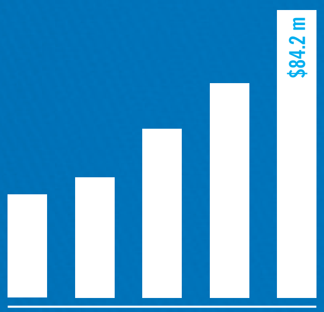
Annual Report 2012

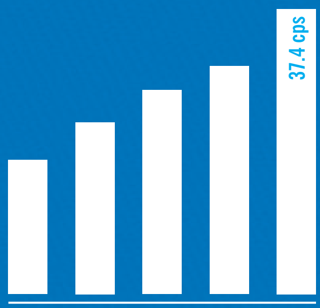
Silver Chef Limited

silverchef

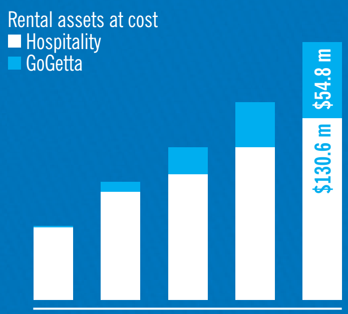
Performance at a glance



TOTAL REVENUE
2008 – 2012



BASIC EPS
2008 – 2012



RENTAL ASSETS UNDER MANAGEMENT
2008 – 2012

Revenue
$84.2 million
↑33.8%

Basic EPS
37.4 cps
↑25.9%

Hospitality rental assets at cost
$130.6 million
↑20.2%

Net profit after tax
$9.0 million
↑34.4%

Dividend per share
24.0 cps
↑20.0%

GoGetta rental assets at cost
$54.8 million
↑68.0%

	2012 $'000	2011 $'000	2010 $'000	2009 $'000
Hospitality rental income	60,112	49,244	42,018	32,934
GoGetta rental income	23,916	13,485	7,061	1,959
Total rental income	84,028	62,729	49,079	34,893
Total revenue	84,213	62,929	49,352	35,221
Depreciation and amortisation expense	(34,773)	(26,679)	(21,696)	(16,255)
Expenses from ordinary activities	(31,004)	(22,028)	(16,597)	(11,616)
Borrowing costs	(5,027)	(4,204)	(2,994)	(3,097)
Change in fair value of property	(325)	(303)	(560)	(322)
Profit before income tax expense	13,084	9,715	7,505	3,931
Income tax expense	(4,093)	(3,024)	(2,289)	(339)
Profit for the year	8,991	6,691	5,216	3,592

SELECTED FINANCIAL ITEMS

Net cash flows from operating activities	56,394	43,476	35,251	20,545
Cash assets	680	1,523	1,446	504
Rental assets under management (at cost) – Hospitality	130,565	108,617	90,369	76,629
Rental assets under management (at cost) – GoGetta	54,845	32,646	19,075	7,867
Total assets	142,199	106,672	85,849	69,882
Interest bearing liabilities – current	(1,779)	(1,777)	(78)	(15)
Interest bearing liabilities – non current	(65,167)	(50,062)	(42,716)	(42,076)
Net assets	45,216	31,111	24,410	14,941

Return on average equity

23.6%

FY11: 24.1%

Return on average assets

14.6%

FY11: 14.5%

EBIT / Total revenue

21.5%

FY11: 22.1%

"Our business is now in its 26th year and has the right people, products and resources to continue its growth. We look forward to further penetration of the New Zealand market from the hospitality and franchise sector."

Chairman's report

Financial performance

It is pleasing to advise shareholders that the Company has had another significant year of growth, exceeding budget expectations. Net profit after tax has increased from $6.7 million in FY11 to $9.0 million, a growth of 34.4%. This result was based on solid growth in rental income from $62.7 million to $84.0 million, up 34.0%.

Growth in earnings per share increased 25.9% to 37.4 cents.

Return on equity has been consistent with 23.6% achieved this year.

A fully franked dividend of 14.5 cents per share will be paid on 28 September 2012 for the second half bringing the full year dividend to 24 cents, a growth of 20.0% on last financial year.

Across the Company there was strong growth.

Silver Chef (Hospitality division) had a very solid year in part supported by the funding of franchise groups.

The GoGetta business also continues to perform exceedingly well with rental income up 77.4% which has been attributable to success in the commercial equipment sector.

The Rent.Grow.Own. model is proving to be attractive to numerous segments of the market.

Our expansion into the New Zealand market has been successful and the first year's results are encouraging. Good relationships have been established with the hospitality dealer network and there is strong demand for our Rent.Try. Buy. funding product. The success of the first international venture for the Silver Chef business model evidences its sound foundation and adaptability to select markets together with the engagement of our existing resources in the implementation led by the Silver Chef Leadership Team.

Funding

The Company has secured further debt funding from the Commonwealth Bank with an increase in our facility from $70 million to $110 million. In March 2012, Silver Chef announced a 2 for 13 rights issue which successfully raised $10 million in equity to ensure our equity to debt balance was maintained at reasonable levels and supports future growth.

Risk management

Risk management has a very high priority at Silver Chef and the Chief Executive's Report contains details of these processes. The financial risk fundamentals for rental agreements include a low weekly payment which matches the cash flow of small business and a security bond which in the Hospitality business is an amount equal to thirteen weeks rent. The team this year has done an outstanding job with a reduction in debtors days down to nine days from 14 days and for the FY12 year, for every $100 in rental income, we only lost $0.74 in bad debts.

One of the key strengths of the business is the ability to refurbish and re-market our used equipment through our facility at Wacol which is a highly effective streamlined process that continues to deliver outstanding performance. We now move 80% of our assets back into the market on rental or sale within 60 days.

Dividend Reinvestment Plan

The Directors are pleased to announce that the Dividend Reinvestment Plan will be re-introduced with effect from the next dividend payment in September 2012 which will provide shareholders with an opportunity to reinvest their dividends in Silver Chef shares at a 5% discount to market price with no brokerage or transaction costs.

People

I am delighted that Silver Chef was again placed for the third year in the top 20 of the BRW Great Places to Work in Australia. The Leadership Team is to be congratulated in providing a working environment that is value driven and enhances career development. In the past few years we have had three key leadership positions filled by way of internal promotion.

Board of Directors

Our Board has been strengthened this year with the appointment of two additional non-executive directors, Karen Penrose and Sophie Mitchell.

Karen Penrose has had significant experience in banking and finance with her previous leadership positions in corporate and business banking with Commonwealth Bank.

Sophie Mitchell, a current Director of RBS Morgans with a previous role as head of research, enhances the Board's skills in equity markets.

I would like to thank all the Board and the Company Secretary who continue to give great support and guidance throughout the year, and also the very supportive shareholders. I welcome new shareholders to the Company.

Outlook

Our business is now in its 26th year and has the right people, products and resources to continue its growth. We look forward to further penetration of the New Zealand market from the hospitality and franchise sector.

GoGetta continues to prove to be a valuable product to national finance broker networks who are continually seeking equipment funding options for small business.

I would like to congratulate Charles Gregory, the Leadership Team and all of the staff on producing another record result for the Company.

Allan English
Chairman

27 August 2012

Chief Executive's report

Strategic overview

During the year ended 30 June 2012 (FY12), the Leadership Team has made further progress towards achieving the five and ten year strategic goals that were set for the Company and it is pleasing to deliver to our shareholders another solid result.

There have been a number of highlights during the year and the results achieved all contribute towards the strategic goals.

Highlights include:

- The delivery of a strong financial result with net profit after tax (NPAT) of $9.0 million growing 34.4% from $6.7 million compared to the year ended 30 June 2011 (FY11);
- The strong NPAT result flowed through to earnings per share (EPS) growing to 37.4c in FY12, being a 25.9% increase to that in FY11;
- Both customer brands Silver Chef (Hospitality) and GoGetta delivered organic growth in Australia. Rental asset acquisitions at cost in FY12 grew to $93.0 million from $66.7 million in FY11;
- The Company's brands successfully grew into new sub-sectors within the food retailing sector, most notably food outlets in the franchise sectors where the Company financed over 100 franchise groups;
- Entry into the New Zealand hospitality equipment market with over $1 million of assets funded in the first months of operations; and
- The Company achieved a top ranking in the BRW Great Place to Work in Australia survey, making Silver Chef Limited the 19th best place to work in Australia as voted for by our team members.

The business model

The Company has two divisions, Silver Chef (Hospitality) which provides funding to business in the hospitality sector and GoGetta which provides equipment funding to small to medium sized businesses in numerous sectors. Both divisions offer a tried and tested equipment funding solution through the Rent.Try.Buy. and Rent.Grow.Own. solutions.

There are a number of factors that have supported the successful growth of the business which include:

- 26 years of experience in small business equipment funding;
- A robust rental based equipment funding model that is well suited to the needs of small business;
- A relationship focussed high quality sales team;
- Established business partnerships within the hospitality and other equipment sectors;
- Well managed credit and residual asset risk systems and processes;
- Managed credit and asset risk exposure limited to any one client; and
- The sound business principle applied at Silver Chef of funding business critical assets which ensures the customer has a proper commercial basis to enter into the agreement with Silver Chef.

Operational results

Silver Chef has delivered a solid result in the 2012 financial year. The headline business numbers are:

- Rental assets acquired: $93.0 million (2011 $66.7 million) – up 39.3% on FY11;
- Rental income: $84.0 million (2011 $62.7 million) – up 34.0% on FY11;
- NPAT of $9.0 million (2011 $6.7 million) – up 34.4% on FY11;
- Operating cash flow: $56.4 million – up 29.7% on FY11; and
- Net profit margin steady at 10.7% in FY12 from 10.6% in FY11.

This good operational performance has resulted in:

- A return on average equity (ROE) of 23.6% which represents a slight reduction on the FY11 result of 24.1% ROE;
- Return on average assets (ROA) of 14.6% in FY12 which represents a small improvement on the FY11 result of 14.5%.

"The Company's brands successfully grew into new sub-sectors within the food retailing sector, most notably food outlets in the franchise sectors"

Hospitality division

The Hospitality division of Silver Chef has performed in line with expectations in FY12 and achieving this result has been made possible by:

- Silver Chef's established position within the hospitality equipment sector;
- The retail sub-sector that Silver Chef funds equipment into, namely cafés and take-aways, has proved resilient in the current economic environment;
- Significant growth in rental asset acquisition derived from the focus on the franchise sector by the team and the organic growth of the business; and
- The Company's entry into the New Zealand market.

The Company has delivered a number of new initiatives in the Hospitality business in FY12 including:

- Funding over 100 franchise brands in the fast food, coffee and café sectors; and
- Commencing operations in New Zealand, the Company's first expansion into an overseas market.

Key Hospitality division numbers:

- Asset acquisitions increased to $56.0 million in FY12 from $42.6 million in FY11 – an increase of 31.4%; and
- Revenue increased to $60.1 million in FY12 from $49.2 million in FY11 – a 22.1% increase.

GoGetta

The GoGetta business has performed in line with expectations in FY12 delivering solid growth in its fourth full year of operation. The GoGetta business has substantial growth opportunities within Australia both in existing and new sectors by funding business critical assets required to small business owners.

go.Own.plus. the longer term three year rental model was introduced during the year with the view to meeting customer's existing needs, and promoting a longer contract tenor in the GoGetta business. The initial take up by customers has been encouraging.

Key GoGetta division numbers:

- Asset acquisitions increased to $37.0 million from $24.1 million in FY11 – a 53.3% increase; and
- Revenue increased to $23.9 million from $13.5 million as at 30 June 2011 – a 77.4% increase.

Risk management

Silver Chef is primarily exposed to two fundamental and ongoing risks due to the nature of the business through credit and financial risk exposure to the customer base, and the residual asset risk inherent in the rental asset base. The Company managed both risks well in FY12 and of particular note was the decline in bad debts as a percentage of revenue to 0.7% (FY11 2.7%).

Financial risk is managed through prudent business practices, including:

- The Company has over 12,000 rental agreements in place so risk is spread over many customers;
- A significant portion of the Company's rental income for FY13 has already been contracted in the 2012 year, building a strong recurring income stream;
- Our largest client represents less than 1.0% of our rental income;
- Having efficient processes in place to re-market ex rental equipment that is returned;
- Diversification of industry sector: GoGetta customers from over 20 industry groups; and
- Strong asset utilisation with 94.7% of assets in customers' businesses earning income.

Chief Executive's report (continued)

Ongoing investment is required to manage the residual asset and credit risk inherent in the business, in addition the amount of bad debt expense fluctuates dependant on the rate of growth. Since listing in 2005, the Company has achieved an average level of bad debt expense of approximately 1.6% of revenue.

People, culture and core values

Team members at Silver Chef have, for some time, operated and made decisions with a set of Core Values as their moral compass. These values are Teamwork, Attitude, Wellbeing, Respect, Integrity, Flexibility and Communication. Whether internal, or through interaction with a customer, stakeholder or shareholder, the same set of Core Values is applied to decision making and interaction with others. It has stood the Company in good stead and will continue to do so in the future.

While Core Values represent our moral compass for decision making, the Company's culture continues to flourish. This was evident in our placement in the BRW Great Place to Work list for the third successive year, ranking at number 19 in 2012 – an all-time record achievement for the Company. The survey measures some of the very aspects mentioned as our Core Values.

Through the Company's employee share scheme the majority of our employees are shareholders in our Company and all strive to achieve the long term strategic goals mentioned earlier in this report.

Asset funding

In April 2012, Silver Chef completed a $10 million equity raising adding to the Company's funding capacity. This followed the extension of the existing debt facility from $70 million to $110 million. The additional equity was raised to maintain an appropriate balance between debt and equity funding of rapid asset growth.

In FY12 the Company acquired $93.0 million worth of rental assets at cost. Internally generated cash flows funded 73% of the assets acquired, with the balance funded through additional debt and equity.

Overall, given the Company's pace of growth and the prevailing economic environment, FY12 has produced a solid result with growth appropriately funded.

Strategic focus and outlook

Strategically, the focus remains on monitoring and enhancing our focus on the customer in a manner similar to what a small business close to its customer would be able to do, but with the benefit of size and scale to deliver efficiently and the ability to invest in systems and processes that enhance the customer experience. The team at Silver Chef has a number of tactics either in development or in execution stage that will assist with the delivery of this strategy.

Silver Chef has experienced strong growth since listing in 2005 and at 30 June 2012 had rental assets (at cost) under management of over $185.4 million (FY11 $141.9 million) and a market capitalisation of approximately $100 million. The Company has grown to over 120 people employed across Australia and New Zealand and has two client focused brands, each a solid business in its own right.

The team looks forward to continuous growth through the year ending 30 June 2013 in Australia and New Zealand across both the Silver Chef and GoGetta business brands.

My thanks to the Leadership Team and all team members at Silver Chef for the significant effort they have put into delivering the results for the year. Many are new to their roles in the Leadership Team or occupying new roles within a restructured team and I believe the results speak well of their ability.

In addition my thanks to the Board of Directors for their ongoing guidance and support.

Lastly, thank you, our shareholders, I hope the result this year meets your expectations and look forward to delivering solid growth in the years ahead.

Charles Gregory
Chief Executive Officer

27 August 2012

Opportunity International

Silver Chef's principal charity of choice is Opportunity International Australia and the Company continues to support their charitable work, indirectly through the provision of office space and communication services and matching dollar for dollar employee donations that are made through payroll deductions and other activities.

Allan English, Silver Chef Limited's Non-executive chairman, through his personal participation and that of the English Family Foundation (which is now a substantial shareholder in the Company), is a major supporter of Opportunity International Australia.

Opportunity International Australia is a non-profit organisation that uses a sustainable approach to solve the problem of poverty. Rather than a hand-out, they provide people living in poverty with a small loan (microfinance) to help them start or grow their own small business. This enables them to earn a regular income so they no longer have to struggle to afford food, clean water, proper shelter or an education for their children.

With more than 40 years' experience working with the poor, Opportunity International is a leading provider and pioneer of socially focused microfinance and support services. Part of the global Opportunity International Network (with support partners in the United States, United Kingdom, Canada, Singapore, Hong Kong and Germany), they currently providing a way out of poverty for millions of people in more than 20 developing countries around the world.

For more information, please visit www.opportunity.org.au

The Leadership Team

The operational management of Silver Chef continues to adopt the leadership structure and follows strategic planning and management methodology based on the Argenti System and Gazelle Methodology.

The Leadership Team comprise the following members:

Charles Gregory

Age 40 (Chief Executive Officer) – has been with Silver Chef since July 2008 at which time he was appointed Chief Operating Officer until his promotion to his current role in July 2010.

Charles is responsible to the Board for the operations of Silver Chef and developing and implementing strategic initiatives for the Company. For statutory reporting purposes he is a member of key management personnel.

He brings extensive experience to Silver Chef Limited having held senior roles at Flight Centre Limited.

David Wilson

Age 43 (Chief Financial Officer) – has been employed at Silver Chef for four years and assumed the CFO role in October 2011 after holding the position of Financial Controller since 2008. In addition to his principal responsibilities as CFO he is responsible for IT and risk management. For statutory reporting purposes, David is a member of key management personnel.

He is a member of CPA Australia and has held financial and accounting related positions in private and Government owned corporations for over nine years.

Sylvia Po-Ching

Age 36 (General Manager – People) – has been employed at Silver Chef for 13 years and has principal responsibilities for Human Resources, Customer Service and Quality Assurance and during the year she played a pivotal role in establishment of the operations in New Zealand until May 2012.

Damien Guivarra

Age 38 (National Sales Manager – Hospitality, and General Manager Repatriation and Distribution) – Damien's appointment to this role was effective from July 2011. He is developing and implementing a broader business plan for the Hospitality division.

At Silver Chef since 2005, Damien was previously our General Manager – Marketing.

Kelvin Marks

Age 42 (National Sales Manager – GoGetta) – Prior to his current appointment, Kelvin held Regional Sales Manager positions within both Silver Chef & GoGetta over the past six years. In 2009/2010, as GoGetta's Queensland Regional Sales Manager, Kelvin achieved the highest sales budget ever recorded in Silver Chef's then 24-year history. Kelvin is responsible for the growth and direction of the GoGetta division. Prior to joining Silver Chef, Kelvin has extensive sales and management experience within the commercial equipment and consumer markets.

Kerrie Walker

Age 37 (General Manager – Marketing) – Appointed in August 2011, Kerrie has held senior marketing roles in TABCORP, The Daily Mail Group and Telstra. She brings a range of experience gained in domestic and international markets across consumer and business segments.

Simone Smith-Henry

Age 38 (Project Manager) – At Silver Chef since 2007, Simone is a PRINCE2 certified Project Manager and is responsible for leading all major projects at Silver Chef. Simone has managed several projects for Silver Chef, including the successful fit-out and relocation to the new Head Office premises at West End.

The Directors present their report together with the consolidated financial statements of the Group comprising of Silver Chef Limited ("the Company") and its controlled entities, for the year ended 30 June 2012 and the auditor's report thereon.

1 Directors

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

Name and qualifications	Experience, special responsibilities and other Directorships
Allan English Age 57 Non-executive Chairman	The founder of Silver Chef Limited. Has had extensive experience in the hospitality and rental industry with over 30 years in the equipment sales, service and rental sectors. Allan was the Managing Director from 1986 to June 2010 after which he was appointed Non-executive Chairman. He also is active in the not for profit sector and acts as a Director for Karuna Hospice Pty Ltd and the English Family Foundation.
Andrew Kemp Age 60 B.Comm, CA	Appointed a Director and Chairman in February 2005 and resigned as Chairman on 30 June 2010. Andrew heads the Huntington Group Pty Limited, a Brisbane-based corporate advisory company. Andrew has experience in chartered accounting with KPMG and Littlewoods, merchant banking and corporate advisory services with AIFC (an affiliate of ANZ Banking Group) and since 1987 with Huntington Group. He is currently a Director of the following ASX listed companies: Trojan Equity Limited (Chairman, appointed March 2005), PTB Group Limited (appointed August 2006) and G8 Education Limited (appointed March 2011). Formerly a Director of Eureka Group Holdings Limited (previously called SCV Group Limited), appointed March 2004, resigned 11 February 2011. Andrew is currently an independent non-executive director, Chairman of the Finance Committee, Remuneration Committee and a member of the Audit and Risk Management Committee.
Bede King Age 56 F Fin.	Appointed a Director in March 2005. Bede King is the senior partner at Tobin King Lateef, Solicitors & Notaries. Bede is a fellow of the Financial Services Institute of Australia, a Director of several non-listed companies and a member of various compliance committees for property, mortgage and equity funds. He is the former National Chairman of YHA Australia, having occupied that position for over 10 years. Bede is currently an independent non-executive director and member of the Audit and Risk Management Committee and Remuneration Committee.
Sophie Mitchell Age 45 B Econ, GAICD, SF Fin.	Appointed a Director in September 2011. Sophie Mitchell's career has been in the financial sector and she is currently a Director of RBS Morgans. Previous roles have included Head of Research and senior analyst with RBS Morgans' predecessor company ABN AMRO Morgans, Portfolio Manager for Seymour Wealth Management and Associate Director in the Investment Banking Division of CS First Boston. Sophie is a Member of the Takeovers Panel, a Director (previously Chairman) of Expressions Dance Company, the RBS Morgans Foundation, and of ASX-listed Hyperion Flagship Investment Limited (appointed 2008), and a Trustee of the Queensland Performing Arts Trust. Sophie is currently an independent non-executive director and member of the Finance Committee and Remuneration Committee.

1 Directors (continued)

Karen Penrose
Age 52
B.Comm

Appointed a Director in September 2011. Karen Penrose's career has been in the finance and corporate sectors and she is currently the Chief Financial Officer (CFO) and Chief Operating Officer of Wilson HTM Investment Group Ltd.

Karen's previous roles have included CFO at Keybridge Capital Limited and Executive General Manager at Commonwealth Bank of Australia, leading their corporate and business banking divisions. Prior to that she worked with Leighton Holdings Limited in project finance roles and held various positions with HSBC.

Karen is currently an independent non-executive director and member of the Finance Committee and Audit and Risk Management Committee.

2 Chairman of Audit and Risk Management Committee, Alternate Director, Company Secretary

Don Mackenzie
Age 67
FCA

Appointed Chairman of the Audit and Risk Management Committee in March 2005, an Alternate Director of Silver Chef Limited in October 2005 and Company Secretary in November 2010. Don is a Chartered Accountant and has held senior positions with public companies involved in the rural and manufacturing industries. In 1993 he began providing corporate services predominately to public companies involved in manufacturing, rural, mining and information technology sectors. He is currently a Director of Forest Place Group Limited (appointed March 2004) and was a Director of Occupational & Medical Innovations Limited from November 2004 to March 2010.

3 Directors' meetings

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

Director	Board meetings		Audit and risk management committee meetings		Remuneration committee meetings		Finance committee meetings	
	A	B	A	B	A	B	A	B
Allan English	13	13	-	-	-	-	-	-
Andrew Kemp	13	13	4	4	3	3	1	1
Bede King	13	13	4	4	3	3	-	-
Sophie Mitchell	10	10	-	-	3	3	1	1
Karen Penrose	10	10	3	3	-	-	1	1
Alternate Director and Company Secretary								
Don Mackenzie	-	-	4	4			-	-

A – number of meetings attended **B** – number of meetings held during the time the Director held office during the year

4 Corporate governance statement

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

4.1 Board of Directors

Role of the Board

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

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

Delegated authority

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

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

The Board has also delegated to the CEO, who is responsible for the day to day management of the business and includes:

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

Board meetings

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

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

The directors' fees available to non-executive directors have been set at a maximum of $250,000 per annum.

4.1 Board of Directors (continued)

Skills and independence

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

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

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

At the date of this annual report all non-executive directors are considered to be independent except for Allan English (founder and formerly Managing Director to 30 June 2010) who is not regarded as being independent according to the Recommendations.

Education

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

Access to information and advice

With the prior approval of the Chairman, which may not be unreasonably withheld or delayed, each Director has the right to seek independent legal and other professional advice concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. Any costs incurred are to be borne by the Company.

Composition of the Board

The Company's Constitution provides that the number of Directors shall not be less than three or more than ten and currently there are five Directors on the Board and an alternate Director for Messrs English, Kemp and King.

Silver Chef's Constitution states that at each Annual General Meeting one third of the Directors and any other Director who has held office for three or more years since their last election, must retire. In 2012, only two of our Directors met this three year threshold.

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

4.2 Remuneration committee

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

The Committee's Charter can be viewed or downloaded from the Silver Chef website. The Charter states that the Committee is to comprise at least three non-executive directors. In 2012 the Committee members were:

Andrew Kemp (Director and Committee Chair)

Bede King (Director)

Sophie Mitchell (Director)

The CEO attends Committee meetings, except those parts in which his own arrangements are discussed.

In addition to matters dealing with remuneration, the Committee has a broader role and is responsible for diversity and succession planning.

External advisors

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

4.3 Remuneration report - audited

This Remuneration Report sets out the remuneration information pertaining to the Company's Directors and Senior Executives who comprise the key management personnel of the consolidated entity for the purposes of the Corporations Act and the Accounting Standards for the year ending 30 June 2012.

Non-executive directors

Allan English	Chairman
Andrew Kemp	
Bede King	
Sophie Mitchell	
Karen Penrose	
Don Mackenzie	Alternate Director and Company Secretary

Senior Executives

Charles Gregory	Chief Executive Officer
David Wilson	Chief Financial Officer

(a) Principles of compensation

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

Remuneration levels for key management personnel of the Group are competitively set to attract and retain appropriately qualified and experienced Directors and senior executives. The remuneration structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

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

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

Fixed remuneration

Fixed remuneration consists of base remuneration (which is calculated on a total cost basis and includes any fringe benefit taxes charges related to employee benefits including motor vehicles) as well as employer contributions to superannuation funds.

Remuneration levels are reviewed annually by the Remuneration Committee through a process that considers individual, segment and overall performance of the Group. In addition, external consultants provide analysis and advice to ensure the Directors' and senior executives' remuneration is competitive in the market place. A senior executive's remuneration is also reviewed on promotion.

4.3 Remuneration report - audited (continued)

Performance linked remuneration

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

Short-term incentive bonus

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

The measures chosen align the individual's reward to the KPIs of the Group and to its strategy and performance.

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

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

Long-term incentive

This incentive scheme is based on growth in earnings per share (EPS). For senior executives to obtain benefit from this scheme, earnings per share growth must exceed 10% per annum. Part of any benefit earned is payable each year after holding back a retention amount with the balance being earned and paid based on compound growth in EPS over a four year period. The level of bonus increases in steps between the minimum at 10% per annum and a maximum of 21% EPS growth.

The Remuneration Committee recommends the cash incentive to be paid to the individuals for approval by the Board. The method of assessment was chosen as it provides the committee with an objective assessment of the individual's performance.

Share based incentive

A share based incentive scheme exists for all eligible employees of the Group where employees are given $1,000 worth of shares each year if Silver Chef meets the profit target set by the Board for the relevant year.

Shares will be allotted for a price equal to the closing price of shares on ASX on the trading day prior to issue. The number of shares issued will be rounded down to the nearest whole number.

Offers (to the extent the Board decides to make them) will normally be made following the announcement of the full year financial results to the ASX.

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

Short-term and long-term incentive structure

The Remuneration Committee considers that the above performance-linked remuneration structure is generating the desired outcome. The evidence for this is the growth in profits and earnings per share over a five year period. In the current year the Group exceeded its targets, with each segment meeting budgeted results.

Consequences of performance on shareholder wealth

In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following data in respect of the current financial year and the previous 4 financial years.

	2012	2011	2010	2009	2008
Profit for the year $'000	8,991	6,691	5,216	3,592	2,634
Basic earnings per share (EPS) (cents)	37.4	29.7	26.6	22.5	17.5
Dividends paid $'000	4,763	4,207	3,295	1,779	1,690
Closing share price at year end	$3.33	$3.46	$2.27	$0.95	$1.11

Profit is considered as one of the financial performance targets in setting short-term incentives with the overall level of senior executives's compensation being aligned to the financial performance of the Group.

4.3 Remuneration report - audited (continued)

Employment contract – Chief Executive Officer

Charles Gregory (appointed 1 July 2010) entered into a contract of employment with the Company from that date with the principal terms including remuneration comprising a fixed annual salary of $175,000, inclusive of any obligations under the superannuation guarantee legislation; a fully maintained motor vehicle and a conditional cash bonus equal to 100% of the fixed annual salary amount. The bonus components include the achievement of specific performance measures set by the Board for key performance indicators including customer satisfaction, sales and net profit achievement, project management and adherence to credit management targets. In addition to these terms, the contract term is ongoing at the discretion of the Board, and has a notice period of twelve months.

In accordance with the provisions of the contract of employment the following events will take place:

- the Company will review, on an annual basis, the fixed annual salary and the conditional cash bonus according to appropriate measures, but as a minimum, an increase to the remuneration equal to the Consumer Price Index will be granted annually; and
- After two consecutive years of employment, if the CEO requests, the Company will undertake, using an external remuneration consultant, a market review of the fixed annual salary and conditional cash bonus amounts and where appropriate adjust the fixed annual salary and the conditional cash bonus to a point equal to the top of the third quartile of the wage band proposed by the remuneration consultant.

In response to the CEO's request, in May 2012, the Remuneration Committee engaged CRA Plan Managers Pty Limited, as remuneration consultant, to provide the market review for the period commencing 1 July 2012.

CRA Plan Managers Pty Limited was paid $3,736 for their review. The remuneration consultant did not provide other services to the Company throughout the year.

The engagement of CRA Plan Managers Pty Limited by the Remuneration Committee was based on a documented set of protocols that would be followed by CRA Plan Managers Pty Limited and provided to the Board.

The protocols included the prohibition of CRA Plan Managers Pty Limited providing advice or recommendations to the CEO before the advice was given to members of the Remuneration Committee and not unless CRA Plan Managers Pty Limited had approval to do so from members of the Remuneration Committee.

These arrangements were implemented to ensure that CRA Plan Managers Pty Limited would be able to carry out its work, including information capture and the formation of its recommendations, free from undue influence by the CEO about whom the recommendations related.

The Board is satisfied that the remuneration recommendations were made by CRA Plan Managers Pty Limited free from undue influence by the CEO about whom the recommendations related.

The Board undertook its own inquiries and review of the processes and procedures followed by CRA Plan Managers Pty Limited during the course of its assignment and is satisfied that its remuneration recommendations were made free from undue influence.

These inquiries included arrangements under which CRA Plan Managers Pty Limited was required to provide the Board with a summary of the way in which it carried out its work, details of its interaction with the CEO in relation to the assignment, and responses to questioning by members of the Board after the completion of the assignment.

In accordance with advice to the ASX on 23 November 2011, the CEO, in addition to his original terms of employment, participates in the Company's Long Term Incentive Plan.

Employment contract – Chief Financial Officer

The other senior executive has a service agreement which is capable of termination within three months, and in the event of termination or resignation, he is entitled to any statutory entitlements to annual leave and long service leave, if applicable.

Non-executive directors

Total remuneration for Non-executive directors has been set at a maximum of $250,000, which was approved at the Annual General Meeting held on 18 November 2010.

Directors' fees cover all Board activities including attendance at committee meetings of the Board. Fees paid to the Chairman of the Audit and Risk Management Committee and part time Company Secretary are based on an hourly fee at commercial rates on time incurred.

Remuneration of key management personnel

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

4.3 Remuneration report – audited (continued)

		Short-term			Long-term		Post-employment		Shared based			
		Salary & fees	Non-monetary benefits	STI cash bonus	Long service leave	LTI cash bonus	Super-annuation	Termination benefits	Options and rights	Total	Proportion of remuneration performance related	S300A Value of options as proportion of remuneration
		$	$	$	$	$	$	$	$	$	%	%
Non-executive directors												
Allan English	2012	73,395	-	-	-	-	6,606	-	-	80,000	-	-
	2011	69,998	-	-	-	-	-	-	-	69,998	-	-
Andrew Kemp	2012	40,000	-	-	-	-	-	-	-	40,000	-	-
	2011	37,500	-	-	-	-	-	-	-	37,500	-	-
Bede King	2012	40,000	-	-	-	-	-	-	-	40,000	-	-
	2011	36,480	-	-	-	-	-	-	-	36,480	-	-
Sophie Mitchell	2012	30,063	-	-	-	-	2,706	-	-	32,769	-	-
(appointed September 2011)	2011	-	-	-	-	-	-	-	-	-	-	-
Karen Penrose	2012	30,063	-	-	-	-	2,706	-	-	32,769	-	-
(appointed September 2011)	2011	-	-	-	-	-	-	-	-	-	-	-
Total Directors	**2012**	**213,521**	**-**	**-**	**-**	**-**	**12,017**	**-**	**-**	**225,518**	**-**	**-**
Remuneration	**2011**	**143,978**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**143,978**	**-**	**-**

4.3 Remuneration report – audited (continued)

		Short-term			Long-term		Post-employment		Shared based				
		Salary & fees	Non-monetary benefits	STI cash bonus	Long service leave	LTI cash bonus	Super-annuation	Termination benefits	Options and rights	Shares and units	Total	Proportion of remuneration performance related	S300A Value of options as proportion of remuneration
		$	$	$	$	$	$	$	$	$	$	%	%
Senior executives													
Charles Gregory CEO	2012	267,719	74,655	189,001	-	108,344	31,354	-	-	1,000	672,073	44%	-
	2011	166,461	38,552	162,406	-	28,000	29,597	-	365	-	425,381	45%	-
Neil Burton CFO	2012	48,875	-	15,342	-	-	5,779	14,394	-	1,000	85,390	18%	-
(resigned September 2011)	2011	118,093	-	80,194	-	13,600	17,846	-	-	-	229,733	41%	-
David Wilson CFO	2012	140,861	-	118,267	-	63,500	17,606	-	-	1,000	341,234	53%	-
(appointed October 2011)	2011	-	-	-	-	-	-	-	-	-	-	-	-
Alternate Director and Company Secretary													
Don Mackenzie	2012	82,868	-	-	-	-	-	-	-	-	82,868	-	-
	2011	63,156	-	-	-	-	-	-	-	-	63,156	-	-
Total senior executives company secretary	**2012**	**540,323**	**74,655**	**322,610**	**-**	**171,844**	**54,739**	**14,394**	**-**	**3,000**	**1,181,565**	**-**	**-**
Remuneration	**2011**	**347,710**	**38,552**	**242,600**	**-**	**41,600**	**47,443**	**-**	**365**	**-**	**718,270**	**-**	**-**

4.3 Remuneration report – audited (continued)

The fair value of options issued is calculated at the date of grant using a Black - Scholes model and allocated to each reporting period evenly over the period from grant date to vesting date. The value disclosed is the portion of the fair value of the options allocated to this reporting period. In valuing the option, market conditions have been taken into account since the ASX listing of Silver Chef.

Analysis of bonuses included in remuneration - audited			
	Short-term incentive bonus	Long-term incentive bonus	Total performance related remuneration
	Vested in year	*Deferred*	
Charles Gregory	189,001	108,344	297,345
Neil Burton	15,342	-	15,342
David Wilson	118,267	63,500	181,767

Amounts paid as short-term incentive bonuses vested during the year. Amounts accrued as long-term incentive bonuses are deferred until 2015 depending on the EPS growth between June 2010 and June 2014.

Equity instruments

All options refer to options over ordinary shares of Silver Chef Limited, which are exercisable on a one-for-one basis under the Employee Share Option Plan. The options will only vest while the person remains an employee of the Group. The Group prohibits those that are granted share-based payments as part of their remuneration from entering into other arrangements that limit their exposure to losses that would result from share price decreases. Entering into such arrangements has been prohibited by law since July 2011.

Exercise of options granted as compensation

During the reporting period, the following shares were issued on the exercise of options previously granted as compensation:

	Number of shares	Amount paid $/share
Senior executives		
Charles Gregory	25,000	1.26
Charles Gregory	25,000	1.41
Charles Gregory	36,000	1.66

There are no amounts unpaid on the shares issued as a result of the exercise of the options in the 2012 financial year.

Analysis of options and rights over equity instruments granted as compensation

Details of the vesting profiles of the options granted as remuneration to each key management person of the Group are detailed below.

	Options granted				
	Number	**Date**	**% vested in year**	**% forfeited in year**	**Financial years in which grant vests**
Senior executives					
Charles Gregory	25,000	1 July 2008	100%	-	1 Jan 2009
Charles Gregory	25,000	1 July 2008	100%	-	1 July 2009
Charles Gregory	50,000	1 July 2008	72%	-	1 July 2010
Charles Gregory	50,000	1 July 2008	-	-	1 July 2011

4.3 Remuneration report – audited (continued)

Analysis of movements in options

The movement during the reporting period, by value, of options over ordinary shares in the Company held by each key management person is detailed below.

in dollars	Granted in year	Value of options exercised in year (A)	Lapsed in year
Senior executives			
Charles Gregory	-	145,290	-

(A) The value of the options exercised during the year is calculated as the market price of shares of the Company as at close of trading on the date the options were exercised after deducting the price paid to exercise the option.

Options and rights over equity instruments holdings

The movements during the reporting period in the number of options over ordinary shares in Silver Chef Limited held, directly, indirectly or beneficially, by each Director and senior executive, including their personally-related entities, are as follows:

2012	Held at 1 July 2011	Granted as remun-eration	Exercised	Held at 30 June 2012	Vested at 30 June 2012	Vested & exercisable at 30 June 2012	Vested & Un-exercisable at 30 June 2012
Directors							
Allan English	-	-	-	-	-	-	-
Andrew Kemp	-	-	-	-	-	-	-
Bede King	-	-	-	-	-	-	-
Sophie Mitchell	-	-	-	-	-	-	-
Karen Penrose	-	-	-	-	-	-	-
Alternate Director and Company Secretary							
Don Mackenzie	-	-	-	-	-	-	-
Senior executives							
Charles Gregory	150,000	-	(86,000)	64,000	64,000	64,000	-
Neil Burton	-	-	-	-	-	-	-
David Wilson	-	-	-	-	-	-	-
	150,000	-	(86,000)	64,000	64,000	64,000	-

Options were exercised at an average value of $1.47 per option

2011	Held at 1 July 2010	Granted as remun-eration	Exercised	Held at 30 June 2011	Vested at 30 June 2011	Vested & exercisable at 30 June 2011	Vested & Un-exercisable at 30 June 2011
Directors							
Allan English	-	-	-	-	-	-	-
Andrew Kemp	-	-	-	-	-	-	-
Bede King	-	-	-	-	-	-	-
Alternate Director and Company Secretary							
Don Mackenzie	-	-	-	-	-	-	-
Senior executives							
Charles Gregory	150,000	-	-	150,000	150,000	150,000	-
Neil Burton	-	-	-	-	-	-	-
	150,000	-	-	150,000	150,000	150,000	-

4.4 Audit and risk management committee

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

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

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

At the date of this report, the members of the Company's ARM Committee are Don Mackenzie, Andrew Kemp, Karen Penrose and Bede King.

With effect from 1 September, 2012, Karen Penrose (a non-executive director), will be appointed as Chair of the Audit and Risk Management Committee in place of Don Mackenzie.

In fulfilling their objectives, the ARM Committee meets at least four times each year. The main duties and responsibilities of the committee include:

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

Operating and reporting

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

The Chief Executive Officer and the Chief Financial Officer attend the ARM Committee meetings in an ex-officio capacity and external auditors are invited to attend all meetings. All Directors receive Committee papers and also attend meetings.

Prior to signing the Group's annual financial statements for the year ended 30 June 2012, Silver Chef's Chief Executive Officer and Chief Financial Officer report in writing to the ARM Committee that:

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

4.4 Audit and risk management committee (continued)

External auditor

The role of the external auditor is to provide an independent opinion that Silver Chef's financial reports are true and fair, and comply with applicable regulations.

KPMG are auditors of Silver Chef and were appointed by shareholders at the Annual General Meeting in 2010.

The ARM Committee requires the external auditor to confirm at each reporting period that they have maintained their independence and have complied with the independence standards required by Australian regulators and professional bodies.

4.5 Finance Committee

The Finance Committee comprises at least two "independent" non-executive Directors with other Directors attending on an ad hoc basis. Members are required to be financially literate and include at least one, and preferably two, member(s) with past employment experience in finance. Membership currently includes Andrew Kemp, Sophie Mitchell and Karen Penrose.

The Chief Executive Officer and the Chief Financial Officer, where able, are to attend all meetings of the Committee together with such other executives and management as may be invited by the Committee. The Company Secretary will serve as Secretary to the Committee.

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

(a) considering and making recommendations to the Board concerning the formulation and monitoring of the Company's capital management strategy, including dividend payment strategies;

(b) considering the Company's funding requirements and making recommendations to the Board concerning specific funding proposals;

(c) monitoring borrowings from financial institutions and compliance with borrowing covenants;

(d) formulating, approving and monitoring policies in relation to capital structure, treasury practices (cash management, payments processing and bank account administration) and the management of credit, debt structure, liquidity and market risks (interest rates, currency and commodity) assumed by the Company in the course of carrying on its business;

(e) reviewing and making recommendations to the Board in relation to financial risks and exposure resulting from movements in interest rates and exchange rates, including the extent and methods of financial hedging;

(f) considering and reporting to the Board on such other matters as the Board may refer to the Committee from time to time; and

(g) reviewing all ASX releases, broker presentations and releases containing any financial results or indicative forecasts.

4.6 Risk management

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

Risk management approach

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

Risk management framework

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

4.6 Risk management (continued)

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

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

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

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

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

Operational risk

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

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

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

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

4.7 Ethical standards

Code of conduct and principles for doing business

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

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

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

Employment practices

The Company will employ the best available staff, both male and female, from a diverse background, with skills required to carry out their roles and will ensure that diversity objectives are adopted at all levels of the Company.

The Company will ensure a safe work place and maintain proper occupational health and safety practices commensurate with the nature of the Company's business and activities.

Diversity

A gender diversity policy has been adopted and is included as a separate policy together with the Corporate Governance Charter on the Company's website. The Board continues to consider suitable diversity targets to achieve greater diversity at the Company at all levels of the workforce and the Board.

Data which details the proportion of women employees in the Company and women in senior executive positions is detailed below.

Gender representation	June 2012		June 2011	
	Female %	Male %	Female %	Male %
Board representation	33%	67%	-	100%
Leadership Team representation	43%	57%	17%	83%
Group representation	55%	45%	57%	43%

Trading in Silver Chef shares

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

4.8 Communication with shareholders

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

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

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

Mechanisms employed in shareholder communications will include:

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

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

5 Principal activities

The principal activity of the Group is long term rental of commercial equipment. There have been no changes in the nature of the activities in the year.

The consolidated entity's objectives are to:

- Maintain its growth in the hospitality sector and build a broader base and enhance growth in rental income with Rent.Grow.Own. products using the GoGetta brand;
- Continue to build the depth of its management team to manage this growth; and
- Earn a strong return on assets and shareholder funds leading to enhanced earnings per share.

6 Operating and financial review

A review of the operations of the consolidated entity during the financial year and of significant changes in the state of affairs of the consolidated entity is as follows:

- Rental income increased from $62.7 million in FY11 to $84.0 million in FY12.
- Net profit after tax increased from $6.7 million in FY11 to $9.0 million in FY12.

The Chief Executive Officer's report contains a detailed operations review.

7 Dividends

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

Type	Cents per share	Total amount $	Date of payment
Declared and paid during the year			
Final dividend – 2011	11.0	2,552,830	30 September 2011
Interim dividend – 2012	9.5	2,210,513	5 April 2012
		4,763,343	
			Proposed date of payment
Dividend declared – after year-end	14.5	3,893,092	28 September 2012

8 Events subsequent to reporting date

A dividend of 14.5 cents per share, 100% fully franked was declared by the Directors on 27 August 2012. The dividend has not been provided for in the 30 June 2012 financial report.

9 Likely developments

The strong outlook for the Company is subject to the risks of operating in the rental finance industry.

Further information about likely developments in the operations of the Group and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the Group.

10 Directors' interests

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

Name	**Ordinary shares**
Allan English	
- Tessana Pty Ltd	5,643,955
- English Family Foundation Pty Ltd <English Family Foundation A/c>	3,500,000
- Tessana Pty Ltd < Tessana Superannuation Fund >	280,917
	9,424,872
Andrew Kemp	
- Huntington Group Pty Ltd	136,619
- Huntington Group Pty Ltd <S Account>	532,995
- Huntington Investment Services Pty Ltd	255,159
- Manco (Aust) Pty Ltd	6,524
- A P & A Kemp	92,347
	1,023,644
Bede King	
- BF King & HJ King <King Superannuation Plan>	71,171
	71,171
Sophie Mitchell	
- Mitchelldangar Pty Ltd	15,739
	15,739
Karen Penrose	
- BT Portfolio Services Limited	7,231
	7,231
Don Mackenzie	
- Rotherby Pty Ltd <Rotherby Superannuation Fund>	26,756
	26,756

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

11 Share options

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

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

Unissued ordinary shares under option's issued by Silver Chef Limited

At the date of this report unissued shares of the Group under option are:

Expiry date	Exercise price	Number of shares
30 June 2013	$1.60	14,000
30 June 2014	$1.90	50,000

All options expire on the earlier of their expiry date or termination of employment. These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Shares issued on exercise of options

During or since the end of the financial year, the Group issued ordinary shares of the Company as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
25,000	$1.26
25,000	$1.41
36,000	$1.66

12 Indemnification and insurance of officers and auditors

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

Insurance premiums

Since the end of the previous financial year, the Company has paid insurance premiums in respect of Directors' and Officers' liability and legal expense insurance contracts, for current and former Directors and Officers, including senior executives of the Company and Directors of its controlled entities. The insurance policies outlined above do not contain details of the premiums paid in respect of individual Officers of the Company.

The insurance premiums relate to:

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

13 Non-audit services

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

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

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

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

14 Lead auditor's independence declaration

A copy of the lead auditor's independence declaration as required under Section 307C of the Corporations Act is included on page 69.

15 Rounding off

The Company is an entity of a kind referred to in ASIC Class Order 98/100 10 July 1998, and in accordance with that Class Order, amounts in the financial report and Directors' Report are rounded to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of Directors.

Allan English
Director
Brisbane

27 August 2012

Corporate governance statement

Silver Chef Limited (the **Company**) and the Board of Directors (the **Board**) are committed to achieving and demonstrating the highest standards of corporate governance. The Board endorses the 2nd edition of the Australian Securities Exchange (**ASX**) Corporate Governance Council's Corporate Governance Principles and Recommendations (**ASX Principles**) issued in August 2007, including the 2010 amendments.

The Company's Corporate Governance Charter is available on the Company website www.silverchef.com.au

The table below summarises how the Company complies with the ASX Principles, and if not why not.

Principle Number	Best practice recommendations	Compliance (Yes/No)	Comments
1.0	**Lay solid foundations for management and oversight**		
1.1	Establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.	Yes	
1.2	Disclose the process for evaluating the performance of senior executives.	Yes	
1.3	Provide the information indicated in *Guide to reporting on Principle 1*	Yes	
2.0	**Structure the Board to add value**		
2.1	A majority of the Board should be independent Directors.	Yes	
2.2	The Chair person should be an independent Director.	No	See note 1
2.3	The roles of Chair and Chief Executive Officer or similar roles should not be exercised by the same individual.	Yes	
2.4	The Board should establish a nominations committee.	No	See note 2
2.5	Disclose the process for evaluating performance of the Board, its committees and individual Directors.	Yes	
2.6	Provide the information indicated in *Guide to reporting on Principle 2.*	Yes	
3.0	**Promote ethical and responsible decision – making**		
3.1	Establish a code of conduct and disclose the code or a summary of the code as to:		
	• The practices necessary to maintain confidence in the Company's integrity	Yes	
	• The practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and	Yes	
	• The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Yes	
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to assess measurable objectives for achieving gender diversity for the Board to assess annually both the objectives and progress achieving them.	Yes	
3.3	Disclose in each annual report the measurable objectives for achieving gender diversity set by the Board in accordance with the diversity policy and progress towards achieving them.	Yes	
3.4	Disclose in each annual report the proportion of women employees in the whole organization, women in senior executive positions and women on the Board.	Yes	
3.5	Provide the information indicated in the Guide to reporting on Principle 3	Yes	
4.0	**Safeguard integrity in financial reporting**		
4.1	The Board should establish an audit committee.	Yes	
4.2	Structure the audit committee so that it:		
	• Consists of only non-executive Directors	Yes	
	• Consists of a majority of independent Directors	Yes	
	• Is chaired by an independent chair, who is not chair of the Board; and	No	See note 3
	• Has at least three members	Yes	

Principle Number	Best practice recommendations	Compliance (Yes/No)	Comments
4.3	The audit committee should have a formal charter.	Yes	
4.4	Provide the information indicated in *Guide to reporting on Principle 4.*	Yes	
5.0	**Make timely and balance disclosure**	Yes	
5.1	Establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	Yes	
5.2	Provide the information indicated in *Guide to reporting on Principle 5.*	Yes	
6.0	**Respect the rights of shareholders**		
6.1	Design a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose the policy.	Yes	
6.2	Provide the information indicated in *Guide to reporting on Principle 6.*	Yes	
7.0	**Recognise and manage risk**		
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Yes	
7.2	Board to direct management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.	Yes	
7.3	The Board should disclose whether it has received assurance from the Chief Executive Officer and the Chief Financial Officer that the declaration provided under s295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	Yes	
7.4	Provide the information indicated in *Guide to reporting on Principle 7.*	Yes	
8.0	**Remunerate fairly and responsibly**		
8.1	Establish a Remuneration Committee	Yes	
8.2	The committee should be structured so that it:		
	• Consists of a majority of independent Directors;	Yes	
	• Is chaired by an independent chair	Yes	
	• Has at least three members	Yes	
8.3	Ensures that Silver Chef clearly distinguishes the structure of the non-executive Directors' remuneration from that of executive Directors and senior executives	Yes	
8.4	Provide the information indicated in *Guide to reporting on Principle 8.*	Yes	

Departures from ASX Principles

Note	Details
1	Silver Chef does not comply with ASX Principles that requires a chair person to be an independent Director. Allan English cannot be regarded as independent by virtue of his shareholding interests but notwithstanding this, the Board has processes in place to manage any potential conflicts arising from the shareholdings in which Allan English has a beneficial or relevant interest.
2	Silver Chef has not established a nominations committee. The full Board deals with such matters in accordance with the Nomination Committee's charter.
3	Silver Chef, while not having complied in the past with the ASX Principle that requires an independent Director to be Chair of the Audit Committee, had appointed Don Mackenzie, an independent Alternate Director to fill this position. With effect from 1 September 2012, Karen Penrose who is an independent non-executive Director, will be appointed Chairman to replace the present incumbent.

Index to the financial statements

Consolidated statement of comprehensive income

For the year ended 30 June 2012

	Note	2012 $000's	2011 $000's
Revenue	7	84,213	62,929
Expenses from ordinary activities	8	(60,805)	(45,911)
Finance costs	10	(5,027)	(4,204)
Change in fair value of derivative financial instruments		(328)	(376)
Change in fair value of properties		(325)	(303)
Loss on sale of plant and equipment		(4,472)	(2,416)
Loss on sale of properties		(172)	(4)
Profit before income tax		13,084	9,715
Income tax expense	14	(4,093)	(3,024)
Profit for the year		**8,991**	**6,691**
Other comprehensive income (net of tax)			
Foreign currency translation differences – foreign operations		(35)	-
Total comprehensive income for the year		**8,956**	**6,691**
Dividend per share	22	20.5 cents	19.0 cents
Earnings per share			
Basic earnings per share	23	37.4 cents	29.7 cents
Diluted earnings per share	23	37.3 cents	29.6 cents

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

Consolidated statement of changes in equity

For the year ended 30 June 2012

	Number of shares on issue 000's	Share capital $000's	Retained earnings $000's	Translation reserve $000's	Total equity $000's
Balance at **1 July 2010**	21,757	16,940	7,470	-	24,410
Total comprehensive income for the year					
Profit for the year	-	-	6,691	-	6,691
Total comprehensive income for the year	-	-	6,691	-	6,691
Transactions with owners in their capacity as owners					
Dividends recognised during the year	-	-	(4,207)	-	(4,207)
Share issue costs	-	(71)	-	-	(71)
Shares issued under dividend reinvestment plan	272	839	-	-	839
Shares issued under DRP shortfall agreement	1,088	3,374	-	-	3,374
Options exercised	40	75	-	-	75
Total contributions by and distributions to owners of the Company	1,400	4,217	(4,207)	-	10
Balance at 30 June 2011	**23,157**	**21,157**	**9,954**	**-**	**31,111**

	Number of shares on issue 000's	Share capital $000's	Retained earnings $000's	Translation reserve $000's	Total equity $000's
Balance at **1 July 2011**	23,157	21,157	9,954	-	31,111
Total comprehensive income for the year					
Profit for the year	-	-	8,991	-	8,991
Foreign currency translation differences	-	-	-	(35)	(35)
Total comprehensive income for the year	-	-	8,991	(35)	8,956
Transactions with owners in their capacity as owners					
Dividends recognised during the year	-	-	(4,763)	-	(4,763)
Share issue costs	-	(351)	-	-	(351)
Shares issued under rights issue	3,581	10,025	-	-	10,025
Shares issued under employee share scheme	25	71	-	-	71
Shares issued on exercise of options	86	167	-	-	167
Total contributions by and distributions to owners of the Company	3,692	9,912	(4,763)	-	5,149
Balance at 30 June 2012	**26,849**	**31,069**	**14,182**	**(35)**	**45,216**

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

Consolidated statement of financial position

As at 30 June 2012

	Note	2012 $000's	2011 $000's
ASSETS			
Current assets			
Cash and cash equivalents	21A	680	1,523
Trade and other receivables	15	2,598	3,384
Properties held for sale	13	2,199	1,464
Derivative financial instruments	26	-	10
Other assets	16	404	290
Total current assets		**5,881**	**6,671**
Non-current assets			
Properties	13	-	1,590
Property, plant and equipment	11	132,367	95,750
Intangibles	12	830	384
Deferred tax assets	14	3,121	2,277
Total non-current assets		**136,318**	**100,001**
Total assets		**142,199**	**106,672**
LIABILITIES			
Current liabilities			
Trade and other payables	17	27,057	21,066
Loans and borrowings	19	1,779	1,777
Current tax payable	18	1,272	1,825
Derivative financial instruments	26	508	77
Employee benefits	20	713	561
Total current liabilities		**31,329**	**25,306**
Non-current liabilities			
Loans and borrowings	19	65,167	50,062
Derivative financial instruments	26	-	113
Employee benefits	20	487	80
Total non-current liabilities		**65,654**	**50,255**
Total liabilities		**96,983**	**75,561**
Net assets		**45,216**	**31,111**
EQUITY			
Share capital		31,069	21,157
Retained earnings		14,182	9,954
Foreign currency translation reserve		(35)	-
Total equity		**45,216**	**31,111**

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

Consolidated statement of cash flows

For the year ended 30 June 2012

	Note	2012 $000's	2011 $000's
Cash flows from operating activities			
Receipts from customers		101,081	73,860
Payments to suppliers and employees		(32,557)	(23,311)
Finance costs paid		(4,854)	(3,751)
Interest received		82	58
Income taxes paid		(7,810)	(3,524)
GST recovered		452	144
Net cash from operating activities	**21B**	**56,394**	**43,476**
Cash flows from investing activities			
Payments for plant and equipment		(94,367)	(67,229)
Proceeds from sale of plant and equipment		19,066	14,755
Proceeds from sale of properties		337	659
Net cash used in investing activities		**(74,964)**	**(51,815)**
Cash flows from financing activities			
Proceeds from borrowings		12,891	53,271
Repayment of borrowings		-	(44,300)
Repayment of finance leases		(130)	(91)
Transaction costs paid in relation to loans and borrowings		(113)	(474)
Proceeds from issue of shares		10,343	3,456
Transaction costs paid in relation to issue of shares		(501)	(78)
Dividends paid		(4,763)	(3,368)
Net cash from financing activities		**17,727**	**8,416**
Net increase/(decrease) in cash held		(843)	77
Cash at beginning of year		1,523	1,446
Cash and cash equivalents at end of year	**21A**	**680**	**1,523**

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

1 Reporting entity

Silver Chef Limited (the "Company") is a company domiciled in Australia. The address of the Company's registered office is Park Tower, 20 Pidgeon Close West End Qld 4101. The consolidated financial statements of the Company as at and for the year ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities"). The Group is a for profit entity and is primarily involved in the long term rental of commercial equipment.

2 Basis of preparation

(a) Statement of compliance

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

The consolidated financial statements were authorised for issue by the Board of Directors on 27 August 2012.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- derivative financial instruments are measured at fair value; and
- investment properties are measured at fair value.

At year end there existed a deficiency of current assets to current liabilities, which is summarised below.

	2012 $000's	2011 $000's
Current assets	5,881	6,671
Current liabilities	(31,329)	(25,306)
	(25,448)	(18,635)

Included in the consolidated current liabilities at 30 June 2012 is an amount of $21.6 million of customer deposits (30 June 2011 $17.1 million). Due to the growth of the rental contract portfolio and the average length of each contract, there is not expected to be any net cash requirements to repay security bonds in the next twelve months.

It is the Group's cash management practice to deploy excess cash to either re-invest in new income generating rental assets or reduce debt. Only a sufficient amount for working capital is maintained.

Although accounting standards require all customer deposits to be classified as current liabilities, due to the terms of the rental contracts, not all customer deposits are refunded within 12 months. The current ageing of customer deposits is as follows:

Age in months	Customer deposits $'000
0 – 6	6,760
6 – 12	6,955
12 – 18	2,830
18 – 24	2,496
> 24	2,597
Total	**21,638**

The Group is trading profitably and has access to unused finance facilities as set out in note 19.

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

2 Basis of preparation (continued)

(c) Functional and presentation currency

The financial report is presented in Australian dollars, which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgements

The preparation of the consolidated financial statements is in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- note 13 – Properties – estimation of fair value; and
- note 11 – Property plant and equipment – impairment of rental assets.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

(ii) Transactions eliminated on consolidation

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

(b) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost at the beginning of the period, adjusted for effective interest and payments during the period, and amortised cost in foreign currency translated at the exchange rate at the end of the year.

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

(ii) Foreign operations

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

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

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

3 Significant accounting policies (continued)

(c) Financial instruments

(i) Non-derivative financial instruments

The Group initially recognises non-derivative financial instruments on the date that they are originated. The Group derecognises a financial instrument when the contractual rights or obligations to the cash flows from the instrument are discharged, cancelled or expire, or in the case of a financial asset, it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group has the following non-derivative financial instruments: loans and receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Cash and cash equivalents

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

(ii) Share capital

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

Refer to Note 26 for further details for non-derivative financial liabilities.

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate exposures, however these derivative financial instruments are not currently designated in a hedge relationship that qualifies for hedge accounting. Accordingly, all changes in fair value are recognised immediately in profit or loss.

(d) Property plant and equipment

(i) Recognition and measurement

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

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

(ii) Subsequent costs

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

3 Significant accounting policies (continued)

(d) Property plant and equipment (continued)

(iii) Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis in profit or loss over the estimated useful lives of each component. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

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

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

- rental equipment 2.5 to 5 years
- fixtures and fittings 5 to 10 years
- computer equipment 2 to 4 years
- motor vehicles 4 years

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

(e) Intangible assets

(i) Recognition and measurement

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

(ii) Subsequent costs

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

(iii) Amortisation

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

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

- software 4 to 5 years

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

(f) Properties

Properties are investment properties which are held to earn rental income. Properties are measured at cost on initial recognition and subsequently stated at fair value with any change therein recognised in profit and loss. The fair values are based on independent valuations and Directors Valuations, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

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

3 Significant accounting policies (continued)

(g) Leased assets

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. On initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognized in the Group's statement of financial position.

(h) Assets held for sale

Assets that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets are re-measured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(i) Employee benefits

(i) Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Share-based payment transactions

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

(j) Provisions

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

3 Significant accounting policies (continued)

(k) Revenue

(i) Contract rental income

The Group derives revenue from operating leases. Revenue from operating leases is recognised in profit or loss on a straight-line basis over the lease term as it falls due.

Operating leases arise where substantially all of the risks and benefits incidental to ownership of the leased asset remain with the lessor. Payments under operating leases are due and payable by the lessee on a weekly basis in advance.

(ii) Property rental income

Rental income from Properties is recognised in profit or loss on a straight-line basis over the term of the lease.

(iii) Interest income

Interest income is recognised in profit or loss as it accrues.

(l) Impairment

(i) Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, indications that a debtor will enter bankruptcy and economic conditions that correlate with defaults.

(ii) Non-financial assets

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

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

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

(m) Leases

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

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

3 Significant accounting policies (continued)

(n) Finance income and finance costs

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

Finance costs comprise interest expense on borrowings and are recognised in profit or loss using the effective interest method.

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

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

(o) Taxes

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

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

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

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

(p) Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, income and expenses, and income tax assets and liabilities.

4 New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except for AASB 9 *Financial Instruments*, which becomes mandatory for the Group's 2016 consolidated financial statements and could change the classification and measurement of financial assets. The Group does not plan to adopt this standard early and the extent of the impact has not been determined.

5 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Properties

An external, independent valuation company values the Group's properties which have not been independently valued within the last 36 months or earlier if the Directors deem appropriate. The remaining properties are valued using market sale information sourced from a third party. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing less selling costs wherein the parties had each acted knowledgeably and willingly.

(ii) Interest rate swaps

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

(iii) Share-based payment transactions

The fair value of the employee share options is measured using the Black-Scholes formula. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

6 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer similar products and services, and are managed separately because they target distinctively different markets. For each of the strategic divisions, the Group's CEO (the chief operating decision maker) reviews internal management reports on a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

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

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CEO.

6 Operating segments (continued)

Information about reportable segments

	Hospitality		GoGetta		Total	
	2012 $000's	**2011 $000's**	**2012 $000's**	**2011 $000's**	**2012 $000's**	**2011 $000's**
External revenue	58,693	48,117	23,829	13,396	82,522	61,513
Depreciation and amortisation	(24,951)	(20,808)	(9,185)	(5,351)	(34,136)	(26,159)
Loss on sale of property, plant and equipment	(2,007)	(1,279)	(2,462)	(1,137)	(4,469)	(2,416)
Bad and doubtful debt expense	(378)	(1,274)	(196)	(373)	(574)	(1,647)
Impairment on property, plant and equipment	(1,021)	(601)	(211)	(385)	(1,232)	(986)
Reportable segment profit before tax	22,148	17,872	7,133	3,353	29,281	21,225
Reportable segment assets	101,942	85,112	45,746	28,117	147,688	113,229
Property, plant and equipment acquired during year	56,034	42,632	36,957	24,113	92,991	66,745
Reportable segment liabilities	(88,281)	(77,599)	(42,987)	(26,551)	(131,268)	(104,150)

Reconciliation of reportable segment revenues, profit or loss, assets and liabilities and other material items

	2012 $000's	**2011 $000's**
Revenues		
Total revenue for reportable segments	82,522	61,513
Other revenue	1,691	1,416
Consolidated revenue	**84,213**	**62,929**
Profit or loss		
Total profit or loss for reportable segments	29,281	21,225
Other profit or loss	(15,869)	(11,134)
Change in fair value of derivatives	(328)	(376)
Consolidated profit before tax	**13,084**	**9,715**
Assets		
Total assets for reportable segments	147,688	113,229
Other assets	8,048	6,981
Elimination of inter-segment assets	(13,537)	(13,538)
Consolidated total assets	**142,199**	**106,672**
Liabilities		
Total liabilities for reportable segments	131,268	104,150
Other liabilities	77,222	52,104
Elimination of inter-segment liabilities	(111,507)	(80,693)
Consolidated total liabilities	**96,983**	**75,561**

6 Operating segments (continued)

Other material items

	2012 $000's			2011 $000's		
	Reportable segment totals	**Other**	**Consol-idated totals**	**Reportable segment totals**	**Other**	**Consol-idated totals**
Depreciation and amortisation	34,136	637	34,773	26,159	520	26,679
Loss on sale of property plant and equipment	4,469	3	4,472	2,416	-	2,416
Bad and doubtful debt expense	574	49	623	1,647	16	1,663
Impairment on property, plant and equipment	1,232	-	1,232	986	(22)	964
Property plant and equipment acquired	92,991	2,577	95,568	66,745	484	67,229

Geographical information

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers and segment assets are based on the geographical location of the assets.

	2012 $000's		2011 $000's	
	Revenue	**Non-current assets**	**Revenue**	**Non-current assets**
Australia	84,040	135,436	69,929	100,001
New Zealand	173	882	-	-
Total	**84,213**	**136,318**	**69,929**	**100,001**

7 Revenue

	Note	**2012 $000's**	**2011 $000's**
Rental income		84,028	62,729
Interest		82	58
Property rental income		103	142
Total revenue		**84,213**	**62,929**

8 Expenses from ordinary activities

Cost of sales – services		4,724	3,403
Employee benefits expense	9	11,605	7,851
Depreciation and amortisation expense		34,773	26,679
Bad and doubtful debts		623	1,663
Impairment loss on rental equipment	11	1,232	964
Other administrative expenses		5,584	3,563
Sales and marketing		2,185	1,697
Property expenses[1]		79	91
Total expenses from ordinary activities		**60,805**	**45,911**

[1] Direct operating expenses arising from properties that generated rental income.

9 Employee benefits expense	2012 $000's	2011 $000's
Wages and salaries	10,128	6,743
Other associated personnel expenses	694	516
Superannuation	729	543
Long service leave	54	49
Total employee benefits expense	**11,605**	**7,851**

10 Finance costs		
Interest expense on financial liabilities measured at amortised cost	4,854	3,751
Amortisation of capitalised borrowing costs	173	453
Total finance costs	**5,027**	**4,204**

11 Property, plant and equipment		
Plant and equipment		
At cost	4,364	2,127
Less accumulated depreciation	(1,242)	(1,161)
Carrying amount of property, plant and equipment	**3,122**	**966**
Movements during the year		
Balance at 1 July	966	705
Additions	2,577	550
Depreciation expense	(348)	(244)
Disposals	(73)	(45)
Balance at 30 June	**3,122**	**966**
Rental assets		
At cost	189,843	141,936
Less accumulated depreciation	(59,126)	(46,076)
Less provision for impairment	(1,471)	(1,076)
Carrying amount of rental assets	**129,246**	**94,784**
Movements during the year		
Balance at 1 July	94,784	73,382
Additions	92,991	66,743
Depreciation expense	(34,136)	(26,159)
Impairment loss[1]	(1,232)	(964)
Disposals	(23,162)	(18,218)
Balance at 30 June	**129,245**	**94,784**
Total property, plant and equipment	**132,367**	**95,750**

[1]Impairment of rental assets: assessments are made monthly on the recoverable amount of returned assets and assets on contracts which have defaulted. As a result, impairment losses of $1,232,000 (2011: $964,000) were recognised throughout the year. No impairment losses have been reversed. (2011: Nil)

11 Property, plant and equipment (continued)

	2012 $000's	2011 $000's
Assets leased out under operating leases and included in rental assets above		
At cost	179,057	135,207
Less accumulated depreciation	(56,332)	(43,711)
Less provision for impairment	(298)	-
Carrying amount of rental assets pledged as security for liabilities	**122,427**	**91,496**
Depreciation recognised as an expense	32,992	25,153

12 Intangible assets

Intangible assets		
Software at cost	2,254	1,519
Less accumulated depreciation	(1,424)	(1,135)
Carrying amount of intangible assets	**830**	**384**
Movements during the year		
Balance at 1 July	384	519
Additions	735	141
Amortisation expense	(289)	(276)
Balance at 30 June	**830**	**384**

13 Properties

Current		
Properties at fair value	2,199	1,464
Non-current		
Properties at fair value	-	1,590
Carrying amount of properties pledged as security for liabilities	**2,199**	**3,054**
Movements during the year		
Balance at 1 July	3,054	4,020
Revaluations	(325)	(303)
Disposals	(530)	(663)
Balance at 30 June	**2,199**	**3,054**

As at 30 June 2012, all investment properties have been classified as held for sale and as current assets.

14 Taxes

Current tax expense

	2012 $000's	2011 $000's
Tax recognised in profit or loss		
Current year	4,807	3,520
Adjustment for prior year	(20)	(29)
Increase in deferred tax asset posted from equity	150	30
Deferred tax expense	(844)	(497)
	4,093	**3,024**

Reconciliation of effective tax rate	%	2012 $000's	%	2011 $000's
Profit for the year		8,991		6,691
Total tax expense		4,093		3,024
Profit before tax		**13,084**		**9,715**
Tax using the Company's domestic tax rate	30.0%	3,925	30.0%	2,914
Prior year adjustment	(0.2%)	(20)	(0.3%)	(29)
Non-deductable expenses	0.3%	39	0.3%	32
Other	1.1%	149	1.1%	107
	31.2%	**4,093**	**31.1%**	**3,024**

Unrecognised deferred tax assets	2012 $000's	2011 $000's
Deferred tax assets have not been recognised in respect of the following items:		
Capital tax losses	725	595
	725	**595**

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

Recognised deferred tax assets and liabilities		
Deferred tax liabilities		
Plant and equipment	49	158
Intangibles	29	71
Other	-	75
Total deferred tax liabilities	**78**	**304**
Deferred tax assets		
Rental assets	1,588	1,472
Allowance for impairment of receivables	363	340
Employee entitlements	248	211
Rental asset impairment	403	323
Other	597	235
Total deferred tax assets	**3,199**	**2,581**
Net deferred tax assets	**3,121**	**2,277**

14 Taxes (continued)		
Movement in deferred tax balances during the year		
	2012 $000's	**2011 $000's**
Deferred tax liabilities		
Plant and equipment	(110)	(54)
Intangibles	(43)	(80)
Derivative financial instruments	-	(59)
Other	(75)	75
Deferred tax assets		
Rental assets	(116)	(384)
Allowance for impairment of receivables	(23)	175
Employee entitlements	(37)	(77)
Rental asset impairment	(80)	(164)
Other	(360)	71
Deferred tax expense	**(844)**	**(497)**
Movement in deferred tax asset recognised directly in equity	150	30

15 Trade and other receivables		
Trade receivables	2,992	3,516
Other receivables	816	1,000
Allowance for impairment losses	(1,210)	(1,132)
Total receivables	**2,598**	**3,384**

Operating leases – leases as a lessor

Plant and equipment is leased to various industries

Included in current receivables

	2012	**2011**
Lease commitments receivable	1,678	2,514
Less provision for impairment	(555)	(794)
Net lease commitments receivable	**1,123**	**1,720**

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

Rental equipment

Not later than one year	41,293	27,327
Greater than one, less than five	-	-
Total future minimum lease receipts	**41,293**	**27,327**

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

15 Trade and other receivables (continued)	2012 $000's	2011 $000's
Properties		
Not later than one year	-	15
Greater than one, less than five		-
Total future minimum lease receipts	**-**	**15**

16 Other assets		
Current		
Prepayments	**404**	**290**

17 Trade and other payables		
Current		
Creditors and accruals (unsecured)	4,667	3,257
Deferred revenue and customer security bonds	22,390	17,809
	27,057	**21,066**

18 Tax assets and liabilities		
Current		
Current tax payable	**1,272**	**1,825**

19 Loans and borrowings		
Current		
Secured:		
Finance lease liabilities[1]	414	53
Property bank loans	1,365	1,724
	1,779	**1,777**
Non-current		
Secured:		
Finance lease liabilities[1]	1,863	104
Bank loans[2]	63,304	49,958
	65,167	**50,062**

[1] During the year, the Group entered into a new finance arrangement to fund the fit-out of its new premises in Brisbane.

[2] At 30 June 2012, the Group's bankers have provided funding to the Group under a facility which expires on 30 October 2013. The total available facility is $110,000,000. The facility incurs interest at a rate of 6.5% (2011: 7.7%) and is secured by a fixed and floating charge over the assets of the Group.

19 Loans and borrowings (continued)	2012 $000's	2011 $000's
Summary of available facilities		
Finance lease liabilities secured by respective plant and equipment	297	300
Commercial bills secured by way of a fixed and floating charge over the Group's assets	46,450	19,700

Finance lease payment commitments

	2012			2011		
	Future minimum lease payments $000's	Interest $000's	Present value of minimum lease payments $000's	Future minimum lease payments $000's	Interest $000's	Present value of minimum lease payments $000's
Less than one year	571	158	414	68	10	53
Between one and five years	2,143	281	1,863	111	7	139
More than five years	-	-	-	-	-	-
Total	**2,714**	**439**	**2,277**	**179**	**17**	**192**

20 Employee benefits	2012 $000's	2011 $000's
Current		
Annual leave	563	406
Long service leave	60	82
Other	90	73
	713	**561**
Non-current		
Long service leave	**487**	**80**

21A. Cash and cash equivalents		
Bank balances	680	1,523
Cash and cash equivalents in the statement of cash flows	**680**	**1,523**

21B. Reconciliation of cash flows from operating activities

	2012 $000's	2011 $000's
Profit for the year	8,991	6,691
Adjustments for:		
Depreciation	34,485	26,404
Amortisation of borrowing costs	173	518
Amortisation of intangible assets	289	276
Movement in impairment loss on receivables	78	(586)
Movement in impairment provision on PPE	1,234	964
Loss on sale of fixed assets	4,472	2,416
Loss on sale of properties	172	4
Change in fair value of properties	325	303
Change in tax payable	(552)	(17)
Change in deferred tax assets	(844)	(497)
Change in trade receivables	257	719
Change in other current assets	(112)	(160)
Change in derivative financial instruments	328	376
Change in creditors and accruals	1,603	2,401
Change in deferred revenue, advances and bonds	4,582	3,325
Change in provision for employee benefits	633	195
Change in GST clearing	280	144
Net cash provided by operating activities	**56,394**	**43,476**

22 Dividends

The following dividends were declared and paid by the Group

	Cents per share	Total Amount $000's	Franked/ unfranked	Date of payment
2012				
Final dividend – 2011	11.0	2,553	Franked	30 September 2011
Interim dividend – 2012	9.5	2,210	Franked	5 April 2012
		4,763		
2011				
Final dividend – 2010	10.0	2,177	Franked	30 September 2010
Interim dividend – 2011	9.0	2,030	Franked	31 March 2011
		4,207		

Subsequent events

After 30 June 2012, the following dividends were proposed by the Directors. The dividends have not been provided for and there are no income tax consequences.

	Cents per share	Total amount $000's	Date of payment
Final dividend 2012	14.5	3,893	28 September 2012

22 Dividends (continued)

Franking account balance

The ability to utilise the franking credits is dependent upon the ability to declare dividends. The amount of franking credits available to shareholders for subsequent financial years is as follows:

	2012 $000's	2011 $000's
Franking account balance as at the end of the financial year at 30% (2011: 30%)	6,853	3,545
Franking (debits)/credits that will arise from the refund/payment of income tax payable as at the end of the financial year	1,272	1,825
	8,125	**5,370**

23 Earnings per share

Basic earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of $8,991,000 (2011: $6,691,000) and a weighted average number of ordinary shares outstanding of 24,034,000 (2011: 22,508,000), calculated as follows:

Profit attributable to ordinary shareholders

	2012 $000's	2011 $000's
Profit for the year	8,991	6,691
	8,991	**6,691**

	2012	2011
Weighted average number of ordinary shares (000's)		
Issued ordinary shares at 1 July	23,158	21,758
Effect of share options exercised	39	29
Effect of shares issued under the dividend reinvestment plan	-	721
Effect of shares issued under the employee share scheme	21	-
Effect of shares issued under the rights issue	816	-
Weighted average number of ordinary shares at 30 June	**24,034**	**22,508**

Diluted earnings per share

The calculation of basic earnings per share at 30 June 2012 was based on the profit attributable to ordinary shareholders of $8,991,000 (2011: $6,691,000) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 24,034,000 (2011: 22,508,000), calculated as follows:

Profit attributable to ordinary shareholders (diluted)

	2012 $000's	2011 $000's
Profit for the year	8,991	6,691
	8,991	**6,691**

	2012	2011
Weighted average number of ordinary shares (diluted) (000's)		
Weighted average number of ordinary shares (basic)	24,034	22,508
Effect of share options on issue	40	94
Effect of employee share based payment transactions	33	21
Weighted average number of ordinary shares at 30 June	**24,107**	**22,623**

24 Capital and reserves

Share capital

	2012 000's	2011 000's
On issue at 1 July	23,158	21,758
Issued under dividend reinvestment plan	-	272
Issued under DRP shortfall agreement	-	1,088
Exercise of share options	86	40
Issued under employee share scheme	25	-
Issued for cash	3,580	-
On issue at 30 June	**26,849**	**23,158**

Ordinary shares

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

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

Issue of ordinary shares

During the period, no shares were issued under the dividend reinvestment plan (2011: 1,360,000).

In March 2012, 25,000 options were exercised at $1.26 per option, 25,000 options were exercised at $1.41 per option and 36,000 options were exercised at $1.66 per option (2011: 40,000 options).

In May 2012, 3,581,000 shares were issued under a 2:13 non-renounceable rights issue at $2.80 per share.

Translation reserve

All foreign currency differences arising from the translation of foreign operations.

Shares issued under employee share scheme

Shares will be allotted for a price equal to the closing price of shares on ASX on the trading day prior to issue. The number of shares issued will be rounded down to the nearest whole number.

Offers (to the extent the Board decides to make them) will normally be made following the announcement of the full year financial results to the ASX.

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

25 Operating leases

	2012 $000's	2011 $000's
Leases as lessee		
Not later than one year	729	437
Later than one year not later than five years	2,770	717
More than five years	3,057	-
	6,556	**1,154**

The Group leases its office and warehouse facilities under operating leases. The leases run for up to 10 years, with an option to renew after the expiry date. The Group also leases some office equipment under operating leases.

26 Financial instruments

(a) Financial risk management

(i) Overview

The Group's principal financial instruments comprise receivables, payables, bank loans, finance leases, cash and short term deposits.

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

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

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

(ii) Risk management framework

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

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

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

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

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

(b) Credit risk

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

(i) Exposure to credit risk

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

	2012 $000's	**2011 $000's**
Trade and other receivables	2,598	3,384
Cash and cash equivalents	680	1,523
Interest rate swaps used for hedging	-	10
	3,278	**4,917**

26 Financial instruments (continued)

(b) Credit risk (continued)

(ii) Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer and the demographics of the Group's customer base.

The ARM Committee has adopted a credit policy under which each new customer is analysed individually for creditworthiness. The Group's review includes external ratings, when available, and in some cases bank references. Credit limits are set for each individual customer in accordance with the Board approved Credit Policy.

Where necessary, personal guarantees and/or security over property is required. The Group holds security bonds from each customer ranging from an equivalent four to thirteen weeks rental payments. Once the contract has been completed, the security bonds are refunded and any personal guarantee or security over property is released. There is no effective way of valuing personal guarantees that are held.

The Group has established an allowance for impairment that represents the estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures.

The ageing of trade receivables at 30 June 2012 is detailed below:

	2012 $000's		2011 $000's	
	Gross	Allowance	Gross	Allowance
Not past due	144	-	-	-
Past due 1-4 weeks	393	(7)	773	-
Past due 5-7 weeks	153	(5)	208	-
Past due 8-12 weeks	173	(19)	256	(87)
Past due + 12 weeks	2,129	(1,179)	2,279	(1,045)
Total trade receivables	**2,992**	**(1,210)**	**3,516**	**(1,132)**

Rental contracts require customers to pay weekly via direct debts to their nominated bank account in accordance with their rental agreement. All credit and recovery risk associated with trade receivables has been provided for in the statement of financial position.

In determining whether a balance is impaired, the Group takes into account the following criteria:

- whether the business is still operating;
- whether there is dialogue between the customer and the Group;
- whether the location of the rental assets is known and accessible;
- whether the Group can locate the customer; and
- whether any other form of security is held.

The Group holds security for a number of trade receivables in the form of guarantees and deeds of undertaking. Security deposits are required for all rental contracts.

The Group have used the following criteria to assess the allowance loss for trade receivables:

- An individual account by account assessment based on current arrears;
- Any knowledge of debtors' insolvency or other credit risk; and
- Type of rental assets held.

If there is no agreed payment schedule in place, the assets are repossessed where possible. Once the assets are repossessed, the final arrears position is finalised netting off the security bond and steps instigated to pursue recovery of the remaining debt.

26 Financial instruments (continued)

(b) Credit risk (continued)

Receivables past due but not considered impaired in the Group is $1,638,000 (2011:$2,384,000). Management is satisfied that payment will be received in full. Other balances within trade and other receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received in full.

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

	2012 $000's	2011 $000's
Balance at 1 July	(1,132)	(1,718)
Impairment loss recognised	(556)	(1,663)
Amounts written off	478	2,249
Balance at 30 June	**(1,210)**	**(1,132)**

(iii) Cash and cash equivalents

The Group held cash and Cash equivalents of $680,000 at 30 June 2012 (2011: $1,523,000), which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with bank counterparties with a credit rating of AA or better.

(iv) Interest rate swaps used for hedging

The Group minimises the risk that the counterparty will default on interest rate swaps by transacting with large financial institutions with credit rating of AA or better.

(c) Liquidity risk

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

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

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

30 June 2012	Less than 6 months $000's	6-12 months $000's	More than 1 and less than 5 years $000's	More than 5 years $000's	Total $000's
Non-derivative financial instruments					
Trade accounts payable	2,388	-	-	-	2,388
Customer security bonds	15,382	6,256	-	-	21,638
Secured bank facilities	-	1,365	63,550	-	64,915
Finance lease liabilities	286	285	2,144	-	2,715
Interest payments	2,362	2,102	3,602	-	8,066
	20,418	**10,008**	**69,296**	**-**	**99,722**
Derivative financial instruments					
Interest rate swaps used for hedging	343	165	-	-	508
	343	**165**	**-**	**-**	**508**

26 Financial instruments (continued)

(c) Liquidity risk (continued)

30 June 2011	Less than 6 months $000's	6-12 months $000's	More than 1 and less than 5 years $000's	More than 5 years $000's	Total $000's
Non-derivative financial instruments					
Trade accounts payable	1,383	-	-	-	1,383
Customer security bonds	12,513	4,670	-	-	17,183
Secured bank facilities	-	1,724	50,300	-	52,024
Finance lease liabilities	34	34	112	-	180
Interest payments	1,550	1,538	3,479	-	6,567
	15,480	**7,966**	**53891**	**-**	**77,337**
Derivative financial instruments					
Interest rate swaps used for hedging	38	39	113	-	190
	38	**39**	**113**	**-**	**190**

The gross outflows disclosed in the previous table represent the contractual undiscounted cash flows relating to derivative financial liabilities held for risk management purposes and which are usually not closed out prior to contractual maturity. The disclosure shows net cash flow amounts for derivatives that are net cash settled.

As disclosed in note 19, the Group has a secured bank facility which contains debt covenants. The breach of covenant may require the Group to repay the facility earlier than indicated in the above table. The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that the cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

(d) Market risk

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

The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations. The level of debt is disclosed in note 19.

As at 30 June 2012, the Group has the following fixed interest rate swaps:

Amount	Fixed rate	Start date	Maturity
$10 million	5.25%	1 July 2011	2 January 2013
$10 million	5.25%	1 July 2011	2 April 2013
$10 million	5.25%	1 July 2011	1 July 2013

The Group constantly analyses its interest rate exposure. Within this analysis consideration is given to potential renewals of existing positions, alternative financing, alternate hedging positions and the mix of fixed and variable interest rate.

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

26 Financial instruments (continued)

(d) Market risk (continued)

	2012 $000's	2011 $000's
Financial assets – current		
Cash	680	1,523
Financial liabilities – current		
Secured bank facilities	1,365	-
Financial liabilities – non current		
Secured bank facilities	33,550	22,024

At 30 June 2012, if interest rates had moved, as illustrated in the table below, with all other variables held constant, post tax profit and equity would have been affected as follows:

	Post tax profit Higher/(lower)		Equity Higher/(lower)	
	2012 $000's	2011 $000's	2012 $000's	2011 $000's
+0.5% (50 basis points)	(172)	(96)	-	-
-0.5% (50 basis points)	172	96	-	-

	2012 $000's	2011 $000's
Fixed interest rate swap carrying values		
Current financial asset	-	10
Current financial liability	(508)	(77)
Non-current financial liability	-	(113)

The swaps are measured at fair value based on the mark to market value quoted for forward interest rate swaps, and all gains and losses attributable to the hedged risk are taken directly into profit and loss.

The movement in the fair value of the interest rate swaps is as follows:

	2012 $000's	2011 $000's
Fair value at 1 July	(180)	196
Movement in fair value posted to profit or loss	(328)	(376)
Fair value at 30 June	(508)	(180)

(e) Capital management

The Board's policy is to maintain a strong capital base (which includes reserves and ordinary shares) so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Group defines as net operating income over average shareholders' equity. The Board of Directors also monitors the level of dividends to ordinary shareholders and the utilisation of the dividend reinvestment plan.

There were no changes in the Group's approach to capital management during the year.

27 Auditor remuneration

	2012 $	2011 $
Audit and review of financial reports	151,100	97,500
Services other than audit work – taxation services	9,459	-
Total	**160,559**	**97,500**

28 Contingencies

Bank guarantees totalling $333,953 exist as at 30 June 2012 (2011: $149,370).

29 Parent entity information

As at, and throughout the financial year ended 30 June 2012, the parent company of the Group was Silver Chef Limited.

	2012 $000's	2011 $000's
Result of the parent entity		
Profit for the year	1,616	19
Other comprehensive income	-	-
Total comprehensive income for the period	1,616	19
Financial position of the parent entity at year end		
Current assets	3,577	3,943
Total assets	112,727	90,828
Current liabilities	5,111	5,262
Total liabilities	83,879	68,743
Total equity of the parent entity comprising of:		
Share capital	31,067	21,157
Retained earnings	(2,219)	928
Total equity	**28,848**	**22,085**

Parent entity contingencies

The Directors are of the opinion that provisions are not required in respect of these matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

	2012 $000's	2011 $000's
GST liabilities of other entities within the GST group	148	103

29 Parent entity information (continued)

Parent entity guarantees in respect of debts of its subsidiaries

The parent entity is part of the Group's fixed and floating charge registered by Commonwealth Bank of Australia which secures the Groups' assets against the current banking facilities.

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

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

30 Controlled entities

	Balance date	Country of incorporation	% of shares held	
			2012	2011
Silver Chef Finance Company Limited	30 June	Australia	100	100
Silver Chef Rental Pty Ltd	30 June	Australia	100	100
GoGetta Equipment Funding Pty Ltd	30 June	Australia	100	100
Silver Chef Rentals Limited	30 June	New Zealand	100	100
GoGetta Equipment Funding Limited	30 June	New Zealand	100	100

31 Deed of cross guarantee

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

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

The subsidiary subject to the Deed is GoGetta Equipment Funding Pty Ltd.

A consolidated statement of comprehensive income and consolidated statement of financial position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee, at 30 June 2012 is set out as follows:

Statement of comprehensive income	2012 $000's	2011 $000's
Revenue	25,520	15,008
Expenses from ordinary activities	(13,309)	(8,094)
Finance costs	(5,027)	(4,231)
Change in fair value of derivative financial instruments	-	(376)
Change in fair value of properties	(325)	(303)
Loss on sale of plant and equipment	(2,465)	(1,137)
Loss on sale of properties	(171)	(4)
Profit before income tax	4,223	863
Tax expense	(1,415)	(488)
Profit for the year	**2,808**	**375**
Other comprehensive income	-	-
Total comprehensive income attributable to members of the parent	**2,808**	**375**

31 Deed of cross guarantee (continued)

Statement of financial position

	2012 $000's	2011 $000's
Assets		
Cash and cash equivalents	465	1,204
Trade and other receivables	1,532	1,665
Properties held for sale	2,199	1,464
Derivative financial instruments	0	-
Other assets	397	533
Total current assets	4,593	4,866
Trade and other receivables	64,965	59,813
Properties	-	1,590
Property plant and equipment	47,558	28,014
Intangibles	830	384
Deferred tax assets	813	699
Derivative financial instruments	-	-
Total non-current assets	114,166	90,500
Total assets	**118,759**	**95,366**
Liabilities		
Trade and other payables	5,634	3,616
Loans and borrowings	1,779	1,777
Current tax payable	1,279	1,825
Derivative financial instruments	-	-
Employee benefits	711	561
Total current liabilities	9,403	7,779
Non-current liabilities		
Trade and other payables	12,390	13,409
Loans and other borrowings	64,871	49,992
Derivative financial instruments	-	-
Employee benefits	488	80
Total non-current liabilities	77,749	63,481
Total liabilities	**87,152**	**71,260**
Net assets	**31,606**	**24,106**
EQUITY		
Share capital	31,067	21,157
Foreign currency reserve	-	-
Retained earnings	539	2,949
Total equity	**31,606**	**24,106**

32 Related parties

(a) Key management personnel compensation

The key management personnel compensation comprised:

	2012 $	2011 $
Short-term employee benefits	854,720	565,706
Other long-term benefits	171,844	41,600
Post-employment benefits	69,133	47,443
Share-based payments	3,000	365
	1,098,697	**655,114**

(b) Individual Directors and executives compensation disclosures

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

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

(c) Key management personnel and Director transactions

A number of Directors, or their related entities, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the Company or its subsidiaries in the reporting period. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

The Company provided a short-term loan to Charles Gregory, on commercial terms on 2 March 2012 for $95,010. This loan (with interest) was repaid on 3 April 2012.

The aggregate amount recognised during the year relating to Directors and their personally-related entities, amounted to $471,174 (2011: $35,469). Details of the transactions are as follows:

	Transaction	Note	2012 $000's	2011 $000's
Bede King	Legal advice	(i)	69	35
Sophie Mitchell	Management and underwriting fees	(ii)	201	-
Karen Penrose	Management and underwriting fees	(iii)	201	-
			471	35

(i) Legal fees paid to Tobin King Lateef, a law firm in which Bede King is a partner. Services provided were on commercial terms.

(ii) Fees paid to RBS Morgans for services provided arising from the rights issue on commercial terms.

(iii) Fees paid to Wilson HTM for services provided arising from the rights issue on commercial terms.

32 Related parties (continued)

(d) Movements in shares

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

2012	Held 1 July 2011	Purchased	Options exercised	Employee share scheme	Rights taken up	Dividend reinvest-ment plan	Held 30 June 2012
Directors							
Andrew Kemp	877,994	33,600	-	-	112,050	-	1,023,644
Allan English	9,387,416	-	-	-	37,456	-	9,424,872
Bede King	57,681	4,000	-	-	9,490	-	71,171
Sophie Mitchell	-	13,640	-	-	2,099	-	15,739
Karen Penrose[1]	-	5,400	-	-	1,831	-	7,231
Alternate Director							
Don Mackenzie	23,188	-	-	-	3,568	-	26,756
Senior Executives							
Charles Gregory[2]	40,850	-	86,000	348	-	-	127,198
Neil Burton	1,593	-	-	-	-	-	1,593
David Wilson[2]	-	-	-	348	-	-	348
	10,388,722	**56,640**	**86,000**	**696**	**166,494**	**-**	**10,698,552**

[1] Karen Penrose is the Chief Financial Officer and Chief Operating Officer of Wilson HTM Investment Group Ltd an entity which lodged a Notice of initial substantial holder on 30 March 2012 relating to 1,485,964 shares. Karen Penrose has no beneficial interest in the shares which are subject to that Notice.
[2] Issued to employees as part of the Company's exempt employee share scheme.

2011	Held 1 July 2010	Purchased	Options exercised $000's	Employee share scheme	Dividend reinvest-ment plan	Held 30 June 2011
Directors						
Andrew Kemp	829,816	6,900	-	-	41,278	877,994
Allan English	9,363,706	10,000	-	-	13,710	9,387,416
Bede King	45,823	9,000	-	-	2,858	57,681
Alternate Director						
Don Mackenzie	19,945	2,000	-	-	1,243	23,188
Senior Executives						
Charles Gregory	40,000	850	-	-	-	40,850
Neil Burton	1,500	-	-	-	93	1,593
	10,300,790	**28,750**	**-**	**-**	**59,182**	**10,388,722**

32 Related parties (continued)

(e) Options and rights over equity instruments (continued)

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

2012	Held at 1 July 2011	Lapsed	Exercised	Held at 30 June 2012	Vested at 30 June	Vested & Exercisable at 30 June	Vested & Un-exercisable at 30 June
Directors							
Andrew Kemp	-	-	-	-	-	-	-
Allan English	-	-	-	-	-	-	-
Bede King	-	-	-	-	-	-	-
Sophie Mitchell							
Karen Penrose							
Alternate Director							
Don Mackenzie	-	-	-	-	-	-	-
Senior Executives							
Charles Gregory	150,000	-	(86,000)	64,000	64,000	64,000	-
Neil Burton	-	-	-	-	-	-	-
David Wilson							
	180,000	**-**	**-**	**64,000**	**64,000**	**64,000**	**-**

2011	Held at 1 July 2010	Lapsed	Exercised	Held at 30 June 2011	Vested at 30 June	Vested & Exercisable at 30 June	Vested & Un-exercisable at 30 June
Directors							
Andrew Kemp	-	-	-	-	-	-	-
Allan English	-	-	-	-	-	-	-
Bede King	-	-	-	-	-	-	-
Alternate Director							
Don Mackenzie	-	-	-	-	-	-	-
Senior Executives							
Charles Gregory	150,000	-	-	150,000	150,000	150,000	-
Neil Burton	-	-	-	-	-	-	-
	150,000	**-**	**-**	**150,000**	**150,000**	**150,000**	**-**

33 Events subsequent to balance date

A dividend of 14.5 cents per share, 100% fully franked was declared by the Directors on 27 August 2012. The dividend has not been provided for in the 30 June 2012 financial report.

Directors' declaration

1. In the opinion of the Directors of Silver Chef Limited (the Company):

   (a) the consolidated financial statements and notes that are set out on pages 32 to 65 and the remuneration report in section 4.3 in the Directors' report, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance, for the financial year ended on that date; and

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

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. There are reasonable grounds to believe that the Company and the group entities identified in note 31 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those group entities pursuant to ASIC Class Order 98/1418.

3. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the chief executive officer and chief financial officer for the financial year ended 30 June 2012.

4. The Directors draw attention to note 2(a) to the consolidated financial statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.

Allan English
Director
Brisbane

27 August 2012

Independent Auditor's Report to the members of Silver Chef Limited

Report on the financial report

We have audited the accompanying financial report of Silver Chef Limited (the Company), which comprises the consolidated statement of financial position as at 30 June 2012, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 33, comprising a summary of significant accounting policies and other explanatory information, and the Directors' declaration of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the Directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

KPMG

Auditor's opinion

In our opinion:

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

(i) giving a true and fair view of the Group's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in section 4.3 of the Directors' Report for the year ended 30 June 2012. The Directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the Remuneration Report of Silver Chef Limited for the year ended 30 June 2012, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Simon Crane
Partner

Brisbane
27 August 2012

Lead auditor's independence declaration

For personal use only

Lead Auditor's Independence Declaration under Section 307C of the *Corporations Act 2001*

To the Directors of Silver Chef Limited:

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2012 there have been:

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

KPMG

KPMG

Simon Crane
Partner

Brisbane
27 August 2012

ASX additional information

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

Shareholdings as at 21 August 2012

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

Shareholder	**Number of ordinary shares**
Tessana Pty Ltd < A English Family A/C>	5,643,955
English Family Foundation <English Family Foundation A/C>	3,500,000
BNP Paribas Noms Pty Ltd <Master Cust DRP>	1,279,841

Voting rights

Ordinary shares

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

Options

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options have been exercised.

Distribution of security holders

Number of security holders

Category	**Ordinary shares**	**Options**
1 – 1,000	374	-
1,001 – 5,000	600	-
5,001 – 10,000	254	-
10,001 – 100,000	240	-
100,001 and over	23	-
	1,491	-

The number of shareholders with less than a marketable parcel of ordinary shares is 115.

On-market buy-back

There is no current on-market buy-back.

Twenty largest shareholders as at 21 August 2012

Name	Number of ordinary shares held	Percentage of capital held
Tessana Pty Ltd <A English Family A/c>	5,643,955	21.02
English Family Foundation Pty Ltd <English Fam Foundation A/c>	3,500,000	13.04
BNP Paribas Noms Pty Ltd <Master Cust DRP>	1,279,841	4.77
Ruminator Pty Ltd	1,000,000	3.72
Contemplator Pty Ltd <ARG Pension Fund A/c>	1,000,000	3.72
Aust Executor Trustees SA Ltd <TEA Custodians Limited?>	990,835	3.69
Huntington Group Pty Limited <S A/c>	532,995	1.99
Atkone Pty Ltd	393,117	1.46
Mr Allan John English & Mrs Tessa Winifred English <Tessana Super Fund A/c>	280,917	1.05
Huntington Investment Services Pty Ltd <Huntington Investment A/c>	255,159	0.95
Stitching Pty Ltd <SSG Superannuation Fund A/c>	250,000	0.93
HSBC Custody Nominees (Australia) Limited	243,370	0.91
De Gruyter Pty Ltd <De Gruyter Super Fund A/c>	228,479	0.85
National Nominees Limited	192,305	0.72
Paraway Pty Ltd	184,656	0.69
Illabarook Pty Ltd	179,112	0.67
De Gruyter Investments Pty Ltd <De Gruyter Family A/c>	175,365	0.65
Demandem Holdings Pty Ltd <Super Fund A/c>	158,677	0.59
Mr Peter Mervyn Moon & Mrs Vicki Ann Moon <The Moon Super Fund A/c>	140,000	0.52
Huntington Group Pty Limited	136,619	0.51
	16,765,402	62.44

Company directory

ACN 011 045 828

Directors

Allan English	(Non-executive chairman)
Andrew Kemp	(Non-executive director)
Bede King	(Non-executive director)
Sophie Mitchell	(Non-executive director)
Karen Penrose	(Non-executive director)

Chief Executive Officer

Charles Gregory

Chief Financial Officer

David Wilson

Alternate Director

Don Mackenzie (Chairman of Audit and Risk Management Committee)

Company Secretary

Don Mackenzie

Registered office and principal place of business

20 Pidgeon Close
West End Qld 4101
Telephone: 07 3335 3300
Facsimile: 07 3335 3399

Website: www.silverchef.com.au

Auditors

KPMG

Solicitors

McCullough Robertson
Tobin King Lateef

Share Register

Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001
Phone: 1300 737 760
Fax: 1300 653 459

Website: www.boardroomlimited.com.au

Securities Exchange

The Company is listed on the Australian Securities Exchange. The Home Exchange is Brisbane.

Code: Shares – SIV

Other information

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

Silver Chef Limited

20 Pidgeon Close
West End Qld 4101

Telephone: 07 3335 3300
Facsimile: 07 3335 3399

www.silverchef.com.au