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

ASHLEY SERVICES GROUP
LABOUR HIRE | RECRUITMENT | TRAINING

Appendix 4D:
Half Year Information
30 December 2018

Results for announcement to the market	$A'000
Revenues from ordinary activities	Down 12.6% to 148,167
Profit from ordinary activities after tax attributable to members	Up by 24.6% or $0.5m to 2,705
Net profit for the period attributable to members	Up by 24.6% or $0.5m to 2,705

The Group has adopted Accounting Standards AASB 9 'Financial Instruments' and AASB 15 'Revenue from Contracts with Customers' for the half-year ended 30 December 2018.

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend for the half year ended 30 December 2018	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 30 December 2018 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 30 December 2018, the attached press release, and the additional information below.

The previous corresponding period is 1 July 2017 to 31 December 2017, except for the Consolidated Statement of Financial Position, where comparatives are balances as at 1 July 2018.

Additional Information		
Net Tangible Assets per ordinary share:	$0.144	(June 2018 $0.150)
Details of interests in significant joint ventures and associates:		None

Ron Hollands
Company Secretary
Sydney, 12 February 2019

Ashley Services Group Limited

ABN: 92 094 747 510

Interim Financial Statements

For the half year ended 30 December 2018

Ashley Services Group Interim Financial Statements for the half year ended 30 December 2018

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 30 December 2018.

DIRECTOR DETAILS

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

Names	Appointed / Resigned
Mr Ross Shrimpton	Appointed 12 October 2000, re-appointed Managing Director 23 January 2017
Mr Ian Pratt	Appointed 1 October 2015
Mr Chris McFadden	Appointed 6 April 2017

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

REVIEW OF OPERATIONS AND FINANCIAL RESULTS

a. Earnings and result

Earnings

Net profit after tax ("**NPAT**") for the financial half year ended 30 December 2018 built on the positive performance in the second half of financial year ended 1 July 2018, delivering a profit of $2.7 million (1H 2018: profit $2.2 million) on the back of a strong performance from the Labour Hire division, an improving Training division and further reduction in Corporate overheads.

Key elements within the result include:

Revenues

Revenue at $148.2 million decreased by $21.3 million (-12.6%) from the comparative period. The prior period included $30.6 million of revenue related to a single Action Workforce contract exited at the end of FY18 as disclosed in our announcement of 22 May 2018. Excluding this prior period revenue, first half revenue for the group was up by $9.3 million or 6.7%, with positive growth experienced across all divisions.

Labour Hire revenues for the first half were up (excluding prior year contract exit revenues) by $8.8 million (6.5%), with Action Workforce up 5.2% and Concept Engineering up 14%.

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

EBITDA for the financial half year was a profit of $4.5 million, up $0.8 million or 20% on the prior corresponding period (1H 2018: profit of $3.8 million).

- Labour Hire EBITDA of $5.8 million, was up $0.2 million or 4.4% on the prior corresponding period (1H 2018: $5.6 million), despite the loss of $30.6 million of revenue related to the exited contract. EBITDA margin at 4.05%, was up from 3.37% for the prior corresponding period, due in part to the lower revenue base, as well as continuing operational efficiency improvements. The EBITDA margin improvement was also due in part to the increasing mix of Concept Engineering revenues, now at 17.4% of the lower overall Labour Hire revenue number post the exited contract (1H 2018: 13.2%).
- Training EBITDA of $0.5 million was in line with expectations, indicating the early stages of a recovery in our Training division, and comparing favourably to the prior corresponding period (1H 2018: $0.1 million).
- Corporate overheads, at $1.76 million, continue to deliver on all available cost reduction opportunities, and were down $0.18 million (-9.1%) on prior corresponding period (1H 2018: $1.94 million).

Directors' Report

Statement of financial position

Net assets at $23.9 million were down by $0.9 million on the financial year ending 1 July 2018 position of $24.8 million, reflecting the first half profitability less the reduction in accumulated losses resulting from the payment of the final dividend of $3.6 million.

Balance sheet movements are characterised by a first half build to a peak in December as our customers increase their usage of temporary labour, which creates a short term lift in the working capital requirement best seen in an increase in Receivables (up $1.8 million), although for the half we benefited from the unwinding of the previously mentioned exited contract, which meant the lift was less than in previous years. The decline in Net Cash (down $3.8 million) was primarily related to the payment of the final dividend of $3.6 million. The Group had net cash of $2.6 million at 30 December 2018 (net cash of $6.4 million at 1 July 2018).

As at 30 December 2018, the Group had a $5 million working capital facility through Shrimpton Holdings Pty Limited, a company associated with Ross Shrimpton, Managing Director, major shareholder of the Group. Shrimpton Holdings Pty Limited has fixed and floating charges over the Group's assets, subject to conditions outlined by a separate agreement between Ashley Services Group Limited and Shrimpton Holdings Pty Limited and in line with the conditions outlined in the ASX Listing Rule Waiver as subsequently revised on 6 August 2018, following the extension of the Facility Agreement out until 31 January 2020.

In addition the Group has $0.5 million in bank guarantee and credit card facilities with Bankwest Limited.

As at 30 December 2018, the $5 million working capital facility was undrawn (1 July 2018, nil).

Operating Cash Flow

The operating cash flow for the half year period was an inflow of $0.3 million (1H 2018: outflow of $2.8 million).

DIVIDEND

During the half-year ended 30 December 2018, the Group paid a fully franked final dividend of $3.6 million on 17 August 2018 which represents a payment of 2.5 cents per share.

No dividend has been declared in relation to the current six month period as the Group's preference is for fully franked dividends. Given the utilisation of tax losses this is best delivered via a final dividend for the 2019 financial year broadly in line with the dividend timetable undertaken in July-August 2018.

Directors' Report

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, 12 February 2019

AUDITOR'S INDEPENDENCE DECLARATION

ASHLEY SERVICES GROUP LIMITED (ASX: ASH)
ABN: 92 094 747 510

As lead auditor for the review of the financial report of Ashley Services Group Limited for the half-year ended 30 December 2018, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

(a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) any applicable code of professional conduct in relation to the review.

This declaration is in respect of Ashley Services Group Limited and the entities it controlled during the period.

Sydney, NSW
12 February 2019

S P James
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 30 December 2018

	Note	6 months to 30 Dec 2018 $000	6 months to 31 Dec 2017 $000
Revenue		148,167	169,459
Other income		648	396
Employment costs		(141,443)	(162,759)
Depreciation and amortisation expense		(447)	(295)
Finance costs		(370)	(305)
Other expenses		(2,804)	(3,290)
Profit before income tax from continuing operations		**3,751**	**3,206**
Income tax expense		**(1,046)**	**(1,035)**
Profit from continuing operations		**2,705**	**2,171**
Profit/ (loss) for the period from discontinued operations		-	-
Profit for the period		**2,705**	**2,171**
Other comprehensive income		-	-
Total comprehensive Income for the period		**2,705**	**2,171**
Basic earnings per share (cents) from continuing operations	9	1.88	1.51
Diluted earnings per share (cents) from continuing operations	9	1.88	1.51
Basic earnings per share (cents) from discontinued operations	9	-	-
Diluted earnings per share (cents) from discontinued operations	9	-	-
Basic earnings per share (cents) Total	9	**1.88**	**1.51**
Diluted earnings per share (cents) Total	9	**1.88**	**1.51**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position
As at 30 December 2018

	Note	30 Dec 2018 $000	1 Jul 2018 $000
Assets			
Current assets			
Cash and cash equivalents		2,599	6,364
Trade and other receivables		31,517	29,767
Other assets		1,487	927
Total current assets		**35,603**	**37,058**
Non-current assets			
Property, plant and equipment		1,343	1,347
Deferred tax assets		4,686	5,398
Intangible assets	7	3,225	3,148
Total non-current assets		**9,254**	**9,893**
Total assets		**44,857**	**46,951**
Liabilities			
Current liabilities			
Trade and other payables		15,249	15,713
Borrowings	8	-	-
Current tax payable		848	-
Provisions		2,252	2,773
Total current liabilities		**18,349**	**18,486**
Non-current liabilities			
Deferred tax liabilities		902	1,782
Provisions		1,701	1,884
Total non-current liabilities		**2,603**	**3,666**
Total liabilities		**20,952**	**22,152**
Net assets		**23,905**	**24,799**
Equity			
Share capital	10	148,815	148,815
Common control reserve		(57,687)	(57,687)
Accumulated losses		(67,223)	(66,329)
Total Equity		**23,905**	**24,799**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the half year ended 30 December 2018

	Share Capital $000	Common Control Reserve $000	Accumulated Losses $000	Total $000
For the half year ended 30 December 2018				
Balance at 2 July 2018	**148,815**	**(57,687)**	**(66,329)**	**24,799**
Profit for the financial period	-	-	2,705	2,705
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**2,705**	**2,705**
Dividends paid	**-**	**-**	**(3,599)**	**(3,599)**
Balance at 30 December 2018	**148,815**	**(57,687)**	**(67,223)**	**23,905**
For the half year ended 31 December 2017				
Balance at 1 July 2017	**148,815**	**(57,687)**	**(71,118)**	**20,010**
Profit for the financial period	-	-	2,171	2,171
Other comprehensive income for the period	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**2,171**	**2,171**
Balance at 31 December 2017	**148,815**	**(57,687)**	**(68,947)**	**22,181**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the half year ended 30 December 2018

	6 months to 30 Dec 2018 $000	6 months to 31 Dec 2017 $000
Cash flows from operating activities		
Receipts from customers	161,680	175,157
Payments to suppliers and employees	(160,687)	(178,055)
Interest received	28	27
Finance costs paid	(355)	(245)
Income tax received / (paid)	(366)	285
Net cash from/(used in) continuing operations	**300**	**(2,831)**
Net cash from/(used in) discontinued operations	**-**	**-**
Net cash from/(used in) operating activities	**300**	**(2,831)**
Cash flows from investing activities		
Payments for property, plant and equipment in continuing operations	(523)	(412)
Proceeds from sale of property, plant and equipment	57	122
Net cash used in investing activities	**(466)**	**(290)**
Cash flows from financing activities		
Repayment of external borrowings in continuing operations	-	(724)
Payment of dividends	(3,599)	-
Net cash from financing activities	**(3,599)**	**(724)**
Net cash decrease in cash and cash equivalents	**(3,765)**	**(3,845)**
Cash and cash equivalents at beginning of period	6,364	4,376
Cash and cash equivalents at the end of the period	**2,599**	**531**

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 30 December 2018 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 1 July 2018 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 12 February 2019.

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 1 July 2018, except for changes of the new, revised or amending Accounting Standards and Interpretations adopted during the period described below.

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

As stated below, the nature and effects of changes arising from adoption of new, revised or amending Accounting Standards and Interpretations did not have a significant impact on the Group.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has applied all new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current reporting period. The main new Accounting Standards and Interpretations that became effective during the current reporting period are as follows:

AASB 9 Financial Instruments

The Group has adopted AASB 9 from 2 July 2018 which replaces *AASB 139 Financial Instruments: Recognition and Measurement*. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New and simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit

Notes to the Financial Statements

risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group's financial instruments include cash and cash equivalents, trade and other receivables and trade and other payables. The Group does not apply hedge accounting. On initial application of AASB 9, the Group determined that its financial assets and liabilities continue to be measured at amortised cost and the Group has applied the simplified approach to measuring expected credit losses of its trade and other receivables. The adoption of AASB 9 has not had a significant effect on the Group's accounting policies relating to financial instruments or a material impact on the financial performance or position of the Group. In accordance with the transitional provisions in AASB 9, comparatives have not been restated and no differences were required to be recognised to the opening balance of accumulated losses at 2 July 2018 as a result of the adoption of AASB 9. Consequently, no further disclosures have been included in this interim financial report.

AASB 15 Revenue from Contracts with Customers

The Group has adopted AASB 15 from 2 July 2018 which replaces *AASB 118 Revenue*, *AASB 111 Construction Contracts* and several revenue related Interpretations. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognise revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Customer acquisition costs and costs to fulfil a contract can, subject to certain criteria, be capitalised as an asset and amortised over the contract period.

AASB 15 was adopted using the modified retrospective approach and as such comparatives have not been restated. Under this method, the cumulative effect of initial application is recognised as an adjustment to the opening balance of accumulated losses at 2 July 2018. In accordance with the transition guide, AASB 15 only applies to contracts with customers that were incomplete at 2 July 2018.

The Groups' revenue includes labour hire revenue, training revenue, interest revenue and other income. The adoption of AASB 15 has not had an effect on the Group's accounting policies relating to revenue or had an impact on the financial performance or position of the Group. No adjustment was required to be recognised to the opening balance of accumulated losses at 2 July 2018 as a result of the adoption of AASB 15 and consequently no further disclosures have been included in this interim financial report.

Other amending Accounting Standards and Interpretations

Several other amending Accounting Standards and Interpretations apply for the first time for the current reporting period commencing 2 July 2018. These other amending Accounting Standards and Interpretations did not result in any adjustments to the amounts recognised or disclosures in the interim financial report.

New, revised or amending Accounting Standards and Interpretations issued but not yet mandatory

Any new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are not mandatory to the Group for the current reporting period have not been adopted. These new, revised or amending Accounting Standards and Interpretations are not expected to have any material impact on the Group's financial report in future reporting periods based on the Group's current activities. If the activities of the Group were to change in the future, these Accounting Standards and Interpretations may have a significant impact on the Group's future financial reports.

Notes to the 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 1 July 2018, unless otherwise stated.

4. SIGNIFICANT EVENTS AND TRANSACTIONS

There have been no significant events and/or transactions which occurred during the half year ended 30 December 2018, other than those already disclosed in the Interim 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.

All remaining goodwill and other intangibles are confined to the Labour Hire division, with all earlier amounts previously attributed to the Training division being fully impaired across both the FY16 and FY17 financial years.

There were no indicators of impairment in relation to the Labour Hire division at 30 December 2018.

Notes to the Financial Statements

6. 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 30 December 2018, 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 30 December 2018	Labour Hire $000	Training $000	Total $000
Revenue			
From external customers	144,168	3,999	148,167
Segments revenue	**144,168**	**3,999**	**148,167**
Other income	566	54	620
Employment costs	(137,481)	(2,901)	(140,382)
Depreciation and amortisation expense	(229)	(58)	(287)
Finance costs	(74)	(2)	(76)
Other expenses	(1,418)	(689)	(2,107)
Segment Profit	**5,532**	**403**	**5,935**
Other unallocated items			(2,184)
Profit before tax			**3,751**
Unallocated income tax expense			(1,046)
Total comprehensive income from continuing operations			**2,705**

6 months to 31 December 2017	Labour Hire $000	Training $000	Total $000
Revenue			
From external customers	165,959	3,500	169,459
Segments revenue	**165,959**	**3,500**	**169,459**
Other income	251	118	369
Employment costs	(159,335)	(2,266)	(161,601)
Depreciation and amortisation expense	(130)	-	(130)
Finance costs	(3)	(3)	(6)
Other expenses	(1,283)	(1,232)	(2,515)
Segment Profit	**5,459**	**117**	**5,576**
Other unallocated items			(2,370)
Profit before tax			**3,206**
Unallocated income tax expense			(1,035)
Total comprehensive income from continuing operations			**2,171**

Notes to the Financial Statements

7. INTANGIBLE ASSETS

	30 Dec 2018 $000	1 Jul 2018 $000
Goodwill		
Cost	65,256	65,256
Impairment	(62,474)	(62,474)
Net carrying value	**2,782**	**2,782**
Customer relationships/Licences		
Cost	1,144	1,144
Accumulated amortisation	(843)	(778)
Net carrying value	**301**	**366**
Brand names		
Cost	4,640	4,640
Impairment	(4,640)	(4,640)
Net carrying value	-	-
Intellectual property - course materials		
Cost	8,004	7,833
Impairment	(3,896)	(3,896)
Accumulated amortisation	(3,966)	(3,937)
Net carrying value	**142**	-
Total intangible assets	**3,225**	**3,148**

The following table shows movements in intangible assets:

6 months to 30 December 2018	Goodwill $000	Customer Relationships and Licenses $000	Brand Names $000	Course Materials $000	Total $000
Balance at 2 July 2018	2,782	366	-	-	3,148
Additions	-	-	-	171	171
Amortisation	-	(65)	-	(29)	(94)
Balance at 30 December 2018	**2,782**	**301**	**-**	**142**	**3,225**

Notes to the Financial Statements

8. BORROWINGS

	30 Dec 2018 $000	1 Jul 2018 $000
Current		
Secured liabilities		
Working capital facility	-	-

Working capital facility

As at 30 December 2018, the Group had a $5 million working capital facility through Shrimpton Holdings Pty Limited, a company associated with Ross Shrimpton, Managing Director, major shareholder of the Group. Shrimpton Holdings Pty Limited has fixed and floating charges over the Group's assets, subject to conditions outlined by a separate agreement between Ashley Services Group Limited and Shrimpton Holdings Pty Limited and in line with the conditions outlined in the ASX Listing Rule Waiver as subsequently revised on 6 August 2018, following the extension of the Facility Agreement out until 31 January 2020.

As at 30 December 2018, the $5 million working capital facility was undrawn (1 July 2018, nil).

9. 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 30 Dec 18 $000	6 months to 31 Dec 17 $000
Net profit after tax	2,705	2,171
Weighted number of ordinary shares outstanding during the year used in calculating basic earnings per share (EPS)	143,975,904	143,975,904
Basic earnings per share (cents) from continuing operations	1.88	1.51
Diluted earnings per share (cents) from continuing operations	1.88	1.51
Basic earnings per share (cents) from discontinued operations	-	-
Diluted earnings per share (cents) from discontinued operations	-	-
Basic earnings per share (cents) Total	**1.88**	**1.51**
Diluted earnings per share (cents) Total	**1.88**	**1.51**

Notes to the Financial Statements

10.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:

	30 Dec 2018 $000	1 Jul 2018 $000
143,975,904 (Jul-18: 143,975,904) fully paid ordinary shares	148,815	148,815
	30 Dec 2018 Number of rights	**1 Jul 2018 Number of rights**
Performance rights	-	344,736

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.

During the six months to 30 December 2018, the Group issued no Performance Rights to employees and 344,736 Performance Rights were cancelled.

The terms of the Performance Plan have been outlined in the Company's 2018 Annual Report.

11.DIVIDENDS

During the half-year ended 30 December 2018, the Group paid a fully franked final dividend of $3.6 million on 17 August 2018 which represents a payment of 2.5 cents per share. No dividend has been declared in relation to the current six month period.

12.CONTINGENT LIABILITES

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 period August 2014 to April 2015.

A heads of agreement has been signed by all parties to the proceedings recording a proposal to settle the class action. The parties are in the process of documenting a deed of settlement. The proposed settlement will not be binding until the terms of the settlement deed are agreed between the parties and all parties have signed the deed. The settlement will also require Court approval. The proposed settlement is expected to be agreed without admission of liability by any party.

ASH will advise the market whether or not a deed of settlement is executed and, if it is, ASH will advise the market of the Court's decision to approve or reject the settlement.

The Group had no other contingent liabilities at 30 December 2018.

13.EVENTS AFTER THE REPORTING DATE

No 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 30 December 2018 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 Company 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, 12 February 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

ASHLEY SERVICES GROUP LIMITED (ASX: ASH)
ABN: 92 094 747 510

To the members of Ashley Services Group Limited:

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Ashley Services Group Limited ("the Company") which comprises the consolidated statement of financial position as at 30 December 2018, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory notes, and the directors' declaration, for the consolidated entity comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor* of the Entity in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 December 2018 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 the Company, 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 independence requirements of the *Corporations Act 2001*.

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HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215
Level 19, 207 Kent Street Sydney NSW 2000 Australia
T: +61 (0)2 9020 4000 **F:** +61 (0)2 9020 4190 **E:** mailbox@hlbnsw.com.au

HLB MANN JUDD

INDEPENDENT AUDITOR'S REVIEW REPORT (CONTINUED)

ASHLEY SERVICES GROUP LIMITED (ASX: ASH)
ABN: 92 094 747 510

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 30 December 2018 and of its performance for the half-year ended on that date; and

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

HLB Mann Judd

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

S P James
Director

Sydney, NSW
12 February 2019