APPENDIX 4D

(Rules 4.2A.3)

Name of entity:	**SPICERS LIMITED (formerly PaperlinX Limited)**
ABN:	**70 005 146 350**
For the half-year ended:	**31 December 2015**
Previous corresponding period:	31 December 2014

Results for announcement to the market

	2015 **A$000**	**2014** **Restated** *(1)* **A$000**		**% Change**
External revenues from ordinary activities:				
• continuing operations	202,634	207,501	down	2%
• discontinued operations	30,037	1,089,158	down	97%
	232,671	1,296,659	down	82%

	2015 **A$000**	**2014** **Restated** *(1)* **A$000**		**% Change**
Net profit/(loss) for the period after tax:				
• continuing operations	1,374	(6,506)	up	121%
• discontinued operations	4,912	(84,298)	up	106%
	6,286	(90,804)	up	107%
attributable to:				
Equity holders of Spicers Limited	6,286	(90,804)	up	107%

(1) The comparative amounts disclosed above have been re-presented as if the operations discontinued during the current year had been discontinued from the start of the comparative year.

Dividends

	Amount per security		**Franked amount per security**
Interim dividend - current period	Nil		Nil
Interim dividend - previous corresponding period	Nil		Nil
Record date for determining entitlements to the dividend		N/A	
Date dividend is payable		N/A	

Commentary on results for the period

Refer to press release for explanation of results

Net tangible assets per security

	31 December 2015	**31 December 2014**
Net tangible assets per security	$(0.22)	$(0.17)

Details of entities over which control has been gained or lost

Control lost over the following entities effective 19 October 2015:

Deutsche Papier Holding GmbH

PaperlinX VTS GmbH

PaperlinX Deutschland GmbH

Dividend reinvestment plan

The following dividend plans are currently suspended	Dividend Reinvestment Plan ('DRP')
The last date(s) for receipt of election notices for the dividend plans	N/A
Any other disclosures in relation to dividends	N/A

Details of associates and joint ventures

N/A

Information on audit or review

This report is based on accounts which have been subject to review. A copy of the review report is included in the attached interim financial report.

The review report contains an 'emphasis of matter regarding contingent liabilities'.

Frank Glynn
Company Secretary
Date: 24 February 2016

INTERIM FINANCIAL REPORT
of Spicers Limited (formerly PaperlinX Limited)

31 December 2015

Contents

DIRECTORS' REPORT

The Directors of Spicers Limited ("the Company") present their report together with the condensed consolidated interim financial statements of the Company and its subsidiaries ("the Consolidated Entity") for the half-year ended 31 December 2015 and the auditors' review report thereon.

Directors

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

Name	Period of directorship
Non-executive	
Mr R G (Robert) Kaye SC	Director since 27 September 2012. Chairman since 28 March 2013.
Mr M D (Michael) Barker	Director since 27 September 2012.
Executive	
Mr A J (Andy) Preece	Managing Director and Chief Executive Officer since 24 February 2015. Formerly Executive General Manager of Spicers' Australia, New Zealand and Asia region.

Review of operations

A review of the operations of the Consolidated Entity during the half-year, and the results of those operations is contained in Spicers' Statement to the Australian Stock Exchange and news media dated 24 February 2016.

Lead auditor's independence declaration under section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on page 4 and forms part of the Directors' report for the half-year ended 31 December 2015.

Rounding off

The Company is of a kind referred to in the Australian Securities and Investments Commission Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, unless otherwise stated.

In accordance with a resolution of the Directors, dated at Melbourne, this 24th day of February 2016.

Robert Kaye SC	Andrew Preece
Chairman	**Managing Director and Chief Executive Officer**

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

To: the directors of Spicers Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2015 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
24 February 2016

CONDENSED CONSOLIDATED INCOME STATEMENT

For the half-year ended 31 December	Note	2015 $000	2014 Restated *(1)* $000
Continuing operations			
Revenue from sale of goods		202,634	209,011
Cost of inventory sold		(160,646)	(164,448)
Gross profit		41,988	44,563
Other income		1,208	1,981
Personnel costs		(19,753)	(22,368)
Logistics and distribution		(11,561)	(13,426)
Sales and marketing		(800)	(767)
Impairment charge - non-current assets	6,10	-	(6,774)
Other expenses		(6,791)	(7,758)
Result from operating activities		4,291	(4,549)
Net finance costs		(1,939)	(1,001)
Profit/(loss) before tax		2,352	(5,550)
Tax expense		(978)	(956)
Profit/(loss) from continuing operations		1,374	(6,506)
Discontinued operations			
Profit/(loss) from discontinued operations, net of tax	8	4,912	(84,298)
Profit/(loss) for the period		6,286	(90,804)
Profit/(loss) for the period attributable to:			
Equity holders of Spicers Limited		6,286	(90,804)
Basic earnings per share (cents)	7	0.9	(13.7)
Basic earnings per share from continuing operations (cents)	7	0.2	(1.0)
Diluted earnings per share (cents)	7	0.9	(13.7)
Diluted earnings per share from continuing operations (cents)	7	0.2	(1.0)

(1) Refer Note 8.

Condensed notes 1 to 16 form part of these financial statements and are to be read in conjunction therewith.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the half-year ended 31 December	2015 $000	2014 $000
Profit/(loss) for the period	6,286	(90,804)
Other comprehensive income:		
Items that will not be reclassified to profit or loss		
Actuarial adjustments on defined benefit pension plans	-	(31,303)
Derecognition of actuarial adjustments on defined benefit plans on disposal of controlled entities	4,198	-
Derecognition of deferred tax assets	-	(18,392)
Income tax benefit relating to items that will not be reclassified to profit or loss	-	888
Total items that will not be reclassified to profit or loss	4,198	(48,807)
Items that may be reclassified subsequently to profit or loss		
Exchange differences on translation of overseas subsidiaries	307	7,404
Total items that may be reclassified subsequently to profit or loss	307	7,404
Items reclassified to profit or loss		
Exchange differences on disposal of controlled entities	(1,346)	-
Total items reclassified to profit or loss	(1,346)	-
Other comprehensive income/(loss) for the period, net of tax	3,159	(41,403)
Total comprehensive income/(loss) for the period, net of tax	9,445	(132,207)
Total comprehensive income/(loss) for the period attributable to:		
Equity holders of Spicers Limited	9,445	(132,207)

Condensed notes 1 to 16 form part of these financial statements and are to be read in conjunction therewith.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2015 $000	As at 30 June 2015 $000
Current assets			
Cash and cash equivalents *(1)*		32,819	55,518
Short-term deposits *(1)*		3,955	3,955
Trade and other receivables		80,153	100,937
Inventories		79,688	83,049
Assets held for sale		-	1,702
Total current assets		196,615	245,161
Non-current assets			
Receivables		1,322	3,578
Property, plant and equipment		9,943	9,797
Intangible assets		27,868	26,345
Deferred tax assets		465	238
Total non-current assets		39,598	39,958
Total assets		236,213	285,119
Current liabilities			
Trade and other payables		65,151	110,724
Loans and borrowings	11	15,727	16,441
Income tax payable		2,546	4,037
Employee benefits		7,870	8,354
Provisions		6,079	5,345
Total current liabilities		97,373	144,901
Non-current liabilities			
Deferred tax liabilities		106	42
Employee benefits		575	11,514
Total non-current liabilities		681	11,556
Total liabilities		98,054	156,457
Net assets		138,159	128,662
Equity			
Issued capital	13	1,895,767	1,895,767
Reserves		(11,323)	(10,327)
Accumulated losses		(2,001,108)	(2,011,601)
Total equity attributable to holders of ordinary shares of Spicers Limited		(116,664)	(126,161)
Issued PaperlinX step-up preference securities		276,518	276,518
Reserve for own PaperlinX step-up preference securities		(21,695)	(21,695)
PaperlinX step-up preference securities		254,823	254,823
Total equity		138,159	128,662

(1) The Consolidated Entity has reclassified balances relating to short-term deposits from "cash and cash equivalents" to "short-term deposits" in order to more accurately reflect the nature of these balances.

Condensed notes 1 to 16 form part of these financial statements and are to be read in conjunction therewith.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the half-year ended 31 December 2015 $000	Issued capital	Exchange fluctuation reserve	Reserve for own shares	Employee share plans reserve	Accumulated losses	PaperlinX step-up preference securities	Total equity
	Attributable to equity holders of Spicers Limited						
Balance at 1 July 2015	1,895,767	(11,937)	(184)	1,794	(2,011,601)	254,823	**128,662**
Total comprehensive income for the period							
Profit for the period	-	-	-	-	6,286	-	**6,286**
Other comprehensive income							
• Derecognition of actuarial adjustments on defined benefit plans on disposal of controlled entities *(1)*	-	-	-	-	4,198	-	**4,198**
• Exchange differences on translation of overseas subsidiaries	-	307	-	-	-	-	**307**
• Reclassification of exchange differences on disposal of controlled entities to Income Statement *(1)*	-	(1,346)	-	-	-	-	**(1,346)**
Total other comprehensive income/(loss)	-	(1,039)	-	-	4,198	-	**3,159**
Total comprehensive income/(loss) for the period	-	(1,039)	-	-	10,484	-	**9,445**
Transactions with owners recorded directly in equity							
• Employee share-based payment transactions	-	-	-	(5)	-	-	**(5)**
• Effect of disposal of controlled entities *(1)*	-	-	-	22	-	-	**22**
• Issue of shares to employees	-	-	26	-	9	-	**35**
Total transactions with owners	-	-	26	17	9	-	**52**
Balance at 31 December 2015	1,895,767	(12,976)	(158)	1,811	(2,001,108)	254,823	**138,159**

For the half-year ended 31 December 2014 $000							
Balance at 1 July 2014	1,895,739	(116,111)	(283)	2,197	(1,723,056)	254,823	**313,309**
Total comprehensive loss for the period							
Loss for the period	-	-	-	-	(90,804)	-	**(90,804)**
Other comprehensive income							
• Actuarial adjustments on defined benefit plans	-	-	-	-	(31,303)	-	**(31,303)**
• Exchange differences on translation of overseas subsidiaries	-	7,404	-	-	-	-	**7,404**
• Derecognition of deferred tax assets	-	-	-	-	(18,392)	-	**(18,392)**
• Income tax benefit on other comprehensive income	-	-	-	-	888	-	**888**
Total other comprehensive (loss)/income	-	7,404	-	-	(48,807)	-	**(41,403)**
Total comprehensive (loss)/income for the period	-	7,404	-	-	(139,611)	-	**(132,207)**
Transactions with owners recorded directly in equity							
• Employee share-based payment transactions	-	-	-	277	-	-	**277**
Total transactions with owners	-	-	-	277	-	-	**277**
Balance at 31 December 2014	1,895,739	(108,707)	(283)	2,474	(1,862,667)	254,823	**181,379**

(1) Refer Note 8.

Condensed notes 1 to 16 form part of these financial statements and are to be read in conjunction therewith.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December	Note	2015 $000	2014 $000
Cash flows from operating activities			
Receipts from customers		234,098	1,303,721
Payments to suppliers and employees		(253,545)	(1,350,871)
Dividends received		56	-
Interest received		289	965
Interest paid		(828)	(5,988)
Income taxes paid		(2,360)	(1,853)
Net cash used in operating activities	14	(22,290)	(54,026)
Cash flows from investing activities			
Acquisition of:			
• Controlled entities and businesses (net of cash and bank overdraft acquired)		-	(4,367)
• Property, plant and equipment and intangibles		(1,504)	(2,148)
Net (payments)/proceeds from the disposal of:			
• Controlled entities and businesses (proceeds less transaction costs) - net of cash and bank overdraft disposed		(413)	(329)
• Property, plant and equipment		2,343	3,394
• Investments		770	585
Net cash from/(used in) investing activities		1,196	(2,865)
Cash flows from financing activities			
Proceeds from borrowings		9,767	44,059
Repayment of borrowings		(2,539)	(11,094)
Other borrowing costs paid		(217)	(988)
Net cash from financing activities		7,011	31,977
Net decrease in cash and cash equivalents		(14,083)	(24,914)
Cash and cash equivalents at the beginning of the period *(1)*		55,518	103,062
Cash and cash equivalents disposed on derecognition of controlled entities		(10,698)	-
Effect of exchange rate changes on cash held		2,082	3,829
Cash and cash equivalents at the end of the period	14	32,819	81,977

(1) The Consolidated Entity has reclassified balances relating to short-term deposits from "cash and cash equivalents" to "short-term deposits" in order to more accurately reflect the nature of these balances.

Condensed notes 1 to 16 form part of these financial statements and are to be read in conjunction therewith.

Note 1. Reporting entity

Spicers Limited (the "Company"), formerly known as PaperlinX Limited, is a company domiciled in Australia. The condensed consolidated interim financial report of the Company as at and for the six months ended 31 December 2015 comprises the Company and its subsidiaries (together referred to as the "Consolidated Entity"). The Consolidated Entity is a for-profit entity and is primarily involved in the merchanting of paper, communication materials and diversified materials, including packaging and sign and display.

The consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2015 is available upon request from the Company's registered office at 155 Logis Boulevard, Dandenong South VIC 3175 or at www.spicerslimited.com.au.

Note 2. Statement of compliance

The condensed consolidated interim financial report is a general purpose financial report prepared in accordance with AASB 134 *Interim Financial Reporting,* IAS 34 *Interim Financial Reporting* and the Corporations Act 2001.

The condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Consolidated Entity as at and for the year ended 30 June 2015.

This condensed consolidated interim financial report was approved by the Board of Directors on 24 February 2016.

The Consolidated Entity is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with the Class Order, amounts in the financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Going concern basis of accounting

In preparing the condensed consolidated interim financial report, the Directors made an assessment of the ability of the Consolidated Entity to continue as a going concern. An entity is a going concern when it is considered to be able to pay its debts as and when they are due and continue in operation without any intention or necessity to liquidate the entity or to cease trading.

Following asset sales and the commencement of insolvency proceedings in Spicers' businesses in various foreign jurisdictions in the current and previous reporting periods, the Consolidated Entity's continuing operations now consist of trading businesses in Australia, New Zealand and Asia and a corporate support function. The ability of the Consolidated Entity to meet its operational cash requirements and remain in compliance with the terms and covenants included in existing debt facilities in the foreseeable future is dependent in part on meeting forecast trading results and cash flows, and maintaining trading/settlement terms with key creditors (including suppliers and credit insurers). These forecasts are necessarily based on best-estimate assumptions that may or may not occur as expected and are subject to influences and events outside of the control of the Consolidated Entity. The forecasts, taking into account reasonably possible changes in trading performance, show that the Consolidated Entity should be able to operate within the level and terms of its current facilities for at least the next 12 months. Should trading performance not meet expectations the Consolidated Entity will pursue other measures to generate cash such as accessing undrawn debt facilities, working capital reductions or selling assets.

As at the reporting date, insolvency proceedings relating to the former Spicers' businesses in the UK and Continental Europe subsidiaries are ongoing and are expected to continue for some time. As part of the insolvency proceedings for these businesses, legal claims and other exposures may arise on the Consolidated Entity including in respect of pension plan liabilities, other employee entitlements, trade and other creditors and director / officer indemnities. There is a material uncertainty as to whether a future liability will arise in respect of these matters. As a consequence, the Directors are aware that uncertainties exist in relation to the insolvency proceedings in the UK and Continental Europe which may cast doubt upon the Consolidated Entity's ability to continue as a going concern. The Directors noted as part of their deliberations that no new material matters have arisen or have otherwise been communicated to the Company since the last reporting date.

After making enquiries, the Directors have a reasonable expectation that the Consolidated Entity will have adequate resources to continue to operate and meet its obligations as they fall due and remain within the terms of its debt facilities. For these reasons, they continue to adopt the going concern basis in preparing the condensed consolidated interim financial report.

Note 3. Significant accounting policies

Except as detailed below, the accounting policies and disclosures applied by the Consolidated Entity in this condensed consolidated interim financial report are the same as those applied by the Consolidated Entity in its consolidated financial report as at and for the year ended 30 June 2015.

Changes in accounting policy and disclosures

The Consolidated Entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the "AASB") that are effective for the current reporting period.

There are no new and revised Standards and Interpretations effective for the current reporting period that are relevant to the Consolidated Entity. Therefore, there is no financial impact on the current reporting period or the prior comparative reporting period from new and revised Standards and Interpretations.

Note 4. Accounting estimates and judgements

The preparation of interim financial reports requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report the significant estimates and judgements applied in the Consolidated Entity's accounting policies were consistent with those applied to the consolidated financial statements as at and for the year ended 30 June 2015.

Note 5. Operating segments

As a result of the sale of the Canadian business and the exit from Europe in the prior financial year, effective 1 July 2015, the Consolidated Entity has changed the basis for segment reporting to align it with the remaining continuing merchanting businesses. The previous single segment of Merchanting Australia, New Zealand, Asia (ANZA) has been split into the three businesses. In addition, the regional head office costs of ANZA are now segmented to Unallocated given they represent costs that are better aligned to the group corporate/head office function.

The Consolidated Entity comprises the following main business segments, based on the Consolidated Entity's management and internal reporting system.

Segment	Description of operations
Merchanting: - Australia - New Zealand - Asia	International merchant supplying the printing and publishing industry and office supplies.
Discontinued operations	Comprises merchanting operations in North America (Canada and USA) and Europe (Continental Europe, United Kingdom and Ireland). Also comprises paper manufacturing. Refer Note 8 for further details.
Unallocated	Comprises corporate operations; head office costs related to the Australia, New Zealand and Asia (ANZA) region (previously reported as part of the Merchanting ANZA segment); the holding company for the former Continental Europe merchanting operations (PaperlinX Holdings Coöperatieve UA); continuing eliminations and amounts which have not been allocated to the Merchanting or Discontinued operations segments.

	Note	Merchanting Australia $000	Merchanting New Zealand $000	Merchanting Asia $000	Unallocated $000	Total Continuing Operations $000	Discontinued Operations $000	Group Eliminations $000	Group $000
For the half-year ended 31 December 2015									
External sales revenue		109,150	50,512	42,972	-	202,634	30,037	-	232,671
Inter-segment sales revenue		77	-	-	(77)	-	-	-	-
Total revenue		109,227	50,512	42,972	(77)	202,634	30,037	-	232,671
Profit/(loss) before net finance costs, tax and significant items		3,636	4,085	729	(3,806)	4,644	(3,573)	-	1,071
Net other finance costs		-	-	-	(1,434)	(1,434)	(97)	-	(1,531)
Underlying profit/(loss) before interest and tax		3,636	4,085	729	(5,240)	3,210	(3,670)	-	(460)
Significant items (pre-tax)	6	(129)	(9)	(76)	(139)	(353)	8,415	-	8,062
Profit/(loss) before interest and tax		3,507	4,076	653	(5,379)	2,857	4,745	-	7,602
Net interest					(505)	(505)	(91)	-	(596)
Profit/(loss) before tax					(5,884)	2,352	4,654	-	7,006
Tax (expense)/benefit - pre-significant items					(980)	(980)	258	-	(722)
Tax benefit - significant items	6				2	2	-	-	2
Profit/(loss) for the period					(6,862)	1,374	4,912	-	6,286
The profit/(loss) before tax includes:									
Depreciation and amortisation		(374)	(208)	(105)	(36)	(723)	(505)	-	(1,228)
Impairment		-	-	-	-	-	770	-	770
Depreciation, amortisation and impairment		(374)	(208)	(105)	(36)	(723)	265	-	(458)
Capital expenditure		762	58	27	153	1,000	504	-	1,504
As at 31 December 2015									
Total assets		101,722	64,681	45,401	19,259	231,063	5,150	-	236,213
Total liabilities		37,537	12,946	7,104	33,119	90,706	7,325	23	98,054
Net assets/(liabilities)		64,185	51,735	38,297	(13,860)	140,357	(2,175)	(23)	138,159

Note 5. Operating segments – (continued)

	Note	Merchanting Australia $000	Merchanting New Zealand $000	Merchanting Asia $000	Unallocated $000	Total Continuing Operations $000	Discontinued Operations $000	Group Eliminations $000	Group $000
For the half-year ended 31 December 2014 - Restated *(1)*									
External sales revenue		117,617	45,410	44,474	-	207,501	1,089,158	-	1,296,659
Inter-segment sales revenue		73	-	1,510	(73)	1,510	-	(1,510)	-
Total revenue		117,690	45,410	45,984	(73)	209,011	1,089,158	(1,510)	1,296,659
Profit/(loss) before net finance costs, tax and significant items		6,118	3,421	308	(6,416)	3,431	(14,115)	-	(10,684)
Net other finance costs		-	-	-	(333)	(333)	(1,794)	-	(2,127)
Underlying profit/(loss) before interest and tax		6,118	3,421	308	(6,749)	3,098	(15,909)	-	(12,811)
Significant items (pre-tax)	6	(1,465)	-	(6,307)	(208)	(7,980)	(61,830)	-	(69,810)
Profit/(loss) before interest and tax		4,653	3,421	(5,999)	(6,957)	(4,882)	(77,739)	-	(82,621)
Net interest					(668)	(668)	(4,848)	-	(5,516)
Loss before tax					(7,625)	(5,550)	(82,587)	-	(88,137)
Tax expense - pre-significant items					(956)	(956)	(1,769)	-	(2,725)
Tax benefit - significant items	6				-	-	58	-	58
Loss for the period					(8,581)	(6,506)	(84,298)	-	(90,804)
The loss before tax includes:									
Depreciation and amortisation		(497)	(237)	(99)	(38)	(871)	(4,494)	-	(5,365)
Impairment charges		(467)	-	(6,307)	-	(6,774)	(56,221)	-	(62,995)
Depreciation, amortisation and impairment		(964)	(237)	(6,406)	(38)	(7,645)	(60,715)	-	(68,360)
Capital expenditure		441	3,291	8	1	3,741	1,574	-	5,315
As at 30 June 2015 - Restated *(1)*									
Total assets		91,362	67,626	50,923	20,280	230,191	54,928	-	285,119
Total liabilities		33,576	19,576	11,771	27,933	92,856	63,851	(250)	156,457
Net assets/(liabilities)		57,786	48,050	39,152	(7,653)	137,335	(8,923)	250	128,662

(1) Refer Note 8.

Note 6. Individually significant items

		Continuing			Discontinued			Total		
For the half-year ended 31 December	**Note**	**Pre -tax $000**	**Tax impact $000**	**Post -tax $000**	**Pre -tax $000**	**Tax impact $000**	**Post -tax $000**	**Pre -tax $000**	**Tax impact $000**	**Post -tax $000**
2015										
Gain on disposal of controlled entities *(1)*	8	-	-	-	7,645	-	7,645	7,645	-	7,645
Impairment reversal - non-current assets	10	-	-	-	770	-	770	770	-	770
Restructuring costs *(2)*		(353)	2	(351)	-	-	-	(353)	2	(351)
Total individually significant items		(353)	2	(351)	8,415	-	8,415	8,062	2	8,064
2014 - Restated *(3)*										
Loss on sale of controlled entities	8	-	-	-	(501)	-	(501)	(501)	-	(501)
Impairment charge - non-current assets	10	(6,774)	-	(6,774)	(56,221)	-	(56,221)	(62,995)	-	(62,995)
Restructuring costs *(2)*		(1,206)	-	(1,206)	(5,108)	58	(5,050)	(6,314)	58	(6,256)
Total individually significant items		(7,980)	-	(7,980)	(61,830)	58	(61,772)	(69,810)	58	(69,752)

(1) Disposal includes sale and derecognition of assets and liabilities on loss of control - refer Note 8.
(2) Restructuring costs are included in 'other expenses' in the Condensed Consolidated Income Statement.
(3) Refer Note 8.

Note 7. Earnings per share

For the half-year ended 31 December	Continuing 2015 $000	Continuing 2014 Restated *(1)* $000	Discontinued 2015 $000	Discontinued 2014 Restated *(1)* $000	Total 2015 $000	Total 2014 $000
Profit/(loss) for the period attributable to holders of ordinary shares in Spicers Limited	1,374	(6,506)	4,912	(84,298)	6,286	(90,804)
Weighted average number of shares - basic (thousands)	665,181	665,181	665,181	665,181	665,181	665,181
Basic EPS (cents)	0.2	(1.0)	0.7	(12.7)	0.9	(13.7)
Weighted average number of shares - diluted (thousands)	690,828	665,181	690,828	665,181	690,828	665,181
Diluted EPS (cents)	0.2	(1.0)	0.7	(12.7)	0.9	(13.7)

(1) Refer Note 8.

The unvested share options and rights on issue during the reporting periods ended 31 December 2015 and 31 December 2014 have not been included in determining the basic earnings per share.

The unvested share options and rights on issue during the half-year ended 31 December 2014 (weighted average 59.784 million shares) have not been included in determining the diluted earnings per share for the prior period because they are anti-dilutive.

Note 8. Discontinued operations

Discontinued operations comprise merchanting operations sold or derecognised because they are under the control of an administrator, and manufacturing operations sold or closed down.

Discontinued Merchanting

Discontinued merchanting comprises operations in Europe and North America.

Europe

Predominantly comprises:

Germany – paper merchanting operation and its immediate parent entity commenced administration processes on 19 October 2015 and progressed to full insolvency proceedings on 28 December 2015. The German operations were derecognised in the current reporting period as at 30 September 2015.
United Kingdom – entered administration on 1 April 2015. Derecognised in the prior reporting period as at 28 February 2015.
Netherlands – commenced administration process on 14 April 2015. Derecognised in the prior reporting period as at 31 March 2015.
Austria – commenced administration process on 28 April 2015. Derecognised in the prior reporting period as at 31 March 2015.
Poland – sold in the prior reporting period. Sale completed May 2015.
Spain - sold in the prior reporting period. Sale completed May 2015.
Scandinavia - sold in the prior reporting period. Sale completed June 2015.
Ireland - sold in the prior reporting period. Sale completed June 2015.
Belgium and Czech Republic – derecognised in the prior reporting period as at 31 May 2015 due to their parent entity entering administration in June 2015. Belgium subsequently entered administration on 9 July 2015.

North America

Predominantly comprises the Canadian operations which were sold in the prior reporting period, with the transaction completing on 3 March 2015. Also includes the USA operations which were sold in a prior reporting period.

Discontinued Manufacturing

Discontinued paper manufacturing comprises:

Tas Paper – Wesley Vale Mill and Burnie Mill were closed in a previous reporting period.
Australian Paper – sold in a previous reporting period.

Note 8. Discontinued operations – (continued)

Result from discontinued operations

For the half-year ended 31 December	Europe Merchanting 2015 $000	Europe Merchanting 2014 Restated $000	North America Merchanting 2015 $000	North America Merchanting 2014 Restated $000	Manufacturing & Group Elims 2015 $000	Manufacturing & Group Elims 2014 $000	Total Discontinued Operations 2015 $000	Total Discontinued Operations 2014 Restated $000
Revenue	30,037	883,943	-	205,215	-	-	30,037	1,089,158
Other income	536	1,831	-	-	9	9	545	1,840
Trading expenses	(33,959)	(907,264)	(59)	(197,721)	(137)	(128)	(34,155)	(1,105,113)
Result from operating activities before significant items, net finance costs, and tax	(3,386)	(21,490)	(59)	7,494	(128)	(119)	(3,573)	(14,115)
Significant items - operating activities	-	(29,524)	-	(31,805)	770	-	770	(61,329)
Significant items - (loss)/profit on disposal	7,672	(253)	(130)	(248)	103	-	7,645	(501)
Net other finance costs	(97)	(1,656)	-	(138)	-	-	(97)	(1,794)
Result before interest and tax	4,189	(52,923)	(189)	(24,697)	745	(119)	4,745	(77,739)
Net interest	(67)	(4,314)	1	(438)	(25)	(96)	(91)	(4,848)
Result before tax	4,122	(57,237)	(188)	(25,135)	720	(215)	4,654	(82,587)
Tax benefit/(expense) pre-significant items	-	(389)	258	(1,380)	-	-	258	(1,769)
Tax expense significant items - operating activities	-	28	-	30	-	-	-	58
Tax expense	-	(361)	258	(1,350)	-	-	258	(1,711)
Profit/(loss) for the period	4,122	(57,598)	70	(26,485)	720	(215)	4,912	(84,298)

Cash flow from discontinued operations

For the half-year ended 31 December	2015 $000	2014 Restated $000
Net cash used in operating activities	(6,907)	(46,444)
Net cash from investing activities	2,166	1,852
Net cash (used in)/from financing activities (excluding internal transactions)	(923)	24,142
Net cash used in discontinued operations	(5,664)	(20,450)

Effect of disposal on the financial position of the Consolidated Entity

The effect of the derecognition of the German operations (Discontinued - Europe Merchanting) on the financial position of the Consolidated Entity is set out below:

	Europe 2015 $000	Total 2015 $000
Cash and cash equivalents	(10,698)	(10,698)
Trade and other receivables	(16,798)	(16,798)
Inventories	(11,957)	(11,957)
Trade and other payables	34,263	34,263
Loans and borrowings	8,438	8,438
Internal payables	618	618
Employee benefits	11,527	11,527
Provisions	2,389	2,389
Net (assets)/liabilities disposed	17,782	17,782

No proceeds were received or are receivable upon derecognition of the German operations.

Note 9. Distributions and dividends

(a) Distributions on PaperlinX step-up preference securities

On 27 November 2015, the Company announced that the distribution for the period 1 July to 31 December 2015 would not be paid. The interim distribution rate for the period 1 January to 30 June 2016 is 7.1100%. The distribution is payable at the discretion of the directors of the Company.

(b) Dividends on PaperlinX Limited ordinary shares

The Company is prohibited from paying dividends or making other distributions on any class of its share capital until such time as two consecutive distributions are paid by the PaperlinX SPS Trust (see Note 9(a)). As the December 2015 distribution was not paid, the Company does not meet the relevant criteria and no dividend can be paid.

Note 10. Impairment of non-current assets

As required under AASB 136 *Impairment of Assets*, the Consolidated Entity performs an impairment assessment when there is an indication or 'trigger' of a possible impairment of its non-current assets and, in addition, at least annually performs an impairment review of goodwill and indefinite life intangible assets, regardless of whether an impairment trigger has been identified. The annual review of goodwill and indefinite life intangible assets was performed at 30 June 2015. A review for impairment triggers was undertaken at 31 December 2015.

Continuing operations

The continuing operations comprise three cash generating units ("CGU's") – Australia, New Zealand and Asia. No impairment triggers were identified in relation to these CGU's as at balance date, therefore no impairment testing was undertaken.

In the prior interim reporting period:

- ongoing weak demand for core paper products in Asia resulted in an impairment charge of $6.3 million being booked against the carrying value of the Asia CGU's goodwill.
- an item of plant and equipment in the Australia CGU which was decommissioned was subject to an impairment charge of $0.5 million.

Discontinued operations

The discontinued operations comprise the following Merchanting CGU groupings – Canada, Continental Europe and United Kingdom and Ireland - plus Paper Manufacturing.

Canada

The Canadian business was sold during the previous reporting period – refer Note 8. An impairment charge of $31.7 million was booked against the carrying value of goodwill in the prior interim reporting period.

Continental Europe

At balance date this CGU comprises the European holding company PaperlinX Holdings Coöperatieve UA. The CGU has no property, plant and equipment and intangible assets.

The Scandinavian, Polish and Spanish businesses were sold during the prior reporting period – refer Note 8. Control over the Netherlands, Austrian, Belgian and Czech Republic businesses was lost during the prior reporting period, and control over the German operations was lost in the current reporting period – refer Note 8.

Impairment charges of $13.2 million were booked against the carrying value of non-current assets in the Continental Europe CGU in the prior interim reporting period.

United Kingdom and Ireland

The Irish business was sold and control of the United Kingdom operations was lost during the prior reporting period – refer Note 8.

Impairment charges of $11.4 million were booked against the carrying value of non-current assets in the United Kingdom and Ireland CGU in the prior interim reporting period.

Paper Manufacturing

During the current reporting period, the Consolidated Entity sold its investment in EurAsia Paper Marketing Ltd for $0.8 million. This investment related to the Consolidated Entity's discontinued paper manufacturing operations. As the investment had been fully impaired in prior reporting periods, an impairment reversal equal to the sale proceeds was booked in the current reporting period.

Impairment reversals/(charges)

$000	Invest-ments	Property, plant and equipment				Intangibles			
For the half-year ended 31 December 2015		**Land**	**Buildings**	**Plant and equip't**	**Total**	**Goodwill**	**Computer software**	**Other intangibles**	**Total**
Discontinued CGUs:									
• Paper Manufacturing	770	-	-	-	-	-	-	-	-
Total discontinued operations	770	-	-	-	-	-	-	-	-
Total impairment reversals	770	-	-	-	-	-	-	-	-

Note 10. Impairment of non-current assets – (continued)

$000	Invest-ments	Property, plant and equipment				Intangibles			
For the half-year ended 31 December 2014		Land	Build-ings	Plant and equip't	Total	Good-will	Computer software	Other intangibles	Total
Continuing CGUs:									
• Australia	-	-	-	(467)	(467)	-	-	-	-
• Asia	-	-	-	-	-	(6,307)	-	-	(6,307)
Total continuing operations	-	-	-	(467)	(467)	(6,307)	-	-	(6,307)
Discontinued CGUs:									
• Continental Europe	-	-	-	(6,337)	(6,337)	-	(6,813)	-	(6,813)
• United Kingdom and Ireland	-	(1,152)	(1,421)	(4,282)	(6,855)	-	(2,905)	(1,620)	(4,525)
• Canada	-	-	-	-	-	(31,691)	-	-	(31,691)
Total discontinued operations	-	(1,152)	(1,421)	(10,619)	(13,192)	(31,691)	(9,718)	(1,620)	(43,029)
Total impairment charges	-	(1,152)	(1,421)	(11,086)	(13,659)	(37,998)	(9,718)	(1,620)	(49,336)

Note 11. Loans and borrowings

For the half-year ended 31 December	2015 $000	2014 $000
Balance at beginning of period	16,441	200,738
Borrowings		
Other net drawdowns	7,228	32,965
Net proceeds from borrowings	7,228	32,965
Net borrowings derecognised on loss of control *(1)*	(8,438)	-
Movement in capitalised borrowing costs	(60)	287
Foreign exchange	556	9,584
Balance at end of period	15,727	243,574
Balance at the end of the period comprises:		
Current liabilities		
• Bank loans - secured	15,894	231,940
• Bank loans - unsecured	-	2,396
• Capitalised borrowing costs	(167)	(329)
	15,727	234,007
Non-current liabilities		
• Bank loans - secured	-	9,854
• Capitalised borrowing costs	-	(287)
	-	9,567
Total loans and borrowings	15,727	243,574

(1) Due to the derecognition on loss of control of the German businesses during the current reporting period. Refer Note 8.

The regional asset backed facilities in Australia and New Zealand include regional covenant measures. These vary and include fixed charge coverage ratios, net worth tests and limits on capital expenditure. These facilities have restrictions on the ability to draw down and move cash within the Consolidated Entity.

The regional asset backed facility in Australia involves the securitisation of receivables. In New Zealand, the regional facility is secured by both receivables and inventory. The amount of receivables pledged as part of the regional loan facilities at balance date was $14.0 million (December 2014 *(restated)*: $10.3 million). The amount of inventories pledged as part of the regional loan facilities at balance date was $0.6 million (December 2014 *(restated)*: $1.7 million).

Note 11. Loans and borrowings – (continued)

Debt classification

	Currency	Nominal interest rate *(1)*	Year of Maturity	As at 31 December 2015 $000	As at 30 June 2015 $000
• Bank loans - secured *(2)*	AUD	BBSR *(3)*	2018	10,249	445
• Bank loans - secured *(2)*	NZD	BKBM *(4)*	2017	4,570	5,699
• Bank loans - secured *(2) (5)*	EUR	Euribor *(6)*	2016	-	8,873
• Other bank loans - secured	various	various	various	1,075	1,532
• Capitalised borrowing costs				(167)	(108)
Bank loans - secured				15,727	16,441
Total loans and borrowings - current				15,727	16,441
Total loans and borrowings - non-current				-	-
Total loans and borrowings				15,727	16,441

(1) Excludes company specific margins
(2) These bank loans are facilities secured by certain assets
(3) BBSR: Bank Bill Swap Rate
(4) BKBM: Bank Bill Market Rate
(5) Balance derecognised in the current reporting period on loss of control - refer Note 8.
(6) Euribor: Euro Inter Bank Offer Rate

The Consolidated Entity has the discretion and intention to rollover a portion of the obligations of the Australia and New Zealand facilities for at least twelve months from balance date, as these facilities have availability periods of 19-24 months post reporting date. Any amount that has been determined as non-current is the lowest expected balance of these facilities in the twelve month period post balance date based on management forecasts.

Note 12. Employee retirement benefits

During the reporting period, the Consolidated Entity lost control of the German merchanting operations (refer Note 8). As a result the German net defined pension obligation was derecognised. The Consolidated Entity's remaining defined benefit pension plan is the PaperlinX Superannuation Fund (Australia) which at the prior balance date was in surplus but carried at nil value due to a limitation on recoupment of the net surplus position.

As required under AASB 119 *Employee Benefits*, the Consolidated Entity undertakes a full actuarial review of defined benefit plans each financial year. The previous actuarial review was undertaken at 30 June 2015. A desktop review has been undertaken to determine whether there has been a material change in the net balance sheet obligation of the PaperlinX Superannuation Fund (Australia) since 30 June 2015 based on market conditions at 31 December 2015. An estimated actuarial loss of $0.4 million was identified, primarily due to lower than expected asset returns during the period. However, the estimated fund balance remained in surplus, and subject to a limitation on recoupment of the net surplus position.

The movement in the net employee retirement benefit obligation is as follows:

For the half-year ended 31 December	2015 $000	2014 $000
Opening balance	10,338	107,878
Net pension expense	202	1,765
Contributions by employer	(202)	(8,902)
Disposal/loss of control of controlled entities and businesses *(1)*	(10,879)	-
Foreign exchange translation loss	541	5,940
Estimated actuarial loss	-	31,303
Closing balance	-	137,984

(1) Due to the derecognition on loss of control of the German businesses during the current reporting period. Refer Note 8.

Note 13. Issued capital

	As at 31 December 2015 $000	As at 30 June 2015 $000
Issued capital		
Issued and paid-up share capital - 665,181,261 ordinary shares (June 2015: 665,181,261)	1,895,767	1,895,767
Total issued capital	1,895,767	1,895,767

Note 13. Issued capital – (continued)

Options

At the reporting date, there are 12,061,100 (December 2014: 47,061,100) unissued shares of the Company which are under option whose exercise is subject to the satisfaction of the terms of the option agreements. The movement in options on issue during the reporting period are as follows:

For the half-year ended 31 December	2015 number	2014 number
Outstanding at the beginning of the period	47,061,100	41,075,200
Lapsed during the period	-	(14,100)
Granted during the period	-	6,000,000
Cancelled during the period	(35,000,000)	-
Outstanding at the end of the period	12,061,100	47,061,100

Rights

At the reporting date, there are 3,063,989 (December 2014: 16,048,233) rights to potentially acquire fully paid ordinary shares in the Company. The movement in the rights on issue during the reporting period are as follows:

For the half-year ended 31 December	2015 number	2014 number
Outstanding at the beginning of the period	4,766,641	16,920,618
Cancelled during the period	-	(872,385)
Exercised	(1,702,652)	-
Outstanding at the end of the period	3,063,989	16,048,233

Note 14. Reconciliation of cash flows from operating activities

For the half-year ended 31 December	Note	2015 $000	2014 $000
Reconciliation of profit/(loss) after tax to net cash from operating activities			
Profit/(loss) for the period		6,286	(90,804)
Add back non-cash items:			
• Depreciation and amortisation of property, plant, equipment and intangibles		1,228	5,365
• Impairment charges - property, plant, equipment and intangibles	6	(770)	62,995
• (Profit)/loss on disposal of controlled entities	6	(7,645)	501
• (Profit)/loss on disposal of property, plant and equipment		90	(956)
• Profit on disposal of assets held for sale	6	(536)	-
• Employee share based payments expense		20	276
• Amortisation of capitalised borrowing costs		(57)	311
Add back other items classified as investing/financing:			
• Borrowing costs expensed		217	1,349
Decrease/(increase) in trade and other receivables		3,116	(216)
(Increase)/decrease in inventories		(7,172)	9,975
Decrease in trade and other payables		(12,522)	(23,645)
Decrease in provisions and employee benefits		(2,905)	(19,966)
(Increase)/decrease in current and deferred taxes		(1,640)	813
Decrease in other non-current liabilities		-	(24)
Net cash used in operating activities		(22,290)	(54,026)
Reconciliation of cash			
For the purposes of the Statement of Cash Flows, cash includes cash on hand and at bank and short-term money market investments, net of outstanding bank overdrafts. Cash as at 31 December as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:			
Cash and cash equivalents *(1)*		32,819	81,977
		32,819	81,977

(1) The Consolidated Entity has reclassified balances relating to short-term deposits from "cash and cash equivalents" to "short-term deposits" in order to more accurately reflect the nature of these balances.

Note 15. Contingent liabilities

	As at 31 December 2015 $000	As at 30 June 2015 $000
Contingent liabilities arising in respect of related bodies corporate:		
• Bank guarantees (trade)	455	548
• Other guarantees	1,794	1,677
Total contingent liabilities	2,249	2,225

The bank guarantees (trade), the beneficiaries of which are third parties, are primarily in relation to rental leases.

Other guarantees, the beneficiaries of which are government departments, are bank guarantees in relation to the specific requirement of self-insurance licences for workers' compensation in Australia.

Under the terms of the ASIC Class Order 98/1418 dated 13 August 1998 (as amended), the Company and certain subsidiaries have entered into approved deeds for the cross guarantee of liabilities.

There are a number of legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect to these items. The amount of the liability, if any, which may arise cannot be reliably measured at this time.

Sale warranties and indemnities

The Consolidated Entity has given certain warranties and indemnities to the purchasers of the Canada, USA, Italy, Hungary, Slovenia, Serbia, Croatia and Slovakia operations. Warranties have been given in relation to matters including the sale of assets, taxes, people, legal, environmental and intellectual property. Indemnities have also been given in relation to matters including legal and employee claims and pre-completion taxes. Where it is not possible to quantify the potential financial obligation (if any) of the Consolidated Entity for future claims under these warranties and indemnities, no amounts have been disclosed.

Subsidiaries in administration

In the current reporting period, a number of German subsidiaries were placed into administration, and in the prior financial year a number of United Kingdom and European subsidiaries were placed into administration, as set out in Note 8. As at the reporting date, these administration proceedings are ongoing and are expected to continue for some time. As part of these proceedings, legal claims and other exposures may arise on the Consolidated Entity, including in respect of pension plan liabilities, other employee entitlements, trade and other creditors and director / officer indemnities. There is a material uncertainty as to whether a future liability will arise in respect of these matters. The amount of the liability, if any, which may arise cannot be reliably measured at this time.

Note 16. Events subsequent to balance date

Dividends on the Company's ordinary shares

No interim dividend has been declared for the period ended 31 December 2015 - refer Note 9.

Other than the above, there have been no events subsequent to 31 December 2015 which would have a material effect on the condensed consolidated interim financial report of the Consolidated Entity at 31 December 2015.

DIRECTORS' DECLARATION

In the opinion of the Directors of Spicers Limited ("the Company"):

1 The condensed consolidated financial statements and notes set out on pages 5 to 19 are in accordance with the Corporations Act 2001, including:

- Giving a true and fair view of the financial position of the Consolidated Entity as at 31 December 2015 and of its performance for the half-year ended on that date; and
- Complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and

2 There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

In accordance with a resolution of the Directors, dated at Melbourne, this 24th day of February 2016.

Signed in accordance with a resolution of the Directors:

Robert Kaye SC	Andrew Preece
Chairman	**Managing Director and Chief Executive Officer**

Independent auditor's review report to the members of Spicers Limited

We have reviewed the accompanying interim financial report of Spicers Limited, which comprises the condensed consolidated statement of financial position as at 31 December 2015, condensed consolidated income statement, condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the interim period ended on that date, notes 1 to 16 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 half-year's end or from time to time during the interim period.

Directors' responsibility for the interim financial report
The directors of the company are responsible for the preparation of the interim 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 interim financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility
Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity,* in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2015 and its performance for the interim period ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Spicers Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

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

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the interim period ended on that date; and

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

Emphasis of matter regarding contingent liabilities
Without modification to the conclusion set out above, we draw attention to note 15 in the interim financial report regarding the insolvency administrations of certain former subsidiaries. As part of these proceedings legal claims and other exposures may arise on the Group, and there is a material uncertainty as to whether such claims or exposures give rise to a future liability.

KPMG

KPMG

BW Szentirmay
Partner

Melbourne
24 February 2016