Appendix 4D and Interim Financial Report
for the half year (26 weeks) ended 28 December 2014

Name of entity

Pental Limited

ABN or equivalent company reference

29 091 035 353

Half year ended ('current period')

From 30 June to 28 December 2014

Previous corresponding period ended

From 1 July to 29 December 2013

Pental Limited

Results For Announcement To The Market

For the half year (26 weeks) ended 28 December 2014

Revenue and Net Profit		**Change %**		**Amount $'000**
Revenue from operations	**up**	**0.83%**	**to**	**39,897**
Profit after tax attributable to members	**down**	**17.4%**	**to**	**1,773**
Profit attributable to members	**down**	**17.4%**	**to**	**1,773**

NTA Backing	**Current Period (cents per share)**	**Previous Corresponding Period (cents per share)***
Net tangible asset backing per ordinary security	26.45	22.50

* Previous corresponding period figures have been adjusted for consolidated number of issued shares.

Interim Dividends (distributions)	**Amount per security (cents per share)**	**Franked amount per security (cents per share)**
Current period	0.85	0.85
Previous corresponding period	Nil	Nil
Record date for determining entitlements to the dividend	3 March 2015	

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 28 December 2014

Contents **Page**

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 28 December 2014. 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 — Appointed Non-Executive Director on 29 November 2002
B.Eco (Mon) — Appointed Chairman on 5 March 2009
Non-Executive Independent Chairman

Mr Mel Sutton — Appointed Non-Executive Director on 3 October 2013
Non-Executive Independent Vice- Chairman

Mr Alan Johnstone — Appointed Non-Executive Director on 3 September 2003
Non-Executive Director

Mr John Rishworth — Appointed Non-Executive Director on 8 September 2004
Non-Executive Independent Director

Mr John Etherington — Appointed Non-Executive Director on 2 April 2013
Non-Executive Independent Director

The above named directors held office during and since the end of the half-year.

Review of operations

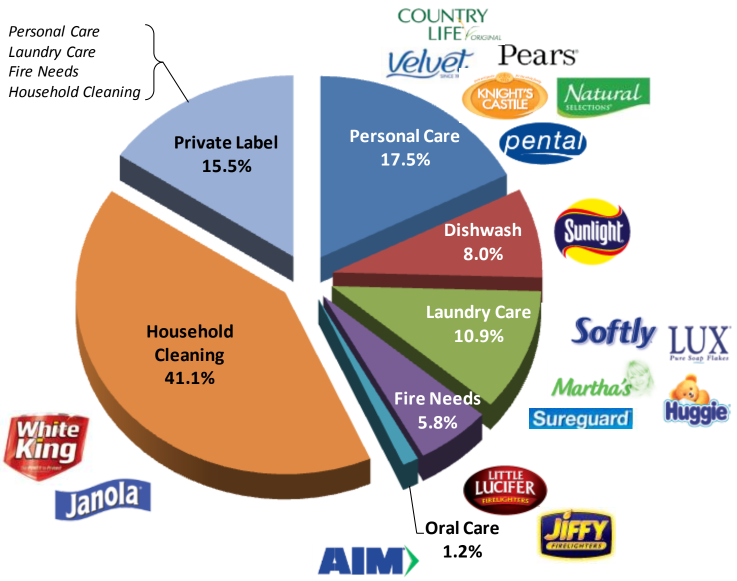
The consolidated net profit after tax for the 26 week period ended 28 December 2014 was $1.773 million (2013: $2.147 million).

	Dec 14 (i)	Dec 13 (i)	Change	
	$'000	$'000	$'000	%
Gross Sales	**54,424**	53,803	621	1.2%
Underlying EBITDA	**3,918**	4,903	(985)	-20.1%
Underlying EBITDA to gross sales	***7.2%***	*9.1%*		*-1.9%*
Depreciation & Amortisation	**(1,003)**	(1,014)	11	
Underlying EBIT	**2,915**	3,889	(974)	-25.0%
- Restructuring costs (One Off)	**(318)**	-		
EBIT	**2,597**	3,889	(1,292)	-33.22%
Underlying EBIT to gross sales	***5.4%***	*7.2%*		*-1.9%*
Profit after Tax	**1,773**	2,147	(374)	-17.4%
	Dec 14 (i)	**Jun 14 (i)**		
	$'000	**$'000**		
Working Capital (ii)	**17,694**	18,568	(874)	-4.7%
Net Cash/(Debt)	**3,037**	27	3,010	+100%
Gearing (iii)	**Nil**	Nil		

(i) Unaudited non-IFRS financial table
(ii) Receivables plus inventory less trade and other payables
(iii) Net debt to equity

Financial Overview

- Gross sales rose 1.2% in what remains to be a highly competitive environment in both the Australia and New Zealand markets.
  - Gross sales in the Australian market grew 2.0%, where Pental's overall brands maintained their market positions and were supported by steady growth in private label.
  - In the last six months, competition in the New Zealand market has further intensified with gross sales declining 2.5%, which was further compounded by the deterioration of New Zealand dollar in the first half.
- The sales mix for the half year continues to show the business is well diversified between brand and private label.
- Trade spend (sales rebates) at 26.7% of gross sales was marginally up 0.2% due to increased competitor activity.



- Underlying EBIT of $2.915 million was $0.974 million below the corresponding period predominantly due to strategically moving the White King television advertising campaign to the first half, where advertising cost increased by $1.009 million. Advertising planned for the second half will be significantly lower than the first half.

  Excluding the timing impact of the White King advertising campaign, the underlying EBIT was marginally up on last half year after absorbing the impact of:

  - Deterioration of New Zealand and United States currency to the Australian dollar, which saw foreign currency loss of $0.095 million for the December 2014 first half compared to the prior half year foreign exchange gain of $0.278 million – net decrease in EBIT of $0.371 million. The Company's foreign currency hedging policy remains in place, hedging its estimated exposure on a rolling basis.
  - One off operational costs of $0.247 million from additional outsourcing Bleach Gels which are now manufactured in house.
- One off restructuring cost of $0.318 million was incurred in the first half as the business proactively refreshed key operational positions before embarking on its capital expenditure program to execute its manufacturing strategy.
- During the first half $2.547 million was invested in advertising - $1.009 million above the corresponding period. This investment was critical (as will be future investments), to ensure the health of Pental's key core brand (White King) remains strong and front of mind in the market place. The White King television campaign specifically increased awareness of Pental's household and toilet cleaners whilst re-enforcing its Australian made credentials. In addition, it enhanced the launch of two new innovative White King products including Ready to Use Bleach and Mould and Soap Scum Remover.

  The success of the campaign was evident with Pental's White King market share in the Bathroom Segment increasing by 2.6% compared to 12 months ago (Source: Aztec Market Data). The Retail World Annual Report 2014 places White King as the third largest player in the Bathroom Cleaners segment, which can be attributed to advertising campaigns; White King packaging refresh; and the repositioning of key products.

In addition to the White King campaign, the first half also included the print media campaign and consumer promotion to support the re-launch of Velvet as a beauty bar. After the re-launch the Velvet brand grew by 5.4% in the December 2014 quarter (Source: Aztec Market Data) and we expect to further strengthen the Velet brand by extending into new ranges.

- Finance costs decreased by $0.743 million to $0.079 million, which represents the line fee for its line of credit to support it forthcoming capital expenditure program.
- Net profit after tax decreased by $0.374 million to $1.773 million - primarily due to the increased investment in the White King advertising.
- Share consolidation of 1 share for every 15 shares was completed on 1 December 2014.
- Earnings per share of 1.44 cents based on post consolidation of issued shares (Dec 2013: 2.12 cents adjusted for post consolidation of issued shares);
- Strong Balance Sheet with cash at bank of $3.037 million – no gearing and substantial capacity to fund its capital expenditure program, with $16 million unused banking facility.
- Working capital improved by $0.874 million from continued improvement in managing working capital.
- Strong positive cash flow from "operating activities" of $4.812 million, which was $3.817 million better than last period due to normalisation of current operational activities.

Capital Investment

- To accelerate the changes required to the Shepparton manufacturing operations and improve on the consistency of the bleach operations, the Shepparton operational team has been refreshed, with the appointment of Gerard Segrave as the new Operations Manager and the outsourcing of the project management of major capital projects.
- The business has $5.3 million of capital projects now underway, which will allow the business to bring the key parts of the operations up to best practice standards within the next 6-12 months and achieve significant cost savings moving forward. These projects include:
  - Increasing automation and flexibility of Bleach Line B to allow for increased volume and improve productivity;
  - Replacement of Bleach Line A filler (that had been previously relocated from the Port Melbourne site) – minimise waste and downtime;
  - Undertake stage 1 of the soap plant modernisation, with the installation of a one-step saponification process - "SWING" plant;

The next step in its manufacturing strategy will be the installation of high speed liquid and bulk line, which will be staged based on progressive increase in volume.

Existing assets will continue to be utilised until the new capital equipment is fully commissioned, at which time the written down values will be reassessed.

Outlook

The Board is confident that given:

- completion of its initial $5.3 million capital investment over the next 6 to 12 months, which will significantly reduce costs and build the capability for future growth;
- a solid pipeline of innovative new products; and
- an aggressive focus towards ongoing cost savings and continuous improvement;

Pental's underlying EBITDA will grow over time and lessen the impact of the increasing demands being placed on the business operating in the Fast Moving Consumer Goods segment, which continues to be highly competitive.

Furthermore, with a strong balance sheet and more predicable underlying cash flows, subject to Board's overall discretion on dividend payments, Pental will target to distribute 60% of the company's net profit after tax to shareholders (via interim and final dividends), commencing with the interim dividend detailed below, provided current conditions continue as is and no unforseen events occur.

In conjunction with reinvigorating its manufacturing operations, the Company has and will continue to seek value creating acquisitions and distributorship opportunities, or divest from non-core brands that may arise, as the Board is committed to pursuing all avenues of improving shareholder value.

Dividend

In respect of the half year (26 weeks) ended 28 December 2014 the Company will pay a full year fully franked dividend of 0.85 cents per ordinary share, payable to shareholders on 27 March 2015, with a record date of 3 March 2015.

With respect to the prior half year ended 29 December 2013, no interim dividend was declared or paid.

In respect of the year (52 weeks) ended 29 June 2014 the Company paid a full year fully franked dividend of 1.8 cents per ordinary share (adjusted for the consolidation ordinary shares of 15 to 1) to shareholders on 30 September 2014.

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

Peter Robinson
Chairman
Melbourne, 24 February 2015

Deloitte.

Deloitte Touche Tohmatsu
A.B.N. 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

DX: 111
Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

24 February 2015

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 28 December 2014, 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
Chartered Accountants

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 3 9671 7000
Fax: +61 3 9671 7001
www.deloitte.com.au

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 28 December 2014, 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 16.

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 28 December 2014 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 28 December 2014 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, 24 February 2015

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 28 December 2014 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, 24 February 2015

Condensed consolidated statement of profit or loss and other comprehensive income for the half-year ended 28 December 2014

	Note	Consolidated Half-year ended 28 Dec 2014 $'000	29 Dec 2013 $'000
Gross sales revenue		54,424	53,803
Sales rebates and discounts		(14,527)	(14,236)
Sales revenue		39,897	39,567
Other revenue/other income		279	431
Changes in inventories of finished goods and work in progress		(728)	(754)
Raw materials, consumables used and utilities		(19,846)	(20,597)
Employee benefits expense		(5,898)	(5,752)
Depreciation expense		(1,003)	(1,014)
Freight expense		(4,490)	(4,034)
Repairs and maintenance expense		(469)	(405)
Marketing expense		(2,547)	(1,538)
Other expenses		(2,280)	(2,015)
Significant expenses			
– Restructuring costs		(318)	-
Profit before interest and tax		**2,597**	**3,889**
Finance costs		(79)	(822)
Profit before tax		**2,518**	**3,067**
Income tax expense		(745)	(920)
Net profit		**1,773**	**2,147**
Profit Attributable to Members of the Parent Entity		**1,773**	**2,147**
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Gain/(loss) on cash flow hedges taken to equity		116	(126)
Income tax relating to components of other comprehensive income		(35)	38
Other comprehensive income/(loss) for the period (net of tax)		81	(88)
Total comprehensive income for the period		**1,854**	**2,059**
Earnings per share Attributable to the Members of the Parent Entity			
Basic (cents per share)*		1.44	2.12
Diluted (cents per share)*		1.41	2.01

* Previous corresponding period figures have been adjusted for consolidated number of issued shares.

Notes to the condensed consolidated financial statements are included on pages 13 to 16.

Condensed consolidated statement of financial position as at 28 December 2014

	Note	Consolidated 28 Dec 2014 $'000	Consolidated 29 Jun 2014 $'000
Current Assets			
Cash and cash equivalents		3,037	548
Trade and other receivables		22,111	24,726
Inventories		8,185	8,945
Other		597	419
Total Current Assets		**33,930**	**34,638**
Non-Current Assets			
Property, plant and equipment		13,930	13,745
Deferred tax assets		878	1,567
Goodwill		25,084	25,084
Brand names		14,539	14,539
Other intangible assets		653	698
Total Non-Current Assets		**55,084**	**55,633**
Total Assets		**89,014**	**90,271**
Current Liabilities			
Trade and other payables		12,602	15,103
Borrowings		-	523
Other financial liabilities		39	154
Provisions		2,041	1,364
Total Current Liabilities		**14,682**	**17,144**
Non-Current Liabilities			
Provisions		110	112
Total Non-Current Liabilities		**110**	**112**
Total Liabilities		**14,792**	**17,256**
Net Assets		**74,222**	**73,015**
Equity			
Issued capital	4	85,617	84,014
Reserves		(27)	(108)
Accumulated losses		(11,368)	(10,891)
Total Equity		**74,222**	**73,015**

Notes to the condensed consolidated financial statements are included on pages 13 to 16.

Condensed consolidated statement of changes in equity as at 28 December 2014

	Issued capital $'000	Hedging reserve $'000	Accumulated losses $'000	Total $'000
Balance at 1 July 2013	78,309	-	(16,227)	62,082
Profit for the period	-	-	2,147	2,147
Gain/(loss) on cash flow hedges	-	(126)	-	(126)
Deferred tax arising on hedges	-	38	-	38
Total comprehensive income for the period	-	(88)	2,147	2,059
Options converted to shares	5,751	-	-	5,751
Share issue costs	(127)	-	-	(127)
Income tax on share issue costs	38	-	-	38
Balance at 29 December 2013	83,971	(88)	(14,080)	69,803
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

Notes to the condensed consolidated financial statements are included on pages 13 to 16.

Condensed consolidated statement of cash flows
for the half-year ended 28 December 2014

	Consolidated	
	Half-year ended	
	28 Dec 2014 $'000	29 Dec 2013 $'000
Cash flows from operating activities		
Receipts from customers	67,709	63,562
Payments to suppliers and employees	(62,852)	(61,768)
Interest and other costs of finance paid	(79)	(822)
Interest received	34	23
Net cash provided by operating activities	4,812	995
Cash flows from investing activities		
Payment for plant and equipment	(1,011)	(3,069)
Payment for other intangible assets	(133)	(34)
Net cash used in investing activities	(1,144)	(3,103)
Cash flows from financing activities		
Proceeds from issue of shares	1,626	5,751
Payment for share issue costs	(32)	(127)
Dividends Paid	(2,250)	-
Net cash (used in) / provided by financing activities	(656)	5,624
Net increase in cash and cash equivalents	3,012	3,516
Cash and cash equivalents at the beginning of the period	25	4,344
Cash and cash equivalents at the end of the period	**3,037**	**7,860**

Notes to the condensed consolidated financial statements are included on pages 13 to 16.

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 2014 annual financial report for the financial year ended 30 June 2014, 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 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for NonFinancial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting '
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- 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 B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)' - Part C: 'Materiality'
- Interpretation 21 'Levies'

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. However, the adoption of AASB 13 has resulted in new disclosure requirements in the Group's half year financial statements. These disclosures are contained in Note 5 to the financial statements.

The report presents the results of the current period, which comprised the 26 week period that commenced 30 June 2014 and ended 28 December 2014. The prior period results were based on 6 month period that commenced on 1 July 2013 and ended on 29 December 2013.

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:.

	28 Dec 2014 $'000	29 Dec 2013 $'000
Geographical sales		
Australia	33,180	32,825
New Zealand	6,717	6,742
Total geographical sales	39,897	39,567

3. Dividends

The Directors propose the payment of a fully franked interim dividend of 0.85 cents per ordinary share, payable to shareholders on 27 March 2015, with a record date of 3 March 2015 in respect to the half year ended 28 December 2014.

In respect of the year (52 weeks) ended 29 June 2014 the Company paid a full year fully franked dividend of 1.8 cents per ordinary share (adjusted for the consolidation ordinary shares of 15 to 1) to shareholders on 30 September 2014.

4. Share Capital

(a) Fully paid ordinary shares

	28 Dec 2014 No.	29 Dec 2013 No.
Share Capital		
Opening balance of ordinary shares, fully paid at beginning of financial year	1,794,429,155	1,504,398,685
Options converted to shares	80,129,284	287,569,536
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	124,999,342	1,791,968,221

Fully paid ordinary shares	28 Dec 2014 $'000	29 Dec 2013 $'000
Balance at beginning of financial year	84,014	78,309
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	-
Options converted to shares (287,569,536 shares at $0.02)	-	5,751
Share issue costs	(32)	(127)
Income tax relating to share issue costs	9	38
Balance at end of period	85,617	83,971

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.

(b) Options

Prior to share consolidation on 1 December 2014, loyalty option holders exercised 79,172,002 options to acquire one fully paid ordinary share per option before they expired on 11 September 2014. As a result, the company issued 79,172,002 ordinary shares raising $1.584 million less share issue costs of $0.023 million. A further 957,282 shares were issued as a result of Piggy Back Options being exercised prior to share consolidation on 1 December 2014.

Post the share capital and options consolidation, the company issued 28,140 shares due to Piggy Back Options being exercised. During the reporting period, the company raised a total of $0.042 million from Piggy Back Options being exercised.

As at 28 December 2014, the Company had 19,063,643 Piggy Back Options (ASX code: PTLOA) on issue, exercisable on a 1:1 basis for entitled ordinary shareholders at an exercise price of $0.45. The Piggy Back Options expire on 06 June 2015 and carry no rights to dividends and no voting rights.

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 28 December 2014 was a liability of $39 thousand (29 June 2014: 154 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. 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 28 December 2014 the Company will pay an interim fully franked dividend of 0.85 cents per ordinary share, payable to shareholders on 27 March 2015, with a record date of 3 March 2015.

Capital Commitments

The business has committed to $5.3 million in capital projects, which will allow the business to bring the key parts of the operations up to best practice standards within the next 6-12 months and achieve significant cost savings moving forward.

Existing assets will continue to be utilised until the new capital equipment is fully commissioned, at which time the written down values will be reassessed.