Appendix 4D and Interim Financial Report
for the half year (26 weeks) ended 27 December 2015

Name of entity

Pental Limited

ABN or equivalent company reference

29 091 035 353

Half year ended ('current period')

From 29 June to 27 December 2015

Previous corresponding period ended

From 30 June to 28 December 2014

Pental Limited

Results For Announcement To The Market

For the half year (26 weeks) ended 27 December 2015

Revenue and Net Profit		**Change %**		**Amount $'000**
Revenue from operations	**down**	**2.27%**	**to**	**38,990**
Profit after tax attributable to members	**up**	**11.96%**	**to**	**1,985**

NTA Backing	**Current Period (cents per share)**	**Previous Corresponding Period (cents per share)**
Net tangible asset backing per ordinary security	30.06	26.45

Interim Dividends (distributions)	**Amount per security (cents per share)**	**Franked amount per security (cents per share)**
Current period	1.00	1.00
Previous corresponding period	0.85	0.85
Record date for determining entitlements to the dividend	1 March 2016	

This half-year report should be read in conjunction with the most recent annual report.

This report is designed to meet the half yearly reporting requirements and does not include the full disclosures as contained in the annual financial statements.

PENTAL LIMITED

ACN 091 035 353

Financial report for the half-year (26 weeks) ended 27 December 2015

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Directors' report

The directors of Pental Limited submit herewith the financial report of Pental Limited (the Company) and its subsidiaries (the Group) for the half-year (26 weeks) ended 27 December 2015. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

The names of the directors of the Company during or since the end of the half-year are:

Name	
Mr Peter Robinson B.Eco (Mon) Non-Executive Independent Chairman	Appointed Non-Executive Director on 29 November 2002 Appointed Chairman on 5 March 2009
Mr Mel Sutton Non-Executive Vice- Chairman	Appointed Non-Executive Director on 3 October 2013
Mr John Rishworth Non-Executive Independent Director	Appointed Non-Executive Director on 8 September 2004
Mr John Etherington Non-Executive Independent Director	Appointed Non-Executive Director on 2 April 2013
Ms Kimberlee Wells Non-Executive Independent Director	Appointed Non-Executive Director 19 November 2015
Mr Alan Johnstone Non-Executive Director	Appointed Non-Executive Director on 3 September 2003 and resigned 19 November 2015

Review of operations

Underlying EBIT (Earnings Before Interest and Tax) was up 5.7% on the corresponding period last half year. As a result the consolidated net profit after tax for the 26 week period ended 27 December 2015 was $1.985 million (2014: $1.773 million).

	Dec 15 (i)	**Dec 14 (i)**	**Change**	
	$'000	**$'000**	**$'000**	**%**
Gross Sales	**54,046**	54,424	(378)	-0.7%
Sales rebates and discounts	**(15,056)**	(14,527)	(529)	3.6%
Net Sales Revenue	**38,990**	39,897	(907)	-2.3%
Underlying EBITDA	**4,225**	3,918	307	7.8%
Underlying EBITDA to gross sales	***7.8%***	*7.2%*		*0.6%*
Depreciation & Amortisation	**(1,145)**	(1,003)	(142)	
Underlying EBIT	**3,080**	2,915	165	5.7%
- Restructuring costs (One Off)	**-**	(318)		
EBIT	**3,080**	2,597	483	18.60%
Underlying EBIT to gross sales	***5.7%***	*5.4%*		*0.3%*
Profit after Tax	**1,985**	1,773	212	12.0%
	Dec 15 (i)	**Jun 15 (i)**		
	$'000	**$'000**		
Working Capital (ii)	**14,850**	16,147	(1,297)	-8.0%
Net Cash/(Debt)	**11,202**	11,040	162	1.5%

(i) Unaudited non-IFRS financial table

(ii) Receivables plus inventory less trade and other payables

Financial Overview

- Gross sales for the first half were slightly down on the previous corresponding period by $0.378 million or 0.7% comprising:
    - Gross sales in the Australian market were down 2.2%, predominately from the under supply of stock (leading to missed sales) due to the inconsistent performance of old filling equipment awaiting replacement and teething issues during commissioning of new equipment.
    - New Zealand gross sales were up 5.3% and Pental's market share grew in key categories, having successfully defended its position following a period of aggressive marketing by competitors.
    - As part of the start-up phase of expanding into Asia, soap sales into China have commenced ahead of schedule, with initial sale in late December 2015.
- Trade spend (sales rebates and promotional activities) at 27.9% of gross sales was up 1.2%, as additional in store promotional activities were undertaken. This enabled Pental to defend successfully its market share in New Zealand and to protect its Australian market positions, where the frequency of competitor advertising and promotional activities had increased. As a result net sales for the first half declined 2.3%.
- Although net sales were down, underlying EBIT of $3.080 million was $0.165 million above the previous corresponding period. This was achieved through:
    - ongoing cost savings, such as improved sourcing of raw materials, rolling refinement with supply chain costs and reduced corporate overhead costs;
    - refocused marketing to specific in store promotional activities and catalogues (that is, trade spend) rather than the significant White King television advertising campaign undertaken during the previous corresponding period; and
    - favourable movements in exchange rates.
- Whilst non-manufacturing costs have been effectively managed, manufacturing performance (in particular bleach lines A and B) has been below expectations due to:
    - the inconsistent performance of old filling equipment awaiting replacement; and
    - teething issues during commissioning of new equipment.

  As announced 12 months ago (as part of the $5.3 million capital projects) the replacement of this equipment is in progress (as detailed below), however the long lead-time for new equipment to arrive has hampered the operational performance in the first half, and this has had a material impact on the supply of stock, leading to missed sales. Conversely, other parts of the operations, such as manufacturing of firelighters have performed above last year and Pental is well placed as the only manufacturer of firelighters in Australia.

- Pental has also invested resources and capital to expand its innovation pipeline, working on developing its digital strategy (for example, White King has been linked to online tennis news sites during the Australian summer of tennis) and improving on its quality systems to enable it to enact on its growth strategies of:
    - building on its export business, in particular into Asia; and
    - driving growth through non-retail channels such as commercial and industrial.
- Finance costs marginally decreased, which represents the line fee, as the company's multi-option debt facility was reduced from $16.0 million to $5.0 million, at the company's discretion due to its current healthy cash reserves.
- Net profit after tax increased by $0.212 million to $1.985 million.
- Basic earnings per share of 1.46 cents (Dec 2014: 1.44 cents).
- Interim fully franked dividend increased from 0.85 cents to 1.00 cent.
- Strong balance sheet with cash at bank of $11.202 million – no debt and substantial capacity to fund its capital expenditure program.
- Working capital improved by $1.297 million from continued improvement in managing working capital.
- Strong positive cash flow from "operating activities" of $5.526 million, which was $0.714 million better than the last period.

Improving Manufacturing and Supply Chain Efficiency

- As previously announced, Pental's $5.3 million of capital projects are well underway and all are expected to be completed by May 2016, which will bring the key parts of the operations up to best practice standards, improve capacity and consistency of stock supply and deliver significant cost savings moving forward. The status of each project is as follows:
    - Replacement of Bleach Line A filler was completed in late December 2015 and even at this early stage of operations, it has reduced waste and downtime;
    - Stage 1 of the soap plant modernisation, with the installation of a one-step saponification process - "SWING" plant - was commissioned in December 2015 and we are currently removing the old plant. Early stages has shown that the soap quality and yields have improved, and operational costs have reduced;
    - Automation of Bleach Line B project to improve productivity and increase capacity comprises of two pieces of equipment; (1) the automated case packer, which has been operational since August 2015, and (2) automated filler and capper, which is expected to be completed in May 2016.
- In the last six months, the business has also committed $1.2 million to install a bulk filling line to progress with its strategy to enter into the commercial and industrial channels, and this is expected to be operational by July 2016.
- To support the business strategy of expanding its export business (where positive in roads have been made), it has also ordered $0.4 million of new soap cutting and wrapping equipment (to be operational by February 2016) in order to fulfil forecast demand from new customers.

  Simultaneously planning has commenced around Stage 2 of modernising its soap plant and the consolidation of its five soap lines. This will increase operational flexibility and reduce operating costs.
- Also underway and due to be operational by April 2016, is the consolidation of all Australian finished goods and raw material storage onto one enlarged site at Shepparton (with multiple warehouses). This entails leasing an adjoining warehouse to the existing Shepparton site and implementing a warehouse management system to control the flow of stock. This initiative will eliminate all Australian third party outside storage and handling costs.

Outlook

The Board is confident that Pental's underlying EBITDA will continue grow with the immediate key priority to bed down new equipment capable of producing the increasing sales demand, coupled with:

- the completion and strong progress made on a number of other capital projects, which will significantly reduce costs and build the capability for future growth in the commercial/industrial and export channels;
- an expanding pipeline of innovative new products;
- strong interest expressed by prospective export customers; and
- the next round of cost savings expected from key raw material and supply chain suppliers.

As with the previous year, the second half EBITDA is expected to be higher than the first half, and at this time in line with the previous corresponding period.

In conjunction with the abovementioned activities, the Company will continue to seek value-creating opportunities such as distributorships, acquisitions and/or divestments of non-core brands, as the Board is committed to pursuing all avenues of improving shareholder value.

Whilst the competitive nature of the grocery retail market remains consistent to prior periods and this is expected to continue in the foreseeable future, the business is in a healthy position to execute its growth strategies, whilst defending and growing its current market position through innovation of its power brands.

Furthermore, with strong underlying cash flows supported by a solid balance sheet, subject to the Board's overall discretion on dividend payments, Pental will continue to target to distribute at least 60% of the company's net profit after tax to shareholders (via interim and final dividends) provided current conditions continue and no unforeseen events occur.

Dividend

In respect of the half year (26 weeks) ended 27 December 2015 the Company will pay an interim fully franked dividend of 1.00 cents per ordinary share, payable to shareholders on 25 March 2016, with a record date of 1 March 2016.

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 ASIC Class Order 98/0100, dated 10 July 1998, 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.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the Corporations Act 2001.

On behalf of the Directors

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Peter Robinson
Chairman
Melbourne, 22 February 2016

Deloitte.

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Board of Directors
Pental Limited
Level 6, 390 St Kilda Road
MELBOURNE, VIC 3004

22 February 2016

Dear Board Members

Auditor's Independence Declaration – Pental 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 Pental Limited.

As audit partner for the review of the financial statements of Pental Limited for the half year ended 27 December 2015, 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; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
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Independent Auditor's Review Report to the Members of Pental Limited

We have reviewed the accompanying half-year financial report of Pental Limited, which comprises the condensed consolidated statement of financial position as at 27 December 2015, and the condensed consolidated statement of profit or loss and other comprehensive income, the condensed consolidated statement of cash flows and the condensed consolidated statement of changes in equity for the half-year ended on that date, selected explanatory notes 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 15.

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 27 December 2015 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Pental 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.

Deloitte.

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 Pental 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 Pental 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 27 December 2015 and of its performance for the half-year ended on that date; and

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

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

Andrew Reid
Partner
Chartered Accountants
Melbourne, 22 February 2016

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 as at 27 December 2015 and performance for the half year ended on that date of the Group.

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

Peter Robinson
Chairman
Melbourne, 22 February 2016

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 27 December 2015

	Consolidated	
	Half-year ended	
	27 Dec 2015 $'000	28 Dec 2014 $'000
Gross sales revenue	54,046	54,424
Sales rebates and discounts	(15,056)	(14,527)
Sales revenue	38,990	39,897
Other revenue and income	145	279
Other gains and losses	201	(95)
Changes in inventories of finished goods and work in progress	517	(728)
Raw materials, consumables used and utilities	(20,787)	(19,846)
Employee benefits expense	(6,115)	(5,898)
Freight and distribution expense	(4,435)	(4,490)
Depreciation and amortisation expense	(1,145)	(1,003)
Marketing expense	(1,565)	(2,547)
Occupancy costs	(687)	(676)
Repairs and maintenance expense	(378)	(338)
Other expenses	(1,661)	(1,640)
Significant expenses		
– Restructuring costs	-	(318)
Profit before interest and tax	**3,080**	**2,597**
Finance costs	(42)	(79)
Profit before tax	**3,038**	**2,518**
Income tax expense	(1,053)	(745)
Net profit	**1,985**	**1,773**
Profit Attributable to Members of the Parent Entity	**1,985**	**1,773**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
(Loss)/Gain on cash flow hedges taken to equity	(338)	116
Income tax relating to components of other comprehensive income	101	(35)
Other comprehensive (loss)/income for the period (net of tax)	(237)	81
Total comprehensive income for the period	**1,748**	**1,854**
Earnings per share Attributable to the Members of the Parent Entity		
Basic (cents per share)	1.46	1.44
Diluted (cents per share)	1.42	1.41

Notes to the condensed consolidated financial statements are included on pages 13 to 15.

Condensed consolidated statement of financial position as at 27 December 2015

	Note	Consolidated 27 Dec 2015 $'000	28 Jun 2015 $'000
Current Assets			
Cash and cash equivalents		11,202	11,040
Trade and other receivables		21,005	24,118
Inventories		7,917	7,400
Other financial assets		-	275
Other		416	448
Total Current Assets		**40,540**	**43,281**
Non-Current Assets			
Property, plant and equipment		17,166	15,252
Goodwill		25,084	25,084
Other intangible assets		15,055	15,202
Total Non-Current Assets		**57,305**	**55,538**
Total Assets		**97,845**	**98,819**
Current Liabilities			
Trade and other payables		14,072	15,371
Other financial liabilities		63	-
Current tax payables		854	42
Provisions		1,371	1,274
Total Current Liabilities		**16,360**	**16,687**
Non-Current Liabilities			
Deferred tax liabilities		282	287
Provisions		103	111
Total Non-Current Liabilities		**385**	**398**
Total Liabilities		**16,745**	**17,085**
Net Assets		**81,100**	**81,734**
Equity			
Issued capital	4	90,658	90,658
Reserves		27	193
Accumulated losses		(9,585)	(9,117)
Total Equity		**81,100**	**81,734**

Notes to the condensed consolidated financial statements are included on pages 13 to 15.

Condensed consolidated statement of changes in equity for the half-year ended 27 December 2015

	Issued capital $'000	Hedging reserve $'000	Equity Settled Employee Benefits Reserve $'000	Accumulated losses $'000	Total $'000
Balance at 30 June 2014	84,014	(108)	-	(10,891)	73,015
Profit for the period	-	-	-	1,773	1,773
Gain/(loss) on cash flow hedges	-	116	-	-	116
Deferred tax arising on hedges	-	(35)	-	-	(35)
Total comprehensive income for the period	-	81	-	1,773	1,854
Dividend Payment	-	-	-	(2,250)	(2,250)
Options converted to shares	1,626	-	-	-	1,626
Share issue costs	(32)	-	-	-	(32)
Income tax on share issue costs	9	-	-	-	9
Balance at 28 December 2014	85,617	(27)	-	(11,368)	74,222
Balance at 29 June 2015	90,658	193	-	(9,117)	81,734
Profit for the period	-	-	-	1,985	1,985
Gain/(loss) on cash flow hedges	-	(338)	-	-	(338)
Deferred tax arising on hedges	-	101	-	-	101
Total comprehensive income for the period	-	(237)	-	1,985	1,748
Recognition of share based payments	-	-	71	-	71
Dividend Payment	-	-	-	(2,453)	(2,453)
Balance at 27 December 2015	90,658	(44)	71	(9,585)	81,100

Notes to the condensed consolidated financial statements are included on pages 13 to 15.

Condensed consolidated statement of cash flows for the half-year ended 27 December 2015

	Consolidated	
	Half-year ended	
	27 Dec 2015 $'000	28 Dec 2014 $'000
Cash flows from operating activities		
Receipts from customers	67,897	67,709
Payments to suppliers and employees	(62,298)	(62,852)
Interest and other costs of finance paid	(42)	(79)
Income tax paid	(144)	-
Interest received	113	34
Net cash provided by operating activities	5,526	4,812
Cash flows from investing activities		
Payment for plant and equipment	(2,866)	(1,011)
Payment for other intangible assets	(45)	(133)
Net cash used in investing activities	(2,911)	(1,144)
Cash flows from financing activities		
Proceeds from issue of shares	-	1,626
Payment for share issue costs	-	(32)
Dividends Paid	(2,453)	(2,250)
Net cash (used in) / provided by financing activities	(2,453)	(656)
Net increase in cash and cash equivalents	162	3,012
Cash and cash equivalents at the beginning of the period	11,040	25
Cash and cash equivalents at the end of the period	**11,202**	**3,037**

Notes to the condensed consolidated financial statements are included on pages 13 to 15.

Notes to the condensed consolidated financial statements

1. Significant accounting policies

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non-current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

The company is a company of the kind referred to in ASIC Class Order 98/100, dated 10 July 1998, 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.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2015 annual financial report for the financial year ended 28 June 2015, except for the impact of the adoption of the new and revised accounting policies' discussed below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

The Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.
New and revised Standards and amendments thereof and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 2014-1 'Amendments to Australian Accounting Standards' – Part A: Annual Improvements 2010-2012 and 2011- 2013 Cycles]
- AASB 2014-1 Amendments to Australian Accounting Standards' – Part C: Materiality
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

The adoption of all new and revised Standards and Interpretations has not resulted in any changes to the Group's accounting policies and has no effect on the amounts reported for the current or prior half years.

The report presents the results of the current period, which comprised the 26 week period that commenced 29 June 2015 and ended 27 December 2015. The prior period results were based on 26 week period that commenced on 30 June 2014 and ended on 28 December 2014.

2. Segment information

The Group has identified its operating segment based on the internal reports that are reviewed and used by the Chief Executive Officer in assessing performance and determining the allocation of resources.

The Group operates in one business segment, being the manufacture and distribution of personal care and home products.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. Segment assets and liabilities are located in Australia and are unable to be allocated to individual geographical segments by location of customers on a reasonable basis.

The Group's segment revenue is geographically as follows:

	27 Dec 2015 $'000	28 Dec 2014 $'000
Geographical sales		
Australia	32,376	33,180
New Zealand	6,532	6,717
Asia	82	-
Total geographical sales	38,990	39,897

3. Dividends paid and proposed

	27 Dec 2015 $'000	28 Dec 2014 $'000
Dividends paid on ordinary shares during the half-year		
Final fully franked dividend for FY2015: 1.80 cents (FY2014: 1.8 cents*)	2,453	2,250
Dividends declared on ordinary shares – unrecognised amounts		
Interim fully franked dividend for FY2016: 1.00 cent (FY2015 0.85 cents)	1,363	1,063

*1.8 cents per ordinary share (adjusted for the consolidation of shares of 15 to 1) to shareholders on 30 September 2014.

4. Share capital

(a) Fully paid ordinary shares

	27 Dec 2015 No.	28 Dec 2014 No.
Share Capital		
Opening balance of ordinary shares, fully paid at beginning of financial year	136,250,633	1,794,429,155
Options converted to shares	-	80,129,284
Consolidation of shares (15 to 1)	-	(1,749,587,237)
Options converted to shares (post consolidation of shares)	-	28,140
Balance at end of period	136,250,633	124,999,342

Fully paid ordinary shares	27 Dec 2015 $'000	28 Dec 2014 $'000
Balance at beginning of financial year	90,658	84,014
Options converted to shares (79,172,002 shares at $0.02)	-	1,584
Options converted to shares (957,282 shares at $0.03)	-	29
Options converted to shares (28,140 shares at $0.45)	-	13
Share issue costs	-	(32)
Income tax relating to share issue costs	-	9
Balance at end of period	90,658	85,617

4. Share Capital (Continued)

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings.

In the event of winding up of the Company, ordinary shareholders rank after all creditors and are fully entitled to any proceeds of liquidation.

Changes to the then Corporations Law abolished the authorised capital and par value concept in relation to share capital from 1 July 1998. Therefore, the company does not have a limited amount of authorised capital and issued shares do not have a par value.

On 1 December 2014, ordinary shares and options on issue were consolidated on the basis of 15 to 1. The share consolidation did not result in a change in the resources to the company. For the purpose ensuring comparability in the earnings per share calculation for the current and preceding periods, the number of ordinary shares outstanding after the share consolidation has been adjusted in the earnings per share calculation as if the event had occurred at the beginning of the preceding period.

5. Fair value measurements

The only financial assets or financial liabilities carried at fair value are foreign currency contracts. The directors consider the foreign currency contracts to be Level 2 financial instruments because, unlike Level 1 financial instruments, their measurements are derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices). There have been no transfers between level 1, 2 and 3 for recurring fair value measurements during the half-year. The foreign currency contracts fair values have been obtained from third party valuations derived from discounted cash flow forecasts of forward rates (from observable yield curves at the end of the reporting period) and contract rates.

The fair value of the foreign currency contracts at 27 December 2015 was a liability of $63 thousand (28 June 2015: asset of $275 thousand).

The directors consider that the carrying amount of other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

6. Multi option loan facility

On the 4 September 2015, the mutli-option loan facility was reduced from $16,000,000 to $5,000,000 at the Company's discretion**.**

7. Subsequent events

Subsequent to balance date, there have been no significant events which have affected the operations of the Group except for:

Dividends

In respect of the half year (26 weeks) ended 27 December 2015 the Company will pay an interim fully franked dividend of 1.00 cent per ordinary share, payable to shareholders on 25 March 2016, with a record date of 1 March 2016.