Silver Chef Limited

ABN 28 011 045 828

4 May 2006

Dear Fellow Investor,

I enclose your interest dividend advice of 6.5 cents per share as well as a copy of last year's Half Year Announcement lodged with ASX.

June 2006 Guidance

To provide a further update, the Company at this stage is tracking to plan to deliver a full year profit before tax of between \$2.6 and \$2.9M. This compares to the June 2005 year pre-tax earnings of \$1.16M.

New Product Developments

On May 8th we will be launching our new SWIFT Package. This is a Rent-Try-Buy™ program that targets non-serialised inventory. The design of the package is to have a higher rental payment and a lower residual value to give the client a swifter ownership option. Historically, Silver Chef has only financed serialised inventory which has meant that our clients often have to go to a bank or another finance institution to finance their non-serialised inventory such as stainless steel benching, custom made refrigeration etc. This gave our finance competitors the opportunity to secure financing for the total package and therefore Silver Chef lost the opportunity to rent the equipment. Now being able to match the other financial institutions with financing the complete fitout of the kitchen, we believe we will have a greater market penetration over the next 12 months. By having a higher rental return enables us to manage the risk profile within our return on asset formulas.

Software

The project to implement the new software program now has a target implementation date of July 1st. We believe the new software will increase productivity and reduce our cost of operations per contract.

Marketing

The Company has a number of new marketing initiatives to further enhance our penetration through the dealer distribution channel and also a number of new initiatives to benefit our end user customer, we believe these initiatives will assist in continuing to deliver strong growth for Silver Chef Limited in the next 12 months

My thanks for your continued support of the Company.

Yours faithfully,

Allan English
Managing Director

Silver Chef Limited

ABN 28 011 045 828
Continuous Disclosure – Half Year Announcement
31 December 2005

Summary of Financial Information

Net profit after tax at 31 December 2005 was $915,206. This represented an increase of 245% over the prior period result of $264,877. This was achieved on growth in rental revenue from $3.42 million for the six months 31 December 2004 to $6.85 million for the six months 31 December 2005.

At period end net assets were $5.49 million while cash reserves totalled $2.02 million. The Company had unused credit lines of $2.3 million with financiers.

Half Year Comparison

	Six months ended 31 Dec 05 $'000	Six months ended 31 Dec 04 $'000	Movement
Rental income	6,850	3,420	100%
Total revenue	7,387	3,624	104%
Net profit from ordinary activities after income tax expense	915	265	245%

Dividends

Interim dividend- current year (fully franked)	6.5 cents per share

Significant Dates

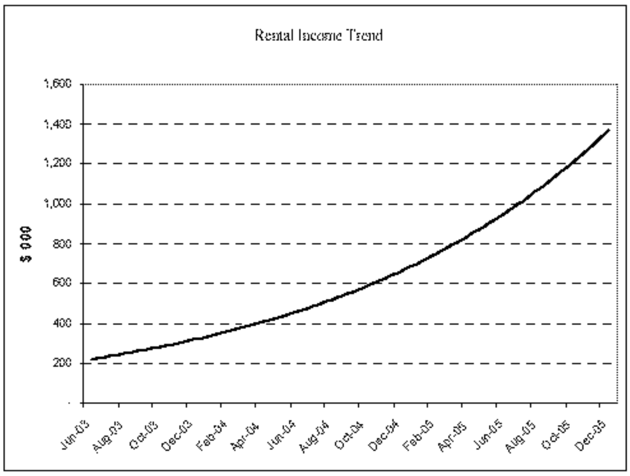
Dividend record date	26 April 2006
Dividend payment date	5 May 2006

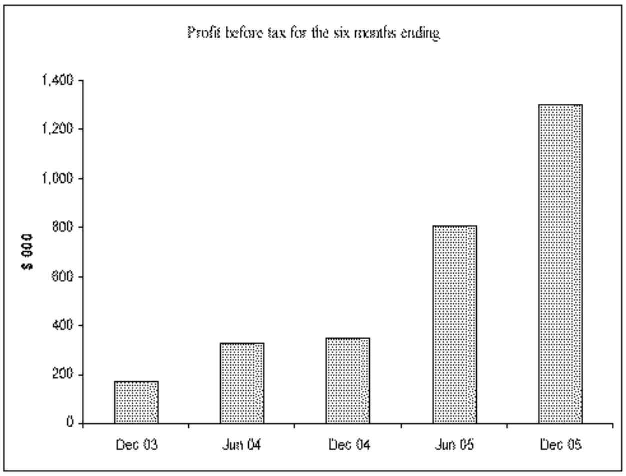
Review of Operations

Net profit after tax increased by $650,329 to $915,206 in the December half ($264,877 in previous corresponding period), representing growth of 246 per cent. This was achieved on growth in rental revenue from $3.42 million for the December 2004 half to $6.85 million for the December 2005 period. The profit was marginally short of our expectations due to several factors outlined below.

The growth followed the raising of $13.4 million in unsecured note funds (first drawn June 2004) used to fund the rollout of the Company's expanded distribution model. The capital base was further expanded in May 2005 by the issue of equity of $3 million and convertible notes of $5 million (May to July 2005).

In addition to expanding its dealer network in the food service sector, the Company's new business sectors in medical and industrial compressor areas contributed satisfactorily. The commercial cleaning and industrial laundry contribution was below expectations.





Sales activity: The Regional Sales Managers were very active during the period. We have trained a total of 98 new dealers and their sales staff nationally over the past six months. This growth and expansion has happened predominantly in New South Wales and Victoria and in our core business within the hospitality sector. We have also enjoyed some good growth from our industrial equipment segment. The benefit in this area is that the average sized contract is considerably higher than in the hospitality industry.

The medical equipment alliance has been quieter than expected due to increased competition and funding from banks and finance companies in this segment.

Losses on sale increased: In the past quarter, we have seen a noticeable increase in the number of customers exercising their option to purchase their equipment. Options to purchase within the first 12 months, using our standard Rent-Try-Buy pricing model means we incur a small loss on sale of the equipment. The increased number of customers exercising this option to purchase reflects easier access to capital in the current markets from banks and finance companies.

To make it more attractive for clients to continue renting, we have put together a contract retention program which offers some significant benefits to customers who choose to continue renting for a further 12 months, rather than paying out their contract.

We have also developed a staff incentive system to reward our team members for their success in this area.

Used equipment stock levels: Stock of used equipment allocated for sale or rent is well under Silver Chef's benchmark.

Software: An analysis of our software requirements was conducted during the period. We have selected a new software program which will bring increased productivity and meet one of our strategic objectives of reducing our cost per contract. The installation of software will be implemented in two stages: 1 May for Customer Service and documentation; and 1 July for Finance.

Marketing: The Company has appointed a Marketing Manager, Damien Guivarra. Damien has a strong background in web-based marketing and this appointment is in line with our strategic objective to increase our on-line marketing presence.

Cash position: At 31 December we held cash totaling $2,022,627 and held undrawn credit lines of $2.3 million. We are exploring various options in regard to our debt funding requirements over the next 12 to 18 months, including securitisation.

Conclusions:

Overall Silver Chef expects to continue to thrive in a market that traditional lenders have ignored. The Company has maintained its focus on the need for equipment being financed having the potential for refurbishment and re-rent.

Selected Trading Figures

$ 000	6 months ended Dec 05	Year ended 30 Jun 05	6 months ended Dec 04
Rental income	6,850	8,576	3,420
Total revenue	7,387	12,019	3,624
Depreciation expense	(2,523)	(3,315)	(1,306)
Expenses from ordinary activities (excluding depreciation)	(2,396)	(5,866)	(1,237)
Borrowing costs	(1,170)	(1,682)	(732)
Profit from ordinary activities before income tax expense	1,298	1,156	349
Income tax expense	(383)	(319)	(84)
Net profit from ordinary activities after income tax expense	915	837	265

Selected Financial Items

$ 000			
Net cash flows from operating activities	4,299	5,054	2,022
Cash assets	2,023	8,457	604
Carrying amount of rental equipment	26,165	17,839	14,027
Total assets	33,485	30,233	20,185
Interest bearing liabilities-current	(816)	(832)	(373)
Interest bearing liabilities-non current	(21,288)	(20,002)	(12,742)
Net assets	5,467	4,828	2,822

June 2006 Guidance

With trading conditions continuing to be strong, we expect the full year profit before tax to be between $2.6 million and $2.9 million. This compares to the June 2005 year pre tax earnings of $1.16 million before tax.

Key Quarterly Figures and Forecast

$ 000	3 months ended Sept 05 (note a)	3 months ended Dec 05 (note a)	6 months ended Dec 05	12 months forecast June 06	12 months ended Jun 05
Rental income	3,196	3,654	6,850	13,700 – 14,700	8,576
Profit before tax	789	509	1,298	2,600 – 2,900	1,156

(a) Management figures

Dividend Policy

The directors have resolved to increase the dividend payout percentage to a level of approximately 75 to 80 per cent of the Company's after tax profit. The payment and level of dividend is subject to future business conditions and opportunities and cash flow requirements of the Company.