

SHRIRO HOLDINGS LIMITED

ACN 605 279 329

Half-Year Condensed Financial Report

for the half-year ended

30 June 2016



Shriro Holdings Limited

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Shriro Holdings Limited

Appendix 4D

Results for announcement to market

This report is for the half year ended 30 June 2016 and the previous corresponding period is the half year ended 30 June 2015.

	Half year to 30 June 2016 \$million	Half year to 30 June 2015 \$million	Movement %
Revenue from ordinary activities	79.2	83.1	(4.7%)
Normalised EBITDA (non – IFRS ¹)	6.8	6.2 ²	9.7%
Normalised NPAT (non – IFRS ¹)	3.1	2.4 ²	29.2%
Profit/(Loss) from ordinary activities before tax	4.5	(2.1)	-
Profit/(Loss) from ordinary activities after tax attributable to members	3.1	(3.1)	-
Basic earnings/(loss) per share (cents per share) ³	3.3	(4.9)	-
Diluted earnings/(loss) per share (cents per share)	3.3	(4.9)	-
	Amount per security	Percentage franked	
Interim dividend	3 cents	100%	

¹ The “non-IFRS” information is unaudited and has not been subject to review.

² Normalised EBITDA and normalised NPAT are arrived at by adding back IPO related costs of \$5,896,000 less normalisations relating to ASX costs \$229,000 less property related profit of \$43,000 to the statutory EBITDA and then adding \$201,000 of interest from NPAT figures for the half year ended 30 June 2015. Normalised NPAT is reduced by the tax impact of these normalisations of \$307,000 when compared to the statutory NPAT figures for the half year ended 30 June 2015.

³ Basic and diluted earnings per share is calculated on profit after taxation attributable to members of Shriro Holdings Limited and the weighted average number of shares on issue during the period. The proportional number of shares prior to listing used in the weighted average calculation was 62,009,500.

	30 June 2016 \$	30 June 2015 \$
Net tangible assets per share (cents per share)	44.2	34.3
Diluted net tangible assets per share (cents per share)	43.6	34.0

Shriro Holdings Limited recorded an after tax profit of \$3,136,000 during the half-year to 30 June 2016. Shriro Holdings Limited has increased normalised EBITDA by 9.7% to \$6,800,000 and increased normalised NPAT by 29.2% to \$3,136,000

The Directors have declared a dividend for the half-year ended 30 June 2016 of 3 cents per share fully franked with an ex-dividend date of the 14th September 2016, record date of the 15th September 2016 and payable on 30th September 2016.

Shriro Holdings Limited

Directors' Report

The Directors present their report in compliance with the provisions of the Corporations Act 2001 on the consolidated entity (referred to hereafter as the "Group") consisting of Shriro Holdings Limited ("Shriro" or the "Company") and the entities it controlled at the end of, or during, the half year ended 30 June 2016.

DIRECTORS

Directors of Shriro Holdings Limited during and since the end of financial half-year unless otherwise stated below are:

John Ingram – Chairman

Mike Westrup – Executive Director

Vasco Fung – Non-executive Director

Greg Laurie – Non-executive Director

Stuart Nash – Alternate Director for Vasco Fung (resigned 2 May 2016)

COMPANY SECRETARY

Shane Booth is Company Secretary.

PRINCIPAL ACTIVITIES

The Group is a leading kitchen appliances and consumer products marketing and distribution Group operating in Australia and New Zealand.

The Group markets and distributes an extensive range of company-owned brands (including Omega, Robinhood, Everdure and Omega Altise) and third party owned brands (such as Casio, Blanco and Pioneer). Products include calculators, watches, cash registers, musical instruments, audio products, kitchen appliances, sinks & taps, laundry products, consumer electronics, car audio, amplifiers, professional DJ, Hi-Fi/speakers, fashion, lighting, gas heaters and gas barbeques, electric heaters and cooling products.

REVIEW OF OPERATIONS

The Group derives a proportionately lower profit in the first half of the calendar year due to the seasonality of the Group's sales revenue. This is influenced by sales made in the lead-up to Christmas and also sales of seasonal products such as Everdure BBQs and Altise cooling products.

The Group recorded an after tax profit of \$3,136,000 during the half-year to 30 June 2016 (half-year loss to 30 June 2015 \$3,115,000). The 30 June 2015 half-year loss was after absorbing \$5,896,000 of IPO related costs.

Although revenue decreased by 4.7% the Group has managed to grow normalised EBITDA by 9.7% to \$6.8 million achieved mainly from tight control of operating expenses. Normalised NPAT increased by 29.2% to \$3.1 million, also assisted by reduced interest costs as the Group's borrowings declined. Net debt fell by 32.3% to \$11.8 million (\$17.5 million 30 June 2015).

SUBSEQUENT EVENTS

There has not been any matter or circumstance, not already disclosed, occurring subsequent to the end of the financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial periods.

DIVIDENDS

On 31 March 2016, the Group paid the 2015 financial year end dividend of 6.0 cents per share fully franked.

On 23 August 2016 the Directors declared a dividend for the half-year ended 30 June 2016 of 3 cents per share fully franked with an ex-dividend date of 14th September 2016, record date of the 15th September 2016 and payable on 30th September 2016 (2015: \$NIL)

Shriro Holdings Limited

Directors' Report (cont'd)

INDEMNIFICATION OF OFFICERS AND AUDITORS

During the financial period, the Group paid a premium in respect of a contract insuring Directors of the Group, the Group secretary, and all executive officers of the Group and of any related body corporate against a liability incurred as such a director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial period, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

AUDITOR'S INDEPENDENCE DECLARATION

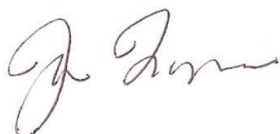
The auditor's independence declaration is included on page 5 of the half year financial report.

ROUNDING OFF OF AMOUNTS

The Company is a company of the kind referred to in the Class order 2016/191 - *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*, dated 24 March 2016, and in accordance with that Class Order amounts in the Directors' report and the half-year financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s306 (3) (a) of the Corporations Act 2001.

On behalf of the Directors



John Ingram
Director
Sydney, 23 August 2016



Mike Westrup
Director
Sydney, 23 August 2016

The Board of Directors
Shriro Holdings Limited
104 Vanessa Street
Kingsgrove NSW 2208

23 August 2016

Dear Directors

Shriro Holdings Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Shriro Holdings Limited.

As lead audit partner for the review of the financial statements of Shriro Holdings Limited for the half-year ended 30 June 2016, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delaney

X Delaney
Partner
Chartered Accountants

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

We have reviewed the accompanying half-year financial report of Shriro Holdings Limited, which comprises the condensed statement of financial position as at 30 June 2016, and the condensed statement of profit or loss and other comprehensive income, the condensed statement of cash flows and the condensed statement of changes in equity for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 8 to 20.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Shriro Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Shriro Holdings Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Shriro Holdings Limited is not in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Delaney

X Delaney
Partner
Chartered Accountants
Parramatta, 23 August 2016

Shriro Holdings Limited

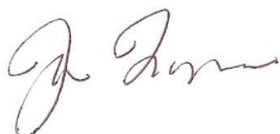
Directors' Declaration

The directors declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303 (5) of the Corporations Act 2001.

On behalf of the Directors



John Ingram
Director
Sydney, 23 August 2016



Mike Westrup
Director
Sydney, 23 August 2016

Shriro Holdings Limited

Condensed consolidated Statement of Profit or Loss

for the half-year ended 30 June 2016

	Note	Half year to 30 June 2016 \$'000	Half year to 30 June 2015 \$'000
Revenue from ordinary activities		79,227	83,093
Changes in inventories of finished goods		3,864	(2,999)
Raw materials and consumables used		-	(1,300)
Cost of purchased distribution inventory		(49,015)	(43,668)
Employee benefits expense		(13,254)	(13,516)
Advertising and promotion expenses		(2,481)	(2,591)
Freight and delivery expenses		(3,162)	(3,710)
Depreciation and amortisation expenses		(1,797)	(1,772)
Rental costs		(3,108)	(2,810)
Finance costs		(640)	(1,066)
Other expenses		(5,137)	(5,884)
IPO, management equity plan and gift offer costs	4	-	(5,896)
Profit/(Loss) before income tax		4,497	(2,119)
Income tax expense		(1,361)	(996)
Profit/(Loss) after income tax expense for the period		3,136	(3,115)
Earnings per share			
Basic earnings / (loss) per share (cents per share)	9	3.3	(4.9)
Diluted earnings / (loss) per share (cents per share)	9	3.3	(4.9)

The condensed consolidated statement of profit or loss should be read in conjunction with the Notes to the financial statements.

Shriro Holdings Limited

Condensed consolidated Statement of Profit or Loss and Other Comprehensive Income

for the half-year ended 30 June 2016

Note	Half year to 30 June 2016 \$'000	Half year to 30 June 2015 \$'000
Profit/(Loss) after income tax for the period	3,136	(3,115)
<i>Items that may be reclassified subsequently to profit or loss</i>		
Net change in the fair value of cash flow hedges taken to equity	1,607	1,083
Exchange differences on translation of foreign operations	241	(729)
Other comprehensive income for the period, net of tax	1,848	354
Total comprehensive income for the period attributable to the owners of Shriro Holdings Limited	4,984	(2,761)

The condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the Notes to the financial statements.

Shriro Holdings Limited

Condensed consolidated Statement of Financial Position

for the half-year ended 30 June 2016

	Note	30 June 2016 \$'000	31 December 2015 \$'000
Current assets			
Cash and cash equivalents		12	1,040
Trade and other receivables		26,064	31,580
Inventories		43,454	39,576
Other assets		917	886
Derivative receivable	8	1,440	234
Current tax asset		65	-
Total current assets		71,952	73,316
Non-current assets			
Property, plant and equipment		9,588	10,018
Deferred tax assets		5,091	4,718
Total non-current assets		14,679	14,736
Total assets		86,631	88,052
Current liabilities			
Trade and other payables		17,736	18,738
Borrowings	5	3,358	1,430
Current tax liabilities		-	1,204
Provisions		6,520	6,462
Derivative payable	8	416	685
Total current liabilities		28,030	28,519
Non-current liabilities			
Borrowings	5	8,478	9,000
Provisions		3,001	2,833
Total non-current liabilities		11,479	11,833
Total liabilities		39,509	40,352
Net assets		47,122	47,700
Equity			
Issued capital	6	94,541	94,541
Reserves		(73,004)	(74,990)
Retained earnings		25,585	28,149
Total equity		47,122	47,700

The condensed consolidated statement of financial position should be read in conjunction with the Notes to the financial statements.

Shriro Holdings Limited
Condensed consolidated Statement of Changes in Equity
for the half-year ended 30 June 2016

	Issued capital \$'000	Group Reorganisation Reserve \$'000	Cash Flow Hedging Reserve \$'000	Foreign Currency Translation Reserve \$'000	Equity Settled Employee Benefits Reserve \$'000	Retained Earnings \$'000	Total \$'000
Balance at 1 January 2015	4,000	-	28	1,742	1,692	21,032	28,494
Loss for the period	-	-	-	-	-	(3,115)	(3,115)
Other comprehensive income for the period (net of tax)	-	-	1,083	(729)	-	-	354
Total comprehensive income	-	-	1,083	(729)	-	(3,115)	(2,761)
Shares issued, net of transaction costs and tax	90,541	(78,585)	-	-	-	-	11,956
Share-based payments reserve (net of tax)	-	-	-	-	420	-	420
Balance at 30 June 2015	94,541	(78,585)	1,111	1,013	2,112	17,917	38,109
Balance at 1 January 2016	94,541	(78,585)	(464)	1,633	2,426	28,149	47,700
Profit for the period	-	-	-	-	-	3,136	3,136
Other comprehensive income for the period (net of tax)	-	-	1,607	241	-	-	1,848
Total comprehensive income	-	-	1,607	241	-	3,136	4,984
Dividends paid	-	-	-	-	-	(5,700)	(5,700)
Share-based payments reserve (net of tax)	-	-	-	-	138	-	138
Balance at 30 June 2016	94,541	(78,585)	1,143	1,874	2,564	25,585	47,122

The condensed consolidated statement of changes in equity should be read in conjunction with the Notes to the financial statements.

Shriro Holdings Limited

Condensed consolidated Statement of Cash Flows

for the half-year ended 30 June 2016

Note	Half year to 30 June 2016 \$'000	Half year to 30 June 2015 \$'000
Cash flows from operating activities		
Receipts from customers	92,666	96,941
Payments to suppliers and employees	(84,462)	(78,774)
Finance costs paid	(603)	(1,067)
Income taxes paid	(3,004)	(2,529)
Net cash provided by operating activities	4,597	14,571
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	50	6
Payment for property, plant and equipment	(1,410)	(1,246)
Net cash used in investing activities	(1,360)	(1,240)
Cash flows from financing activities		
Proceeds from / (repayment of) borrowings	1,406	(19,929)
Issue of capital	-	6,200
IPO related costs	-	(5,720)
Settlement of management loan	-	6,000
Dividends paid	(5,700)	-
Net cash used in financing activities	(4,294)	(13,449)
Net decrease in cash and cash equivalents	(1,057)	(118)
Cash and cash equivalents at the beginning of the financial period	1,040	2,105
Effects of exchange rate changes on cash	28	20
Cash and cash equivalents at the end of the financial period	12	2,007

The condensed consolidated statement of cash flows should be read in conjunction with the Notes to the financial statements.

Shriro Holdings Limited

Notes to the Financial Statements

1. BASIS OF PREPARATION

General Information

The interim financial report covers Shriro Holdings Limited as a consolidated entity consisting of Shriro Holdings Limited and the entities it controlled for the half year ended 30 June 2016. The interim financial report is presented in Australian dollars, which is the Group's functional and presentation currency.

The interim financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Shriro Holdings Limited is a listed public company limited by shares, incorporated and domiciled in Australia. A description of the nature of the Group's operations and its principal activities is included in the directors' report, which is not part of the financial report.

The interim financial report was authorised for issue, in accordance with a resolution of directors, on 23 August 2016. The directors have the power to amend and reissue the financial report.

Significant Accounting Policies

These general purpose financial statements for the interim half year reporting period ended 30 June 2016 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 31 December 2015 and any public announcements made by the Company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

Comparative figures for the Statement of Profit and Loss and the Statement of Cash Flows are shown as at 30 June 2015, whilst the comparatives for the Statement of Financial Position and Statement of Changes in Equity are shown as at 31 December 2015. There has been no restatement of figures in prior periods.

Shriro Holdings Limited

1. BASIS OF PREPARATION

Application of new and revised accounting standards

Changes in accounting policies and disclosures

In the current period, the Group has applied a number of new and revised AASBs issued by the Australian Accounting Standards Board (AASB). These are:

AASB 1031 'Materiality' (2013)

AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'

AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'

AASB 2014-1 'Amendments to Australian Accounting Standards'

- Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
- Part C: 'Materiality'

Standard / Interpretation	Effective for Annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
<ul style="list-style-type: none">• AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	31 December 2016
<ul style="list-style-type: none">• AASB 2015-1 'Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012-2014 Cycle'	1 January 2016	31 December 2016
<ul style="list-style-type: none">• AASB 2015-2 'Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 1'	1 January 2016	31 December 2016
<ul style="list-style-type: none">• AASB 2015-3 'Amendments to Australian Accounting Standards arising from the withdrawal of AASB 1031 'Materiality''	1 July 2015	31 December 2016

Shriro Holdings Limited

2. SEGMENT INFORMATION

Operating segments are reported in a manner which is consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers have been identified as the Board of Directors for the Group.

The internal reports reviewed by the Board, which are used to make strategic decisions, are separated into the Group's key market segments Kitchen Appliances and Consumer Products:

- Kitchen Appliances – ovens, cooktops, rangehoods, dishwashers, sinks, taps, ironing systems, laundry tubs, waste disposal and ducting solutions.
- Consumer Products – watches, calculators, electronic musical instruments, projectors, point of sale terminals, cameras, barbeques, heaters, fans, air purifiers/ dehumidifiers, fashion, car audio, professional DJ, amplifiers and Hi Fi products and speakers.

The information regarding these segments is presented below. The accounting policies of the reportable segments are the same as Group's accounting policies.

Half year ended 30 June 2016	Kitchen Appliances \$'000	Consumer Products \$'000	Total \$'000
Revenue from external customers	37,790	40,436	78,226
Other revenue / income	4	997	1,001
Total revenue from ordinary activities	37,794	41,433	79,227
Earnings before Interest, Tax, Depreciation and Amortisation	1,669	5,131	6,800
Depreciation and amortisation expense			(1,797)
Segments result			5,003
Interest expense			(506)
Profit before income tax			4,497
Income tax expense			(1,361)
Net profit after income tax			3,136

Shriro Holdings Limited

2. SEGMENT INFORMATION (CONT'D)

Half year ended 30 June 2015	Kitchen Appliances \$'000	Consumer Products \$'000	Total \$'000
Revenue from external customers	43,846	38,697	82,543
Other revenue / income	-	550	550
Total revenue from ordinary activities	43,846	39,247	83,093
Earnings before Interest, Tax, Depreciation and Amortisation	1,241	5,199	6,440
Depreciation and amortisation expense			(1,772)
Segments result			4,668
Property related costs			43
Interest expense			(934)
IPO costs			(5,896)
Loss before income tax			(2,119)
Income tax expense			(996)
Net loss after income tax			(3,115)

The Group's assets are not split by reportable operating segment as the chief operating decision makers do not utilise this information for the purposes of resource allocation and assessment of segment performance.

3. DIVIDENDS

The Group paid the 2015 financial year end dividend of 6.0 cents per share fully franked, totalling \$5,700,000 on 31st March 2016.

On 23 August 2016 the Directors declared a dividend for the half-year ended 30 June 2016 of 3 cents per share fully franked with an ex-dividend date of 14th September 2016, record date of the 15th September 2016 and payable on 30th September 2016 (2015: \$NIL)

4. IPO EXPENDITURE

IPO related costs of \$5,720,000 were incurred during the 2015 half year end whilst preparing the Company for the IPO, which included primarily investment bank fees, management bonus, professional advisory fees and prospectus printing, preparation and distribution costs, historical management equity plan and employee gift offer expense. In accordance with AASB 132, the proportion of costs that are directly attributable to raising new share capital, amounting to \$459,000, have been capitalised against the newly raised equity, with the remaining balance of \$5,261,000 being taken up in the consolidated statement of profit or loss and other comprehensive income.

	2016 \$'000	2015 \$'000
IPO related costs	-	5,261
Historical management equity plan expense (i)	-	420
Employee gift offer (ii)	-	215
Total IPO, management equity plan and gift offer costs	-	5,896

- (i) The historical management equity plan expense represents the acceleration of vesting at the date of IPO of the in substance options issued under the historical management equity plan.
- (ii) Shares were issued to Eligible Employees under the Employee Gift Offer at the time of the IPO, in which eligible Employees were offered the opportunity to apply for up to \$1,000 worth of Shares at no cost.

Shriro Holdings Limited

5. BORROWINGS

Secured – at amortised cost

Overdraft facility (i)

Trade finance facility (i)

30 June 2016 \$'000	31 December 2015 \$'000
3,358	1,430
8,478	9,000
11,836	10,430

Current

Non-current

3,358	1,430
8,478	9,000
11,836	10,430

5.1 Facility

- (i) The Group has a trade finance facility available to meet working capital requirements. To account for seasonality in working capital requirements, on the 1st July each year, the facility limit for the combination of the overdraft facility and trade finance facility increases to \$44,000,000 and reduces back to \$39,000,000 between 1 February and 30 June each year. Loan balances are not repayable until December 2017, provided that the amount owing under the facility does not exceed the level of approved trade payables of the Group. Amounts drawn on the trade finance facility have therefore been classified as non-current at half-year ended 30 June 2016.
- (ii) The Group has a non-cash guarantees facility of \$13,000,000. Under the terms of this facility, financial institutions provide guarantees to the Group's suppliers and property owners in the form of Letters of Credit and Bank Guarantees. These Letters of Credit and Bank Guarantees act like insurance and provide assurance to suppliers and property owners that payment up to the amount of the guarantees will be made if certain documentary conditions are met. The Group has no obligation to make any payments under this non-cash facility.

The Group's facilities are denominated in Australian dollars and variable interest rates apply.

The facilities have financial covenants relating to fixed charge cover ratio, borrowing base cover ratio and financial indebtedness to EBITDA ratio.

Borrowing facility

Overdraft facility (i)

Trade finance facility (i)

Total borrowing facility

Non-cash guarantees facility (ii)

Total Group facility

30 June 2016 \$'000	31 December 2015 \$'000
15,000	15,000
24,000	29,000
39,000	44,000
13,000	13,000
52,000	57,000

Usage of borrowing facility

Drawn – cash

Less cash and bank balances

Undrawn limit available for use

Total borrowing facility

Utilisation of non-cash guarantees facility

Utilised – non-cash

Unutilised limit available for use

Total non-cash guarantees facility

Total borrowing facility

11,836	10,430
(12)	(1,040)
27,176	34,610
39,000	44,000
8,780	8,534
4,220	4,466
13,000	13,000
52,000	57,000

Shriro Holdings Limited

6. ISSUED CAPITAL

	30 June 2016 \$'000	31 December 2015 \$'000
95,000,000 fully paid ordinary shares (2015: 95,000,000)	94,541	94,541

Date	Details	\$'000	Number of Shares
1 January 2016	Opening balance	94,541	95,000,000
30 June 2016	Closing Balance	94,541	95,000,000

7. KEY MANAGEMENT PERSONNEL

Remuneration arrangements of key management personnel are disclosed in the annual financial report. Key management personnel were granted 130,319 performance rights with a fair value at grant date of \$106,575 during the half year ended 30 June 2016. Each performance right is a conditional entitlement to receive one fully paid ordinary share in the capital of the Company for nil consideration in 2019, subject to the satisfaction of performance conditions.

8. FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

	30 June 2016 \$'000	31 December 2015 \$'000
Assets at fair value		
Derivative financial instruments – forward foreign exchange contracts	1,440	234
Liabilities at fair value		
Derivative financial instruments – forward foreign exchange contracts	(416)	(685)

AASB 13 *Fair value measurement* requires disclosure of fair value measurements by level using the following fair value measurement hierarchy:

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

Derivative financial instruments in the above table, which are used purely for hedging purposes, are measured and recognised at fair value and are included in level 2 of the fair value measurement hierarchy.

The fair value of the derivative financial instruments is determined by reference to the relevant spot rate at period end. The fair value of forward exchange and option contracts is determined using forward exchange market rates at the end of the reporting period.

The directors consider that the carrying amounts of other financial assets and other financial liabilities recognised in the condensed consolidated financial statements approximate their fair values.

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9. EARNINGS PER SHARE

Basic earnings/(loss) per share
Diluted earnings/(loss) per share

Half year to 30 June 2016 Cents per share	Half year to 30 June 2015 Cents per share
3.3	(4.9)
3.3	(4.9)

Reconciliation of earnings used in calculating earnings per share

Net profit/(loss)

Half year to 30 June 2016 \$'000	Half year to 30 June 2015 \$'000
3,136	(3,115)

Reconciliation of shares used in calculating earnings per share

Opening balance of shares for the period – adjusted for impact of group reorganisation
Shares issued during the period:
23 June 2015
Closing balance of shares for the period
Weighted average number of ordinary shares used in the calculation of basic earnings per share

Half year to 30 June 2016 No.	Half year to 30 June 2015 No.
95,000,000	62,009,500
-	32,990,500
95,000,000	95,000,000
95,000,000	63,285,376

Shares deemed to be issued for no consideration in respect of:

Employee performance options

Closing number of shares deemed to be issued for the period

Weighted average number of ordinary shares used in the calculation of diluted earnings per share

1,338,093	987,500
96,338,093	95,987,500
96,338,093	63,323,566

AASB 113.64 requires that where a share split occurs the calculation of basic and diluted EPS for all periods presented shall be adjusted retrospectively. 62,009,500 shares represents the proportion of shares at listing that were on hand at the start of the previous period.

10. EVENTS AFTER THE REPORTING DATE

No item, transaction or event has arisen in the interval between the end of the half year and the date of this report of a material and unusual nature which, in the opinion of the directors of the Group, would significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in future financial periods.