Ashley Services Group Limited (ASX: ASH)
ABN: 92 094 747 510

Appendix 4D:
Half Year Information
31 December 2016

Results for announcement to the market	$A'000
Revenues from ordinary activities	Up 13.6% to 163,345
Profit from ordinary activities after tax attributable to members	Up by 92% to (5,350)
Net profit for the period attributable to members	Up by 92% to (5,350)

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend for the half year ended 31 December 2016	0.0 cents	0.0 cents

Record date for determining entitlements to the dividend N/A

Brief explanation of any of the figures reported above and short details of any bonus or cash issue or other item (s) of importance not previously released to the market:
Please refer attached Directors' Report and Interim Financial Statements for the half year ended 31 December 2016 and the attached press release.

The remainder of the information requiring disclosure to comply with listing rule 4.2A is contained in the attached Directors' Report and Interim Financial Statements for the half year ended 31 December 2016, the attached press release, and the additional information below.

The previous corresponding period is 1 July 2015 to 31 December 2015, except for the Consolidated Statement of Financial Position, where comparatives are balances as at 30 June 2016.

Additional Information		
Net Tangible Assets per ordinary share:	$0.116	(June 2016 $0.115)
Details of interests in significant joint ventures and associates:		None

R Hollands

Ron Hollands
Company Secretary
Sydney, 28 February 2017

Ashley Services Group Limited

ABN: 92 094 747 510

Interim Financial Statements

For the half year ended 31 December 2016

Ashley Services Group Interim Financial Statements for the half year ended 31 December 2016

Directors' Report

The Directors present their report together with the financial statements of the consolidated entity, being Ashley Services Group Limited and its controlled entities ("**Group**") for the half-year ended 31 December 2016.

DIRECTOR DETAILS

The names of the Directors in office at any time during, or since the end of the financial half-year are as follows:

Names	Appointed / Resigned
Mr Ross Shrimpton	Appointed 12 October 2000, re-appointed Managing Director 23 January 2017
Mr Marc Shrimpton	Appointed Alternative Director on 31 July 2014, then appointed Executive Director 1 October 2015
Mr Ian Pratt	Appointed 1 October 2015
Mr Stewart Cummins	Appointed 15 February 2016 and resigned 23 September 2016

The above named Directors held office since the start of the financial half-year to the date of this report unless otherwise stated.

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

a. Earnings and result

Earnings

Net profit after tax ("**NPAT**") for the financial half-year of the Group was a loss of $5.4 million (2015: loss $66.7 million). This loss includes $10.0 million net expense before tax for various significant items including impairment of intangible assets ($5.5m), write down of PP&E ($3.5m), Training division refunds from prior periods relating mainly to Victorian rectification activity ($1.4m) and Training division restructuring expenses ($0.7m) partially offset by a $1.1 million profit arising from the cancellation of shares issued on acquisition.

Despite a substantial turnaround in the Training division, on 20 January 2017, the Company announced that it had received no materially contributing state funding contracts in New South Wales and Victoria. Consequently, the outcome of the Strategic Review announced on 25 November 2016, is that the decision has been made to significantly scale back the Training division. Accordingly, moving forward the Company will now focus on the development of its profitable Labour Hire division. This is as outlined in the Notes to the Financial Statements (*see 4. SIGNIFICANT EVENTS AND TRANSACTIONS* and *14. EVENTS AFTER THE REPORTING DATE*).

Other key elements within the result include:

Revenues

Revenue at $163.3 million increased $19.6 million (14%) from the comparative period.

Labour hire revenues increased $15.6 million (12%), driven by the successful integration of two major clients and a record Christmas period for major retail logistics and engineering customers.

Core Ashley training revenues increased $4.0 million (28%) with increases across all states.

Directors' Report

Earnings before interest taxes depreciation and amortisation ("EBITDA")

EBITDA for the financial half year was a loss of $6.1 million (2015: loss of $67.7 million). The current period result includes a $10 million loss from various non-trading adjustments as outlined in the table below. The prior period included $61.0 million of non-trading adjustments:

	H1 FY17 $000	H1 FY16 $000
EBITDA*	**(6,102)**	**(67,713)**
Reassessment of value of deferred consideration liabilities	-	(2,315)
Impairment of intangibles	5,486	63,320
Impairment of Property, Plant & Equipment	2,867	-
Write-down of redundant payroll system	664	-
Restructuring expense	678	-
Cancellation of Shares issued on acquisition	(1,114)	-
Training division refunds from prior periods relating mainly to Victorian rectification activity	1,435	-
Net non-trading adjustments	**10,016**	**61,005**
Underlying EBITDA	**3,914**	**(6,708)**

* comprises profit / (loss) before income tax, adjusted for depreciation, amortisation, net interest (expense)/income.

Including these adjustments, underlying EBITDA for the current period was a $3.9 million profit (2015: loss of $6.7 million) comprising:

a. Labour hire. EBITDA of $3.8 million, which was $0.7 million above the prior corresponding period, in large part driven by the strong revenue growth experienced. Additionally, EBITDA margin at 2.7%, was up from 2.4% for the prior corresponding period, in large part due to a doubling of the higher margin Concept Engineering revenues, as well as improved external placement revenues in the Blackadder white collar recruitment business.

b. Training. EBITDA of $2.5 million was an improvement of $9.9 million on the prior corresponding period (2015: $7.4 million loss), due in part to the revenue growth. Additionally, the Training division showed the benefit of prior year restructuring initiatives to right size the business to its revenue base.

Statement of financial position

Net assets at $20.6 million declined $6.5 million from 30 June 2016, primarily due to the impairment of intangibles ($5.5 million) and PP&E ($3.5m). This was partially offset by tax effect favourable impact of $2.6 million across the Net Deferred Tax Assets/Liabilities. The Group had net cash of $2.0 million at 31 December 2016 (net cash of $1.6 million at 30 June 2016).

The Group had $5.8 million of facilities with Bankwest Limited at 31 December 2016, comprising a $5.0 million working capital facility, and $0.8 million in bank guarantee and credit card facilities. The bank had fixed and floating charges over the Group's assets.

As at 31 December 2016, the working capital facility was drawn down by $5 million (30 June 2016, nil).

On 30 January 2017, the Group was notified that the $5.0 million working capital facility had been assigned by Bankwest to Shrimpton Holdings Pty Limited, a company associated with Ross Shrimpton, Managing Director, and with shareholders of the Group.

Directors' Report

Operating Cash Flow

The operating cash flow for the half year period was an inflow of $1.4 million (2015: outflow of $9.2 million).

DIVIDEND

During the half-year ended 31 December 2016, the Group has not declared or paid any dividends (2015: final dividend of $6.15 million on 25 September 2015 which represented payment of 4.1 cents per share).

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307c of the Corporations Act 2001 is set out on page 7 of this financial report and forms part of this Directors Report.

ROUNDING OFF OF AMOUNTS

The Group is a Company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore amounts in the Directors' Report and the consolidated financial statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the Directors:

Ian Pratt

Chairman

Ross Shrimpton

Managing Director

Sydney, 28 February 2017

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Auditor's Independence Declaration
To The Directors of Ashley Services Group Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Ashley Services Group Limited for the half-year ended 31 December 2016, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b no contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 28 February 2017

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2016

	Note	6 months to 31 Dec 2016 $000	6 months to 31 Dec 2015 $000
Revenue		163,345	143,738
Other income		631	325
Employment costs		(155,375)	(141,584)
Depreciation and amortisation expense		(1,643)	(1,551)
Finance costs		(365)	(320)
Other expenses		(6,010)	(8,325)
Impairment of intangibles	5	(5,486)	(63,320)
Impairment of Property, Plant & Equipment	5	(2,867)	-
Write-down of redundant payroll system	6	(664)	-
Restructuring expense		(678)	-
Cancellation of Shares issued on acquisition		1,114	-
Deferred vendor earn-out adjustment		-	2,315
Loss before income tax from continuing operations		**(7,998)**	**(68,723)**
Income tax benefit / (expense)		**2,648**	3,063
Loss from continuing operations		**(5,350)**	**(65,660)**
Loss for the period from discontinued operations		-	(996)
Loss for the period		**(5,350)**	**(66,656)**
Other comprehensive income		**-**	**-**
Total comprehensive loss for the period		**(5,350)**	**(66,656)**
Basic earnings per share (cents) from continuing operations	10	(3.72)	(43.77)
Diluted earnings per share (cents) from continuing operations	10	(3.72)	(43.77)
Basic earnings per share (cents) from discontinued operations	10	-	(0.67)
Diluted earnings per share (cents) from discontinued operations	10	-	(0.67)
Basic earnings per share (cents) Total	10	**(3.72)**	**(44.44)**
Diluted earnings per share (cents) Total	10	**(3.72)**	**(44.44)**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 31 December 2016

	Note	31 Dec 2016 $000	30 Jun 2016 $000
Assets			
Current assets			
Cash and cash equivalents		7,094	1,704
Trade and other receivables		32,314	27,925
Current tax receivable		-	2,838
Other assets		1,273	930
Total current assets		**40,681**	**33,397**
Non-current assets			
Property, plant and equipment	6	1,672	6,064
Deferred tax assets		8,430	7,590
Intangible assets	8	3,920	9,847
Total non-current assets		**14,022**	**23,501**
Total assets		**54,703**	**56,898**
Liabilities			
Current liabilities			
Trade and other payables		21,060	18,982
Borrowings	9	5,044	102
Vendor earn-out accrual		-	942
Provisions		3,926	3,792
Total current liabilities		**30,030**	**23,818**
Non-current liabilities			
Deferred tax liabilities		1,966	3,700
Provisions		2,071	2,280
Total non-current liabilities		**4,037**	**5,980**
Total liabilities		**34,067**	**29,798**
Net assets		**20,636**	**27,100**
Equity			
Share capital	11	148,815	149,929
Common control reserve		(57,687)	(57,687)
Accumulated losses		(70,492)	(65,142)
Total Equity		**20,636**	**27,100**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the half year ended 31 December 2016

	Share Capital $000	Common Control Reserve $000	Accumulated Losses $000	Total $000
For the half year ended 31 December 2016				
Balance at 1 July 2016	149,929	(57,687)	(65,142)	27,100
Loss for the period	-	-	(5,350)	(5,350)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**(5,350)**	**(5,350)**
Transactions with owners in their capacity as owners:				
Cancellation of Shares issued on acquisition	(1,114)	-	-	(1,114)
Dividends paid	-	-	-	-
Balance at 31 December 2016	**148,815**	**(57,687)**	**(70,492)**	**20,636**
For the half year ended 31 December 2015				
Balance at 1 July 2015	149,929	(57,687)	10,634	102,876
Profit for the financial period	-	-	(66,656)	(66,656)
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**(66,656)**	**(66,656)**
Transactions with owners in their capacity as owners:				
Dividends paid	-	-	(6,150)	(6,150)
Balance at 31 December 2015	**149,929**	**(57,687)**	**(62,172)**	**30,070**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the half year ended 31 December 2016

	Note	6 months to 31 Dec 2016 $000	6 months to 31 Dec 2015 $000
Cash flows from operating activities			
Receipts from customers		174,296	157,302
Payments to suppliers and employees		(175,471)	(166,920)
Interest received		60	37
Finance costs paid		(365)	(321)
Income tax recovered		2,911	2,010
Net cash from/(used in) continuing operations		**1,431**	**(7,892)**
Net cash from/(used in) discontinued operations		**-**	**(1,295)**
Net cash from/(used in) operating activities		**1,431**	**(9,187)**
Cash flows from investing activities			
Payments for property, plant and equipment in continuing operations		(259)	(1,772)
Payments for property, plant and equipment in discontinued operations		-	(260)
Proceeds from sale of property plant and equipment		84	16
Payments for intellectual property		(204)	(798)
Payments for businesses acquired		(604)	-
Net cash used in investing activities		**(983)**	**(2,814)**
Cash flows from financing activities			
Net proceeds from external borrowings in continuing operations		4,942	7,964
Repayment of external borrowings in discontinued operations		-	(35)
Dividend paid		-	(6,150)
Net cash from financing activities		**4,942**	**1,779**
Net cash increase / (decrease) in cash and cash equivalents		**5,390**	**(10,222)**
Cash and cash equivalents at beginning of period		1,704	12,580
Cash and cash equivalents at the end of the period		**7,094**	**2,358**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. GENERAL INFORMATION AND BASIS OF PREPARATION

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six months ended 31 December 2016 and are presented in Australian Dollar (A$), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards, and should be read in conjunction with the consolidated financial statements of the Group for the year ended 30 June 2016 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements were approved and authorised for issue by the Board of Directors on 28 February 2017.

a. Going concern assessment

While the Group may have recorded a loss for the period of $5.4 million, it also generated $1.4 million of cash inflows from operations. The decision to scale back the Training division is envisaged to be achieved with a cash neutral impact, with forecasts showing the positive cash inflows from the Labour Hire division being adequate to enable the Group to meet all its obligations as and when they fall due. Based on these forecasts, the financial statements have been prepared on a going concern basis.

2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 30 June 2016.

The accounting policies have been applied consistently throughout the Group for the purposes of preparation of these interim financial statements.

3. ESTIMATES

When preparing the interim financial statements, management make a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgements, estimates and assumptions made by management.

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 30 June 2016, unless otherwise stated.

Notes to the Financial Statements

4. SIGNIFICANT EVENTS AND TRANSACTIONS

There have been a number of significant events and transactions which occurred during the half year ended 31 December 2016, other than those already disclosed in the Interim Financial Statements. These include:

Cancellation of shares issued on acquisition of Integracom: Following the settlement of legal proceedings against the Integracom Vendors, the vendor agreed to a purchase price adjustment whereby they forfeited 6,024,096 Ashley Services Group Limited shares issued at the time of acquisition. These shares were subsequently the subject of a reduction of capital and cancellation as approved by shareholders at the AGM of 9 November 2016. These shares were issued at $1.66 per share, representing consideration of $10 million to fund the purchase of Integracom, the subsequent cancellation was recorded at the prevailing share price of $0.185 per share, or $1.1 million, in line with fair value accounting principles.

Victorian Training business: Ashley Services Group Limited (the Company) was advised on 7 November 2016 by the Victorian Department of Education and Training (VIC Department) of concerns that the Registered Training Organisation (RTO) may be in breach of their contract and as a result suspended enrolments and withheld payment. Subsequent negotiations with the VIC Department, which included a rectification program saw the recommencement of enrolments and release of outstanding payments as announced on 23 December 2016. The financial impact of the rectification actions and suspension of enrolments was estimated at a negative Net Profit after Tax Impact of $1 million, which was in line with the eventual outcome booked in the company's accounts for the six months ended 31 December 2016. The Company was subsequently advised on 18 January 2017 that the VIC Department had decided not to make 2017 Skills First contract offers to two of its RTOs – Ash Pty Limited and The Australian Institute of Vocational Development Pty Limited, although Vocational Training Australia Pty Limited has received a limited funding contract. This outcome left the Victorian Training business with no materially significant 2017 state funding contract in Victoria.

NSW Training business: Ashley Services Group Limited (the Company) was notified on 18 November 2016 by the NSW Government Department of Industry, Skills and Regional Development (NSW Department) following on from recent training audits on two of its Registered Training Organisations (RTOs) – Ash Pty Limited and Vocational Training Australia Pty Limited that their 2016 Smart and Skilled Contracts (Contracts) were to be terminated on 30 November 2016. The NSW Department subsequently agreed not to terminate the Contracts, with the RTOs agreeing not to enrol any new students under the Contracts but continuing to train out existing students through to 28 February 2017. The Company was subsequently advised on 23 December 2016 that the NSW Department had decided not to make 2017 Smart and Skilled contract offers to two of its RTOs – Ash Pty Limited and Vocational Training Australia Pty Limited. This outcome left the NSW Training business with no 2017 state funding contract in NSW.

Federal Court class action against Ashley Services Group Limited: Ashley Services Group Limited (ASH) is the respondent in a class action that was commenced in the Federal Court of Australia (NSW Registry) on 1 December 2016 on behalf of a group of shareholders. The allegations against ASH include that its prospectus, dated 7 August 2014, contained certain misstatements and omissions in contravention of the Corporations Act 2001 (Cth), that ASH contravened the continuous disclosure provisions and that it engaged in misleading and deceptive conduct during the relevant period. ASH will vigorously defend this proceeding.

Notes to the Financial Statements

5. IMPAIRMENT

a. Impairment tests for goodwill and other intangibles

The consolidated entity tests whether goodwill and other intangible assets have suffered any impairment on an annual basis, or more frequently, if required.

There were no indicators of impairment in relation to the Labour Hire division at 31 December 2016.

As a result of the loss of key state funding contracts within the Training division for 2017 in NSW and Victoria, a detailed impairment review of the Training cash-generating unit ("CGU") has been performed at 31 December 2016.

The recoverable amounts of the Training CGU was determined as the higher of fair value less costs of disposal and value-in-use calculations.

The Training division has not been successful in securing material 2017 state funding contracts in its two key trading states of Victoria and NSW. Consequently, management has implemented plans to significantly scale back the scope and size of its training business. As a result, the future cash flows from the training business have been estimated to be negligible.

On this basis the recoverable amount has been calculated based on fair value less costs of disposal. This has been determined based on the currently concluding transaction, being that related to WA/SA Integracom (*see 14. EVENTS AFTER THE REPORTING DATE*). The recoverable amount is therefore $1.0 million, being the purchase price of $1.065 million less known costs of $65k, leaving $0.6 million for Course Materials (Intellectual Property) and $0.4 million for PP&E, and the Training division assets have been written down to these values.

This purchase price, being an agreed selling price, is reflective of the fair value since it has been established through negotiation between two unrelated parties. In considering the fair value hierarchy in AASB 13: Fair Value Measurement, this is considered to be Level 2, since it is best characterised as a "market-corroborated input". Payment of the purchase price of $1.065 million was made on 27th February 2017.

All other non-current assets of the Training CGU have been impaired.

b. Impairment charge

As a result of the analysis, an impairment charge of $8.3 million has been recorded in the 1H FY17 results, in the Training CGU as follows:

	Goodwill* $000	Other Intangibles $'000	PP&E $000	Total $'000
Training	0	5,486	2,867	8,353
Labour Hire	0	0	0	0
Total impairment charge as at 31 December 2016	**0**	**5,486**	**2,867**	**8,353**

* All goodwill related to the Training CGU has been impaired previously.

These movements have reduced the net carrying amount of goodwill and other intangibles to $3.9 million as presented in note 8.

c. Sensitivity analysis

Given the value-in-use calculations produced no reasonably possible scenarios generating positive cash flows, it has been determined unnecessary to present any sensitivity analysis.

Notes to the Financial Statements

6. PROPERTY, PLANT & EQUIPMENT

In addition to the impairment of the training division PP&E outlined in the Impairment note above, Management has also specifically reviewed the carrying value of individual PP&E assets within the labour hire division. The Group is currently finalising the implementation of a new payroll system and prior period investments in recruitment and other payroll systems totalling $0.7 million have been written off.

In total the value of PP&E in the Consolidated Statement of Financial Position has seen a decrease of $4.4 million, due to the impacts of the impairment of PP&E ($2.8 million), the write-down of the redundant payroll system ($0.7 million) and the impact of ongoing depreciation charges in an environment of minimal capital expenditure.

Notes to the Financial Statements

7. SEGMENT REPORTING

Management identifies its operating segments based on the Group's service lines, which represent the main products and services provided by the Group. The Group's management has identified two operating segments, Labour Hire and Training.

During the six month period to 31 December 2016, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

The revenues and profit generated by each of the Group's operating segments are summarised as follows:

6 months to 31 December 2016	Labour Hire $000	Training $000	Total $000
Revenue			
From external customers	144,995	18,350	163,345
Segments revenue	**144,995**	**18,350**	**163,345**
Other income	384	186	570
Employment costs	(139,924)	(14,328)	(154,252)
Depreciation and amortisation expense	(339)	(1,203)	(1,542)
Finance costs	(7)	-	(7)
Other expenses	(1,601)	(2,994)	(4,595)
Impairment of intangibles	-	(5,486)	(5,486)
Write down of PP&E	(664)	(2,867)	(3,531)
Restructuring expense	-	(678)	(678)
Selective Reduction of Capital and Cancellation of Shares	-	1,114	1,114
Segment Profit / (Loss)	**2,844**	**(7,906)**	**(5,062)**
Other unallocated items			(2,936)
Profit / (Loss) before tax			**(7,998)**
Unallocated income tax benefit			2,648
Total comprehensive income / (loss) from continuing operations			**(5,350)**

6 months to 31 December 2015	Labour Hire $000	Training $000	Total $000
Revenue			
From external customers	129,407	14,331	143,738
Segments revenue	**129,407**	**14,331**	**143,738**
Other income	303	(16)	287
Employment costs	(124,801)	(15,549)	(140,350)
Depreciation and amortisation expense	(169)	(1,371)	(1,540)
Finance costs	(9)	(82)	(91)
Other expenses	(1,771)	(5,455)	(7,226)
Impairment of intangibles	(7,467)	(55,853)	(63,320)
Deferred vendor earn-out adjustment	-	2,315	2,315
Segment Profit	**(4,507)**	**(61,681)**	**(66,188)**
Other unallocated items			(2,535)
Profit / (Loss) before tax			**(68,723)**
Unallocated income tax			3,063
Total comprehensive income / (loss) from continuing operations			**(65,660)**

Notes to the Financial Statements

8. INTANGIBLE ASSETS

	31 Dec 2016 $000	30 Jun 2016 $000
Goodwill		
Cost	65,256	65,256
Accumulated impairment	(62,474)	(62,474)
Net carrying value	**2,782**	**2,782**
Customer relationships/Licences		
Cost	2,062	2,062
Accumulated impairment	(918)	(918)
Accumulated amortisation	(585)	(520)
Net carrying value	**559**	**624**
Brand names		
Cost	4,640	4,640
Accumulated impairment	(4,640)	(2,041)
Net carrying value	**-**	**2,599**
Intellectual property - course materials		
Cost	7,629	7,629
Purchased	204	-
Accumulated impairment	(3,896)	(1,009)
Accumulated amortisation	(3,358)	(2,778)
Net carrying value	**579**	**3,842**
Total intangible assets	**3,920**	**9,847**

The following table shows movements in intangible assets:

6 months to 31 December 2016	Goodwill $000	Customer Relationships and Licenses $000	Brand Names $000	Course Materials $000	Total $000
Balance at 1 July 2016	2,782	624	2,599	3,842	9,847
Purchased	-	-	-	204	204
Amortisation	-	(65)	-	(580)	(645)
Impairment of intangibles (note 5)	-	-	(2,599)	(2,887)	(5,486)
Balance at 31 December 2016	**2,782**	**559**	**-**	**579**	**3,920**

Notes to the Financial Statements

9. BORROWINGS

	31 Dec 2016 $000	30 Jun 2016 $000
Current		
Secured liabilities		
Finance leases (a)	44	102
Working capital facility (b)	5,000	-
	5,044	**102**

a. Finance leases

The Group has finance leases on motor vehicles.

b. Working capital facility

The group had $5.8 million of facilities with Bankwest Limited, comprising a $5.0 million working capital facility, and $0.8 million in bank guarantee and credit card facilities at 31 December 2016. The bank has fixed and floating charges over the Group's assets.

As at 31 December 2016, the working capital facility was drawn down by $5.0 million.

10. EARNINGS PER SHARE

Both the basic and diluted earnings per share have been calculated using the profit attributable to the Group as the numerator:

	6 months to 31 Dec 16 $000	6 months to 31 Dec 15 $000
Net loss after tax	(5,350)	(66,656)
Weighted number of ordinary shares outstanding during the year used in calculating basic earnings per share (EPS)	143,975,904	150,000,000
Basic earnings per share (cents) from continuing operations	(3.72)	(43.77)
Diluted earnings per share (cents) from continuing operations	(3.72)	(43.77)
Basic earnings per share (cents) from discontinued operations	-	(0.67)
Diluted earnings per share (cents) from discontinued operations	-	(0.67)
Basic earnings per share (cents) Total	**(3.72)**	**(44.44)**
Diluted earnings per share (cents) Total	**(3.72)**	**(44.44)**

Notes to the Financial Statements

11. SHARE CAPITAL

The Group does not have any share options on issue as at the date of this report. Details of share capital of the group are as follows:

	31 Dec 2016 $000	30 Jun 2016 $000
143,975,904 (Jun-16: 150,000,000) fully paid ordinary shares	148,815	149,929
	31 Dec 2016 Number of rights	**30 Jun 2016 Number of rights**
Performance rights	1,942,475	1,942,475

The reduction in Share Capital from 150,000,000 shares ($149.9m) at 30 Jun 16 to 143,975,904 shares ($148.8m) at 31 Dec 16 is the result of the cancellation of 6,024,096 shares issued by way of consideration to fund the purchase of Integracom as approved by shareholders at the AGM of 9 November 2016 (*see 4. SIGNIFICANT EVENTS AND TRANSACTIONS*).

Ordinary shares confer on their holders the right to participate in dividends declared by the Board. Ordinary shares confer on their holders an entitlement to vote at any general meeting of the Company.
At 30 June 2016, the Group had issued 1,942,475 Performance rights. During the six months to 31 December 2016, the Group issued no Performance Rights to employees. The terms of the Performance Plan have been outlined in the Company's 2016 Annual Report.

12. DIVIDENDS

During the half-year ended 31 December 2016, the Group has paid no dividends.

13. CONTINGENT LIABILITES

The Group has no contingent liabilities as at 31 December 2016.

Ashley Services Group Limited (ASH) is the respondent in a class action that was commenced in the Federal Court of Australia (NSW Registry) on 1 December 2016 on behalf of a group of shareholders. The allegations against ASH include that its prospectus, dated 7 August 2014, contained certain misstatements and omissions in contravention of the Corporations Act 2001 (Cth), that ASH contravened the continuous disclosure provisions and that it engaged in misleading and deceptive conduct during the relevant period. ASH will vigorously defend this proceeding. The potential liability and costs in respect of the proceeding cannot be accurately assessed at this time.

Notes to the Financial Statements

14. EVENTS AFTER THE REPORTING DATE

Assignment of Bankwest facility: On 30 January 2017, the Group was notified that the $5.0 million working capital facility had been assigned by Bankwest to Shrimpton Holdings Pty Limited, a company associated with Ross Shrimpton, Managing Director, and with shareholders of the Group.

WA/SA Integracom transaction: On 21 February 2017 Ashley Services Group Limited entered into a binding Heads of Agreement with Workplace Technologies Pty Ltd as trustee for the Workplace Technologies Unit Trust, Integracom Management Group Pty Ltd, Holmes Management Group as trustee of the Holmes Family Trust, Carl Holmes and Marie Holmes, to facilitate a sale of assets of the WA/SA Integracom business for total consideration of $1.065 million, with payment made on 27 February 2017 and a completion date of 1 May 2017.

Performance Rights cancellation: On 27 February 2017 Ashley Services Group Limited advised that 1,390,878 Performance Rights were cancelled for $nil consideration following various employees leaving the company. As at 27 February 2017, the company has 143,975,904 Ordinary Class Shares and 551,578 Performance Rights on issue.

No other matters or circumstances have arisen since the end of the financial half-year which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

Directors' Declaration

In the opinion of the Directors of Ashley Services Group Limited:

a. the consolidated financial statements and notes of Ashley Services Group Limited and its controlled entities are in accordance with the *Corporations Act 2001*, including:

   i. giving true and fair view of its financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

   ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and

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

Signed in accordance with a resolution of the Directors:

....

Ross Shrimpton
Director

Sydney, 28 February 2017

Grant Thornton

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Independent Auditor's Review Report
To the Members of Ashley Services Group Limited

We have reviewed the accompanying half-year financial report of Ashley Services Group Limited ("Company"), which comprises the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a statement of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Ashley Services Group Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the Directors determine is necessary to enable the preparation of the half-year 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Ashley Services Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence
In conducting our review, we have complied with the applicable 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 half-year financial report of Ashley Services Group Limited is not in accordance with the Corporations Act 2001, including:

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

C F Farley
Partner - Audit & Assurance

Sydney, 28 February 2017