
hospitality equipment funding
your recipe for success

gogetta®
equipment funding
equipped to succeed