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

ASHLEY SERVICES GROUP
LABOUR HIRE | RECRUITMENT | TRAINING

Appendix 4D:
Half-year Information
3 January 2021

Results for announcement to the market	$000
Revenues from ordinary activities	up 1.4% to 185,977
Profit from ordinary activities after tax attributable to members	Up by 23.5% or 806 to 4,237
Net profit for the period attributable to members	Up by 23.5% or 806 to 4,237

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend for the half-year ended 3 January 2021	1.8 cents	1.8 cents

Interim Dividend timetable:

- Ex-dividend date — Tuesday 2 March 2021
- Record date — Wednesday 3 March 2021
- Payment date — Thursday 18 March 2021

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 3 January 2021 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 3 January 2021, the attached press release, and the additional information below.

The previous corresponding period is 1 July 2019 to 5 January 2020, except for the Consolidated Statement of Financial Position, where comparatives are balances as at 5 July 2020.

Additional information	
Net Tangible Assets per ordinary share:	$0.093[1] (5 July 2020 $0.098)

Note:

1. Right-of-use assets have been considered as intangible assets and as such are excluded assets for the purposes of the Net Tangible Assets calculation.

Audit qualification or review

The financial statements were subject to a review by the auditors and the review report is attached as part of the Interim Financial Statements.

R Holland

Ron Hollands
Company Secretary
Sydney, 25 February 2021

Ashley Services Group Limited

ABN: 92 094 747 510

Interim Financial Statements

For the half-year ended 3 January 2021

Ashley Services Group Interim Financial Statements for the half-year ended 3 January 2021

DIRECTORS' REPORT ---------- 4

AUDITOR'S INDEPENDENCE DECLARATION ---------- 7

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME ---------- 8

CONSOLIDATED STATEMENT OF FINANCIAL POSITION ---------- 9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ---------- 10

CONSOLIDATED STATEMENT OF CASH FLOWS ---------- 11

DIRECTORS' DECLARATION ---------- 23

INDEPENDENT AUDITOR'S REVIEW REPORT ---------- 24

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 3 January 2021.

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 3 January 2021, including our first contribution from the newly acquired The Instruction Company Pty Ltd (The Instruction Company), was a total group profit of $4.2 million (1H 2020: profit $3.4 million).

Key elements within the result include:

Revenues

Revenue at $186.0 million was up slightly by $2.6 million (1.4%) on the comparative period, predominantly due to increases across the majority of brands in the Labour Hire division.

Labour Hire revenues for the first half were up by $2.6 million (1.5%), with Action Workforce, Concept Retail and CCL all growing relative to the prior corresponding period.

Training revenue was down $0.1 million with the increase in revenue flowing from the newly acquired The Instruction Company offset by a decline in the traditional Training business which still faced challenges in delivering face to face training in a continuing COVID impacted environment.

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

EBITDA for the financial half-year was a profit of $6.8 million, up $0.7 million or 12.5% on the prior corresponding period (1H 2020: profit of $6.1 million).

- Labour Hire EBITDA of $7.5 million, was up $0.3 million or 4.0% on the prior corresponding period (1H 2020: $7.2 million), with improvements across CCL and Concept Retail more than offsetting slight declines in Action Workforce and Concept Engineering
- Training EBITDA of $1.4 million was up $0.6 million on the prior corresponding period (1H 2020: $0.8 million), due in part to the first half contribution from The Instruction Company along with a continuation of the improving profitability trend for this division
- Corporate overheads, at $2.0 million, were up $0.1m on the prior corresponding period (1H 2020: $1.9 million), due to a non-cash fair value adjustment for the second year earn out payment for the CCL acquisition based on an improving FY21 EBITDA outlook.

Directors' Report

Statement of financial position

Net assets at $26.2 million were up slightly on the financial year ending 5 July 2020 position of $25.8 million, in line with a final FY20 final dividend of $3.9 million within the period and also the 1H FY21 net profit after tax of $4.2 million.

November-December peak period saw an increasing revenue trend for Action Workforce which was significantly above that experienced in previous years. To illustrate, Action Workforce Revenue was up $6.9m or 33% on prior year in the December period. With the associated wage payments being made in H1 FY21 and the collections in line with terms being in January, this sees a corresponding lift in Trade Receivables creating a working capital requirement which becomes apparent also in the cash flow.

In addition, H1 FY21 ended on Sunday 3 January 2021 as against H1 FY20 which ended on Sunday 5 January 2020. This effectively means that the final week of the period had only three business days in between the Boxing Day and New Year's Day holidays. The previous year's final week had one less public holiday and importantly had two business days post New Year's Day. This has a significant negative impact on end of period collections for the December FY21 financial period, which were down $3.3m on the final week of H1 FY20.

Noteworthy balance sheet movements since the financial year ended 5 July 2020 include:

- Cash down by $6.6m - reflecting increased working capital requirement for peak revenue build;
- Trade Receivables up $16.5m – approximately $10m as outlined above with the remainder due to significantly lower revenue levels in June 2020 and a more favourable period end (5 July 2020);
- Intangible Assets up $1.5m – The Instruction Company Goodwill;
- Trade Payables up $5.6 m – $4.2m increase due to a 3 month Super payable as against one month at financial year end where we pay earlier as part of our annual tax planning process; and
- Borrowings up $6.6m – reflecting increased working capital requirement for peak revenue build.

Operating Cash Flow

The operating cash flow for the half-year period was an outflow of $7.0 million (1H 2020: inflow of $2.2 million), due primarily to the increased working capital requirement resulting from Action Workforce's significant revenue growth across November and December, as well as some calendar related timing issues, all of which are discussed in more detail above.

The first half also saw the $3.9 million payment of the 2020 final dividend and the $1.1 million initial payment ($0.6m net of cash acquired) for The Instruction Company initially funded out of existing cash reserves. Additionally, the first year Earn-out payment of $0.8 million was paid in relation to the CCL acquisition.

DIVIDEND

During the half-year ended 3 January 2021, the Group paid a fully franked final dividend of $3.9 million on 11 September 2020 which represents a payment of 2.7 cents per share.

On 28 January 2021 the Group declared a fully franked interim dividend of $2.6 million, due for payment on 18 March 2021, which represents a payment of 1.8 cents per share. This is the first interim dividend since dividends resumed in August 2018. It is intended that this interim and final dividend twice yearly pattern will be the normal approach moving forward.

Directors' Report

ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST DURING THE HALF-YEAR PERIOD

During the half-year ended 3 January 2021, 100% of the shares in The Instruction Company Pty Ltd were acquired. The Instruction Company is a Registered Training Organisation (RTO) servicing the Rail sector nationally.

The acquisition was completed on 15 September 2020 with a financial effective date of 6 July 2020.

		Ownership interest held by the Group				Share of operating profits, after tax	
Name of entity	Country of Incorporation	3 Jan 2021	5 Jul 2020	Nature of relationship	Measurement method	3 Jan 2021 $000	5 Jul 2020 $000
The Instruction Company Pty Ltd	**Australia**	**100%**	**-**	**Subsidiary**	**Consolidated**	**202**	**-**

There was no loss of control of any entities during the half-year period.

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, 25 February 2021

Auditor's Independence Declaration

As lead auditor for the review of the consolidated financial report of Ashley Services Group Limited for the half-year ended 3 January 2021, 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
25 February 2021

S P James
Director

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 3 January 2021

	Note	6 months to 3 Jan 2021 $000	6 months to 5 Jan 2020 $000
Revenue		185,977	183,380
Other income		358	429
Employment costs		(176,146)	(174,287)
Depreciation and amortisation expenses		(936)	(1,174)
Finance costs		(324)	(379)
Other expenses		(3,233)	(3,395)
Profit before income tax from continuing operations		**5,696**	**4,574**
Income tax expense		**(1,459)**	**(1,143)**
Profit from continuing operations		**4,237**	**3,431**
Profit/ (loss) for the period from discontinued operations		-	-
Profit for the period		**4,237**	**3,431**
Other comprehensive income		-	-
Total comprehensive Income for the period		**4,237**	**3,431**
Total comprehensive income for the half-year is attributable to:			
Owners of Ashley Services Group Limited		3,924	3,165
Non-controlling interests		313	266
		4,237	**3,431**
Basic earnings per share (cents) from continuing operations	10	2.73	2.20
Diluted earnings per share (cents) from continuing operations	10	2.73	2.20
Basic earnings per share (cents) from discontinued operations	10	-	-
Diluted earnings per share (cents) from discontinued operations	10	-	-
Basic earnings per share (cents) Total	10	**2.73**	**2.20**
Diluted earnings per share (cents) Total	10	**2.73**	**2.20**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 3 January 2021

	Note	3 Jan 2021 $000	5 Jul 2020 $000
Assets			
Current assets			
Cash and cash equivalents		1,499	8,063
Trade and other receivables		45,910	29,418
Contract assets		697	154
Other assets		2,586	1,745
Total current assets		**50,692**	**39,380**
Non-current assets			
Property, plant and equipment		1,102	1,060
Right-of-use assets		2,002	2,345
Deferred tax assets		5,273	4,694
Intangible assets	7	10,855	9,322
Other assets		-	92
Total non-current assets		**19,232**	**17,513**
Total assets		**69,924**	**56,893**
Liabilities			
Current liabilities			
Trade and other payables		24,332	18,517
Other liabilities	8	2,317	1,412
Borrowings	9	1,662	-
Current tax payable		2,447	1,634
Dividends payable		-	400
Lease liabilities		932	723
Provisions		2,944	2,453
Total current liabilities		**34,634**	**25,139**
Non-current liabilities			
Other liabilities	8	1,973	2,762
Borrowings	9	4,998	-
Deferred tax liabilities		625	764
Lease liabilities		1,110	1,716
Provisions		404	682
Total non-current liabilities		**9,110**	**5,924**
Total liabilities		**43,526**	**31,063**
Net assets		**26,180**	**25,830**
Equity			
Share capital	11	148,815	148,815
Common control reserve		(58,948)	(59,261)
Accumulated losses		(63,687)	(63,274)
Total Equity		**26,180**	**25,830**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity
For the half-year ended 3 January 2021

	Share Capital $000	Common Control Reserve $000	Accumulated Losses $000	Non-controlling Interest $000	Total $000
For the half-year ended 3 January 2021					
Balance at 6 July 2020	**148,815**	**(59,261)**	**(63,724)**	**-**	**25,830**
Profit for the financial period	-	-	3,924	313	4,237
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**3,924**	**313**	**4,237**
Derecognition of non-controlling interest of CCL Group	-	313	-	(313)	-
Dividends paid	-	-	(3,887)	-	(3,887)
Balance at 3 January 2021	**148,815**	**(58,948)**	**(63,687)**	**-**	**26,180**
For the half- year ended 5 January 2020					
Balance at 1 July 2019	**148,815**	**(57,687)**	**(64,504)**	**-**	**26,624**
Profit for the financial period	-	-	3,165	266	3,431
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**3,165**	**266**	**3,431**
Recognition of non-controlling interest of CCL Group	-	-	-	397	397
Derecognition of non-controlling interest of CCL Group	-	663	-	(663)	-
Other equity	-	(1,973)	-	-	(1,973)
Dividends paid	-	-	(3,887)	-	(3,887)
Balance at 5 January 2020	**148,815**	**(58,997)**	**(65,226)**	**-**	**24,592**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows
For the half-year ended 3 January 2021

	Note	6 months to 3 Jan 2021 $000	6 months to 5 Jan 2020 $000
Cash flows from operating activities			
Receipts from customers		186,539	192,439
Payments to suppliers and employees		(191,905)	(189,454)
Interest received		89	21
Finance costs paid		(318)	(370)
Income tax paid		(1,365)	(477)
Net cash (used in) / from continuing operations		**(6,960)**	**2,159**
Net cash from discontinued operations		-	-
Net cash (used in) / from operating activities		**(6,960)**	**2,159**
Cash flows from investing activities			
Payments for property, plant and equipment in continuing operations		(326)	(388)
Proceeds from sale of property, plant and equipment		-	-
CCL Earn-out payment		(798)	-
Payment for businesses acquired net of cash acquired	4	(636)	(4,812)
Net cash used in investing activities		**(1,760)**	**(5,200)**
Cash flows from financing activities			
Net proceed from external borrowings in continuing operations		6,660	5,712
Repayment of leasing liabilities		(617)	(480)
Payment of dividends		(3,887)	(3,887)
Net cash from / (used in) financing activities		**2,157**	**1,345**
Net cash decrease in cash and cash equivalents		**(6,564)**	**(1,696)**
Cash and cash equivalents at beginning of period		8,063	6,784
Cash and cash equivalents at the end of the period		**1,499**	**5,088**

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 3 January 2021 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 5 July 2020 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 25 February 2021.

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 5 July 2020, 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.

New, revised or amending Accounting Standards and Interpretations adopted

The Group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board that are mandatory for the current half-year reporting period. The new or amended Accounting Standards and Interpretations adopted did not have a material impact on the Group’s financial statements.

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.

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 5 July 2020, unless otherwise stated.

Notes to the Financial Statements

4. BUSINESS COMBINATIONS

During the half-year ended 3 January 2021, 100% of the shares in The Instruction Company were acquired. The acquisition was completed on 15 September 2020 with a financial effective date of 6 July 2020.

The acquisition price for the purchase of The Instruction Company was $1.85 million. The initial payment of $1.1 million was made on completion with two further payments of $0.375 million each to be made on the 3 month and six month anniversaries of the completion date.

The Instruction Company is a Registered Training Organisation (RTO) servicing the Rail sector since 1996, creating and delivering rail training solutions to track owners, rail operators, contractors and service providers across Australia.

	Note		6 July 2020[1] $000
Purchase consideration			
Cash consideration			1,100
Deferred consideration			750
Total consideration			**1,850**
Assets and liabilities acquired:			
Cash and cash equivalents			464
Trade and other receivables			539
Deferred tax assets			37
Trade and other payables			(327)
Dividends payable			(464)
Current tax payable			(34)
Non-current liabilities			(19)
Fair value of assets acquired			**196[2]**
Goodwill on acquisition	**7**		**1,654**
Cashflows on acquisition			
Cash consideration			1,100
Cash acquired			(464)
Total cashflow outflows on acquisition to 3 January 2021			**636**

Note:

1. Effective date of The Instruction Company acquisition.
2. As at the date of this report the fair value of intangible assets have not been determined and have not been included in the provisional accounting for the business combination. The fair value of intangible assets acquired will be determined as soon as practicable and within one year as required under AASB 3 Business Combinations. At that time final accounting for the business combination will be reflected in the financial statements on a retrospective basis.

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.

Other than $73k in Training for Intellectual Property (Curriculum) which has been capitalised since the commencement of the 2019 financial year, the Training division also includes the $1.654 million for The Instruction Company as per Note 4 Business Combinations. The remaining goodwill and other intangibles are confined to the Labour Hire division (which includes the CCL Group).

There were no indicators of impairment in relation to either the Labour Hire or Training divisions at 3 January 2021.

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. Recruitment is included in the Labour Hire segment as is the CCL Group. The Instruction Company is included in the Training segment.

During the six-month period to 3 January 2021, 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 3 January 2021	Labour Hire $000	Training $000	Total $000
Revenue			
From external customers[1]	181,694	4,283	185,977
Segments revenue	**181,694**	**4,283**	**185,977**
Other income	272	75	347
Employment costs	(172,638)	(2,470)	(175,108)
Depreciation and amortisation expenses	(343)	(282)	(625)
Finance costs	(109)	-	(109)
Other expenses	(1,749)	(513)	(2,262)
Segment Profit	**7,127**	**1,093**	**8,220**
Other unallocated items			(2,524)
Profit before tax			**5,696**
Unallocated income tax expense			(1,459)
Total comprehensive income from continuing operations			**4,237**

6 months to 5 January 2020	Labour Hire $000	Training $000	Total $000
Revenue			
From external customers[1]	178,988	4,392	183,380
Segments revenue	**178,988**	**4,392**	**183,380**
Other income	402	8	410
Employment costs	(170,171)	(3,002)	(173,173)
Depreciation and amortisation expenses	(413)	(324)	(737)
Finance costs	(98)	(6)	(104)
Other expenses	(2,002)	(597)	(2,599)
Segment Profit	**6,706**	**471**	**7,177**
Other unallocated items			(2,603)
Profit before tax			**4,574**
Unallocated income tax expense			(1,143)
Total comprehensive income from continuing operations			**3,431**

Note:

1. Revenue recognised at a point in time $181,019 (1H 2020: $178,052).
   Revenue recognised over time $4,958 (1H 2020: $5,328).

Notes to the Financial Statements

7. INTANGIBLE ASSETS

	3 Jan 2021 $000	5 Jul 2020 $000
Goodwill		
Cost	71,558	65,256
Acquisitions	1,654	6,302
Impairment	(62,474)	(62,474)
Net carrying value	**10,738**	**9,084**
Customer relationships/Licences		
Cost	2,062	2,062
Impairment	(918)	(918)
Accumulated amortisation	(1,100)	(1,036)
Net carrying value	**44**	**108**
Brand names		
Cost	4,640	4,640
Impairment	(4,640)	(4,640)
Net carrying value	-	-
Intellectual property - course materials		
Cost	8,353	8,330
Impairment	(3,896)	(3,896)
Accumulated amortisation	(4,384)	(4,304)
Net carrying value	**73**	**130**
Total intangible assets	**10,855**	**9,322**

The following table shows movements in intangible assets:

6 months to 3 January 2021	Goodwill $000	Customer Relationships and Licenses $000	Brand Names $000	Course Materials $000	Total $000
Balance at 5 July 2020	**9,084**	**108**	-	**130**	9,322
Additions	1,654	-	-	-	1,654
Additions	-	-	-	23	23
Amortisation	-	(64)	-	(80)	(144)
Balance at 3 January 2021	**10,738**	**44**	-	**73**	**10,855**

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, based on forecasts for the next three years, followed by an extrapolation of expected cash flows for the units' remaining useful lives using the growth rates determined by management. The present value of the expected cash flows of each segment is determined by applying a suitable discount rate.

Notes to the Financial Statements

8. OTHER LIABILITIES

	3 Jan 2021 $000	5 Jul 2020 $000
Current		
The Instruction Company Deferred Consideration	750	-
CCL Contingent Consideration - Retention	600	600
CCL Contingent Consideration - Earn Out Year 1	-	789
CCL Contingent Consideration - Earn Out Year 2	944	-
Other	23	23
Other liabilities (Current)	**2,317**	**1,412**
Non- current		
CCL Contingent Consideration - Earn Out Year 2	-	789
Redemption Liability	1,973	1,973
Other liabilities (Non-current)	**1,973**	**2,762**

The redemption liability is a Put Option which represents a contractual obligation to purchase a non-controlling interest and originated from a previous business combination to acquire the CCL Group. The liability is a financial liability and has been measured at the present value of the redemption amount or the put option consideration amount in accordance with the underlying CCL Group Share Sale and Purchase agreement.

The Put Option can be exercised by any of the Remaining Shareholders (acting independently of the others):

- at any time upon the occurrence of a Control Event in respect of Ashley Services Group Limited;
- with the Extended EBAs in respect of both CTS and CCL having now been entered into (during January 2021) – at any time after 20 December 2022;

The Put Option expires 20 years after Completion but the Purchaser has the right to reduce this period to 10 years.

Notes to the Financial Statements

9. BORROWINGS

	Available facility $000	Facility used $000	Remaining facility $000
Invoice Financing	13,000	1,662	11,338
Bank Bill Business Loan	5,250	4,998	252
Balance at 3 January 2021	**18,250**	**6,660**	**11,590**

	Available facility $000	Facility used $000	Remaining facility $000
Invoice Financing	13,000	-	13,000
Bank Bill Business Loan	6,125	-	6,125
Balance at 5 July 2020	**19,125**	**-**	**19,125**

Working capital facility

During the financial year ended 5 July 2020, Ashley Services Group Limited entered into a new banking partnership facility with the Westpac Banking Corporation which included all transactional banking requirements as well as a $20 million financing facility, comprised of a $13 million Invoice Financing facility and a $7 million Bank Bill Business Loan (Reduces progressively over a term of 3 years).

The Westpac facility is subject to a Security which includes, but is not limited to the following:

- 1st ranking General Security Agreement over the assets and undertakings of the Borrower and its Guarantors;
- Contractual Subordination of Shrimpton Holdings Pty Ltd facility of $5 million; and
- Flawed Asset Arrangement – Deposit of Action Workforce Pty Ltd and Concept Engineering (AUST) Pty Ltd for Invoice Finance Facility collections.

As at 3 January 2021, the $5.250 million Bank Bill Business Loan was drawn to $4.998 million. The $13 million Invoice Financing facility was drawn to $1.662 million (5 July 2020, nil).

10. EARNINGS PER SHARE

Both the basic and diluted earnings per share have been calculated using the profit attributable to members of the parent entity as the numerator:

	6 months to 3 Jan 2021 $000	6 months to 5 Jan 2020 $000
Net profit after tax attributable to members of the parent entity	3,924	3,165
Weighted number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share (EPS)	143,975,904	143,975,904
Basic earnings per share (cents) from continuing operations[1]	2.73	2.20
Diluted earnings per share (cents) from continuing operations[1]	2.73	2.20
Basic earnings per share (cents) from discontinued operations[1]	-	-
Diluted earnings per share (cents) from discontinued operations[1]	-	-
Basic earnings per share (cents) Total[1]	**2.73**	**2.20**
Diluted earnings per share (cents) Total[1]	**2.73**	**2.20**

Note:

1. Attributable to members of the parent entity.

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:

	3 Jan 2021 $000	5 Jul 2020 $000
143,975,904 (Jul-2020: 143,975,904) fully paid ordinary shares	148,815	148,815
	3 Jan 2021 Number of rights	**5 Jul 2020 Number of rights**
Performance rights	-	-

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 3 January 2021, the Group issued no Performance Rights to employees.

The terms of the Performance Plan have been outlined in the Company's 2020 Annual Report.

Notes to the Financial Statements

12. FAIR VALUE MEASUREMENT

Fair value hierarchy

The following tables detail the Group's assets and liabilities, measured or disclosed at fair value, using a three-level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: Unobservable inputs for the asset or liability

Consolidated – 3 January 2021	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets				
Total assets	-	-	-	**-**
Liabilities				
The Instruction Company Deferred Consideration	-	750	-	**750**
CCL Contingent Consideration – Retention	-	600	-	**600**
CCL Contingent Consideration – Earn Out Year 2	-	-	944	**944**
Redemption liability	-	-	1,973	**1,973**
Total liabilities	**-**	**1,350**	**2,917**	**4,267**

Consolidated – 5 July 2020	**Level 1 $000**	**Level 2 $000**	**Level 3 $000**	**Total $000**
Assets				
Total assets	-	-	-	**-**
Liabilities				
CCL Contingent Consideration – Retention	-	600	-	**600**
CCL Contingent Consideration – Earn Out Year 1	-	-	789	**789**
CCL Contingent Consideration – Earn Out Year 2	-	-	789	**789**
Redemption liability	-	-	1,973	**1,973**
Total liabilities	**-**	**600**	**3,551**	**4,151**

Notes to the Financial Statements

There were no transfers between levels during the half-year period.

The fair values of the Group's remaining assets and liabilities are approximately equal to their carrying values.

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

Valuation techniques for fair value measurements categorised within level 2 and level 3

The Instruction Company deferred consideration has arisen as a result of the business combination detailed in Note 4. The liability represents two deferred payments of $0.375 million each to be made on the 3 month and six-month anniversaries of the completion date of the acquisition as in accordance with The Instruction Company Share Sale and Purchase agreement.

The CCL contingent consideration – retention has arisen as a result of a previous business combination. The liability is contingent on the CCL Group continuing to operate specific enterprise bargaining terms and conditions over a three-year period from completion date of the acquisition. In accordance with the CCL Group Share Sale and Purchase Agreement, the agreed retention amount is $600,000.

The CCL contingent consideration – Earn out year 1, which has been paid during the period, and Earn out year 2 arose in accordance with the CCL Group Share Sale and Purchase Agreement. The Earn out year 1 payment made was adjusted for the final FY20 EBITDA, whilst the Earn out year 2 liability has currently been valued using estimated FY21 EBITDA levels.

The redemption liability arose in accordance with the CCL Group Share Sale and Purchase Agreement. The liability has been valued at the present value of the redemption amount or the put option consideration amount in accordance with the underlying CCL Group Share Sale and Purchase Agreement.

Level 3 assets and liabilities
Movements in level 3 assets and liabilities during the current half-year period are set out below:

Consolidated	**CCL Contingent Consideration – Earn Out Year 1 $000**	**CCL Contingent Consideration – Earn Out Year 2 $000**	**Redemption Liability $000**	**Total $000**
Balance at 5 July 2020	789	789	1,973	**3,551**
Gains / (losses) recognised in other comprehensive income	9	155	-	**164**
Additions	-	-	-	**-**
Settlements during the half-year	(798)	-	-	**(798)**
Balance at 3 January 2021	**-**	**944**	**1,973**	**2,917**

Notes to the Financial Statements

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

Description	Unobservable inputs	Range (weighted average)	Sensitivity
CCL Contingent Consideration – Earn Out 2	EBITDA FY21	3,415,000	10% change would increase/decrease fair value by $83,328.
Redemption liability	EBITDA FY during which Put Option exercised & EBITDA FY immediately following FY during which Put Option exercised	2,854,818	10% change would increase/decrease fair value by $197,230.

13. DIVIDENDS

During the half-year ended 3 January 2021, the Group paid a fully franked final dividend of $3.9 million on 11 September 2020 which represents a payment of 2.7 cents per share.

On 28 January 2021 the Group declared a fully franked interim dividend of $2.6 million, due for payment on 18 March 2021, which represents a payment of 1.8 cents per share.

14. CONTINGENT LIABILITES

The Group had no contingent liabilities at 3 January 2021.

15. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial half-year, other than the declaration of an interim dividend as per Note 13 above, 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 3 January 2021 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, 25 February 2021

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the half-year financial report of Ashley Services Group Limited ("the company") which comprises the consolidated statement of financial position as at 3 January 2021, 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, a summary of significant accounting policies and other explanatory information, 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.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Ashley Services Group Limited does not comply with the *Corporations Act 2001* including:

(a) giving a true and fair view of the consolidated entity's financial position as at 3 January 2021 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*.

Basis for Conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*. Our responsibilities are further described in the *Auditor's Responsibilities for the Review of the Half-Year Financial Report* section of our report. We are independent of the company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards*) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the Directors 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.

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Auditor's Responsibility for the Review of the Half-Year Financial Report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether 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 3 January 2021 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*.

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.

HLB Mann Judd

HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

S P James
Director

Sydney, NSW
25 February 2021