Appendix 4D:
Half-year Information
31 December 2023

1. DETAILS OF REPORTING PERIODS:

The current reporting period is the six months from 1 July 2023 to 31 December 2023. The previous corresponding reporting period was the period from 4 July 2022 to 31 December 2022, except for the Consolidated Statement of Financial Position, where comparatives are balances as at 30 June 2023.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET:

	$000
Revenues from ordinary activities	up 10.8% to 290,787
Profit after tax for the half-year	Down by 83% or 5,100 to 1,015
Profit after tax for the half-year attributable to shareholders	Down by 83% or 4,761 to 985

Please refer attached Directors' Report and Interim Financial Statements for the half-year ended 31 December 2023 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 2023, the attached press release, and the additional information below.

Dividends:

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend for the year ending 30 June 2024	0.5 cents	0.5 cents

Interim Dividend timetable:

- Ex-dividend date — Monday 4 March 2024
- Record date — Tuesday 5 March 2024
- Payment date — Friday 15 March 2024

Additional information:

	31 December 2023	30 June 2023
Net tangible assets ($000)	3,639[1]	1,937[1]
Shares on Issue	143,975,904	143,975,904
Net tangible assets per share ($)	**0.025**	**0.013**

Note:
1. Right-of-use assets are excluded assets for the purposes of the Net Tangible Assets calculation.

Audit qualification or review:

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.

Ross Shrimpton
Managing Director
Sydney, 27 February 2024

ASHLEY SERVICES GROUP
LABOUR HIRE I TECHNICAL SERVICES I TRAINING

Ashley Services Group Limited

ABN: 92 094 747 510

Interim Financial Statements

For the half-year ended 31 December 2023

Ashley Services Group Interim Financial Statements for the half-year ended 31 December 2023

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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 2023.

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 Paul Brittain	Appointed 25 July 2022

The above named Directors held office since the start of the financial half-year or their appointment date 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 31 December 2023, was a total group profit of $1.0 million (1H 2023: profit $6.1 million). The result includes a negative impact of $3.0 million NPAT from the non-cash impairments primarily associated with the Linc business, acquired 5 July 2022.

Key elements within the result include:

Revenues

Revenue at $290.8 million was up by $28.4 million (10.8%) on the comparative period. Excluding Owen Pacific Workforce Pty Limited ("OPW"), revenues were flat at $262.4 million.

Labour Hire revenues for the first half were up by $26.3 million (10.3%). Excluding OPW, revenues were down $2.1 million or 0.8% at $252.9 million. Underlying hours (excluding OPW) were down 5%, with general activity down in the warehousing, logistics and retail segments, particularly in the seasonally strong October to December period. The decreased activity was largely offset by inflationary increases in underlying wages.

Training revenues for the first half were up by $2.1 million (28.4%), with growth continuing to be achieved across both the Ashley and The Instruction Company ("TIC") training businesses, as new courses were added to scope and both businesses increased geographic coverage.

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

EBITDA for the financial half-year was a profit of $5.1 million, down $5.2 million or 50% on the prior corresponding period (1H 2023: profit of $10.3 million). EBITDA includes a net $3.0 million non-cash impairments primarily in relation to the Linc acquisition.

Excluding the non-cash write downs, EBITDA for the period was $8.1 million, down $2.2 million or 21%.

Labour Hire EBITDA of $8.8 million, was down $2.2 million or 20% on the prior corresponding period (1H 2023: $11.0 million). Linc contributed $1.0 million in the prior period, versus $0.2 million in this period. OPW contributed $0.9 million this period (1H 2023: nil). EBITDA margin reduced to 3.1% from 4.3% in the six months to 31 December 2022, due to the negative impact of fixed hourly margins in the current inflationary environment, the general competitive nature of the labour hire industry and the decrease in benefits received from government support programmes for trainees. The strategic initiative to move towards higher margin sectors including construction, engineering, mining, oil and gas, agriculture and healthcare is progressing, but at a slower pace than anticipated.

Directors' Report

Training EBITDA of $2.0 million was up $0.4 million on the prior corresponding period (1H 2023: $1.6 million). EBITDA margins were maintained at just over 21%.

Corporate overheads, at $2.7 million, were up $0.4m on the prior corresponding period (1H 2023: $2.3 million), Current period Corporate costs include a non-cash Long Term Incentive expense of $0.265 million (1H 2023: nil). The underlying 6% cost increase represents increased governance and compliance costs, wage inflation and marginally increased management headcount.

Statement of financial position

Net assets at $31.2 million were down $3.1 million on the financial year ended 30 June 2023 position of $34.3 million, largely in line with the net profit after tax of $1.0 million for the six months, reduced by payment of the FY23 final dividend of $4.3 million in September 2023.

Noteworthy balance sheet movements since the financial year ended 30 June 2023 include:

- Intangible assets down $4.7 million, due to the amortisation of acquired customer relationships and the goodwill impairment arising from the acquisition of Linc during the financial year ended 30 June 2023.
- Trade and other receivables down $2.6 million – reflecting good collections, although the seasonal revenue increase during our peak labour hire period (Nov-Dec in warehouse/logistics/retail sectors), was weaker than in the prior period.
- Trade Payables down $3.9 million, in line with labour hire activity.
- Property, plant and equipment up $1.1 million, with capital spending of $1.8 million in the six months, due mainly to commercial motor vehicle purchases required to support the Victorian construction labour hire growth.
- Tax payable/receivable reduced $6.3m, with the final payment of income taxes paid during the six months in relation to the financial year ended 30 June 2023.
- Other liabilities reduced $3.3 million, with:
    - the 1st instalment of $0.9m paid to acquire the remaining 20% of the CCL Group;
    - the 2nd instalment of $1.8 million paid in relation to the prior year acquisition of OPW; and
    - The redemption liability to purchase the remaining 25% interest in Linc and the remaining 20% of the CCL Group reduced $0.6m representing the estimated reduced costs of these remaining purchases.
- Net debt (cash less borrowings) increased $10 million in the period to $15.6 million net debt.

Cash Flow

The operating cash flow for the half-year period was an outflow of $0.8 million (1H 2023: inflow of $7.5 million). Operating cash flows included $6.7 million of tax payments (mainly in relation to the financial year ended 30 June 2023) and $1.2 million of interest and other financing payments.

Net cash used in investing activities was a $4.1 million outflow. Underlying capital spending for the six months was $1.8 million ($0.2 million below prior period). Payments for businesses, net of cash acquired were $2.7 million with the 1st instalment payment made ($0.9m) to acquire the remaining 20% of the CCL Group and the 2nd instalment paid in relation to the prior year acquisition of OPW – $1.8 million.

Net cash used in financing activities included the $4.3 million payment of the 2023 final dividend, as well as normal ongoing lease payments of $0.8 million.

Directors' Report

FUTURE PROSPECTS AND MATERIAL BUSINESS RISKS:

The Group anticipates the current competitive conditions in the labour hire market to continue throughout the financial year ending 30 June 2024. Government initiatives available during the pandemic which assisted the Group to service our clients have wound down.

Project delays and industrial relations challenges have impacted productivity within construction-exposed labour hire brands operating in Victoria and we expect this to continue in the short term.

Margins will remain under pressure due to the competitive nature of the labour hire markets and inflationary pressures. The Ashley Services Group is focused on growing revenues in the technical services divisions as well as the recently acquired OPW, which will assist underlying margin improvement.

Training is expected to continue to grow as new courses are added to scope and both the Ashley Training Group and The Instruction Company businesses expand their geographic footprints.

As with any organisation, our future prospects may be impacted by risks.

Changes in the regulatory environment are always a possibility and have the potential to create challenges for our business. This includes federal and state legislation relating to employment and award conditions, and also that relating to employment and training initiatives, as well as changes to the Seasonal Worker Programme. With the majority of this legislation being foreshadowed in advance of any implementation, we continue to closely monitor any such changes and their likely implications for our business.

The pace of labour law changes, particularly in relation to casual workforces, has recently increased. Our core offering is the provision of high value contingent work force solutions for our customers. Our customers are almost exclusively large, blue-chip clients in industries and sectors which experience variable manning requirements. They use Ashley Services Group because we provide the flexibility to efficiently and effectively manage their cost bases, particularly to deal with business peaks and troughs.

The key components of recent legislation changes surround casual and permanent work forces, as well as the Same pay, same job legislation. We already operate within the casual versus permanent environment. Many of our casual employees become permanent workers both with our host customers and ourselves. Regarding Same pay, same job legislation, we believe legislative changes will continue to be manageable within the general course of business. Nonetheless, continuing changes to operating hour requirements, employee flexibility and award terms make it more difficult to optimise productivity and put pressure on margins.

Employment market supply and demand tensions create both challenges and opportunities for our business model. Sourcing staff to supply the extra demands being created and the availability of candidates to fill this demand can create challenges in fulfilment, but the scarcity of suitable workers, in many ways, drives the demand from our customers. Our investment in technology, both candidate- and client-facing, is being utilised to mitigate risk in this area and deliver high quality candidates to our clients.

DIVIDEND

During the half-year ended 31 December 2023, the Group paid a fully franked final dividend of $4.3 million on 16 September 2023 which represented a payment of 3.0 cents per share.

On 27 February 2024, the Group declared a fully franked interim dividend of $0.7 million, due for payment on 15 March 2024, which represents a payment of 0.5 cents per share.

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 8 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	**Ross Shrimpton**
Chairman	Managing Director

Sydney, 27 February 2024

Auditor's Independence Declaration

To the directors of Ashley Services Group Limited:

As lead auditor for the review of the financial report of Ashley Services Group Limited for the half-year ended 31 December 2023, 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
27 February 2024

K L Luong
Director

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Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the half-year ended 31 December 2023

	Note	6 months to 31 Dec 2023 $000	6 months to 31 Dec 2022 $000
Revenue		290,787	262,360
Other income		348	85
Employment costs		(277,639)	(247,476)
Depreciation and amortisation expenses		(1,948)	(1,652)
Finance costs		(1,212)	(891)
Other expenses		(4,977)	(4,291)
Impairment related expenses	4	(2,975)	-
Share of net profit of associated entities accounted for using the equity method	15	(82)	17
Profit before income tax		**2,302**	**8,152**
Income tax expense		(1,287)	(2,037)
Profit for the period		**1,015**	**6,115**
Other comprehensive income		-	-
Total comprehensive Income for the period		**1,015**	**6,115**
Total comprehensive income for the half-year is attributable to:			
Shareholders of Ashley Services Group Limited		985	5,746
Non-controlling interests		30	369
		1,015	**6,115**
Basic earnings per share (cents) Total	9	**0.68**	**3.99**
Diluted earnings per share (cents) Total	9	**0.65**	**3.99**

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position as at 31 December 2023

	Note	31 Dec 2023 $000	30 Jun 2023 $000
Assets			
Current assets			
Cash and cash equivalents		844	2,520
Trade and other receivables		54,599	57,150
Current tax receivable		1,630	14
Contract assets		1,685	1,417
Loans to associated entities		2,346	1,744
Other assets		2,328	1,317
Total current assets		**63,432**	**64,162**
Non-current assets			
Property, plant and equipment		5,338	4,256
Investment in associated entities		72	398
Loans to associated entities		-	999
Right-of-use assets		3,284	3,361
Deferred tax assets		4,703	9,844
Intangible assets	6	24,311	28,970
Other assets		244	306
Total non-current assets		**37,952**	**48,134**
Total assets		**101,384**	**112,296**
Liabilities			
Current liabilities			
Trade and other payables		38,137	42,043
Borrowings	8	12,673	8,189
Current tax payable		-	4,660
Lease liabilities		1,073	1,188
Other liabilities	7	4,175	2,674
Provisions		4,700	5,042
Total current liabilities		**60,758**	**63,796**
Non-current liabilities			
Borrowings	8	3,788	-
Deferred tax liabilities		2,544	6,220
Lease liabilities		2,205	2,362
Other liabilities	7	-	4,836
Provisions		855	814
Total non-current liabilities		**9,392**	**14,232**
Total liabilities		**70,150**	**78,028**
Net assets		**31,234**	**34,268**
Equity			
Share capital	10	148,815	148,815
Common control and other reserves		(58,861)	(59,131)
Accumulated losses		(58,877)	(55,844)
Non-controlling interest		157	428
Total Equity		**31,234**	**34,268**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2023

	Share Capital $000	Common control & other reserve $000	Accumulated Losses $000	Non-controlling Interest $000	Total $000
For the half-year ended 31 December 2023					
Balance at 1 July 2023	**148,815**	**(59,131)**	**(55,844)**	**428**	**34,268**
Profit for the financial period	-	-	985	30	1,015
Total comprehensive income for the period	**-**	**-**	**985**	**30**	**1,015**
Impact of changes in control of consolidated entities			301	(301)	-
Share based payment reserve	-	270	-	-	270
Dividends paid	-	-	(4,319)	-	(4,319)
Balance at 31 December 2023	**148,815**	**(58,861)**	**(58,877)**	**157**	**31,234**
For the half- year ended 31 December 2022					
Balance at 4 July 2022	**148,815**	**(59,261)**	**(57,999)**	**(16)**	**31,539**
Profit for the financial period	-	-	5,746	369	6,115
Other comprehensive income for the period	-	-	-	-	-
Total comprehensive income for the period	**-**	**-**	**5,746**	**369**	**6,115**
Non-controlling interest on acquisition of subsidiary (Note 11)	-	-	-	425	425
Dividends paid	-	-	(4,319)	-	(4,319)
Balance at 31 December 2022	**148,815**	**(59,261)**	**(56,572)**	**778**	**33,760**

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the half-year ended 31 December 2023

	Note	6 months to 31 Dec 2023 $000	6 months to 31 Dec 2022 $000
Cash flows from operating activities			
Receipts from customers		324,314	280,562
Payments to suppliers and employees		(317,176)	(270,018)
Interest received		14	4
Finance costs paid		(1,212)	(882)
Income tax paid		(6,692)	(2,191)
Net cash (used in) / from operating activities		**(752)**	**7,475**
Cash flows from investing activities			
Payments for property, plant and equipment		(1,769)	(2,012)
Receipts from associates - loan repayments		429	-
Payment for businesses acquired, net of cash acquired		(2,713)	(3,590)
Net cash (used in) investing activities		**(4,053)**	**(5,602)**
Cash flows from financing activities			
Net proceeds from external borrowings		8,272	6,327
Repayment of leasing liabilities		(824)	(759)
Payment of dividends		(4,319)	(4,319)
Net cash from financing activities		**3,129**	**1,249**
Net cash (decrease) / increase in cash and cash equivalents		**(1,676)**	**3,122**
Cash and cash equivalents at beginning of period		2,520	1,739
Cash and cash equivalents at the end of the period		**844**	**4,861**

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 2023 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 2023 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 27 February 2024.

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 2023, 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 30 June 2023, unless otherwise stated.

Notes to the Financial Statements

4. 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, Training or OPW cash generating units at 31 December 2023.

However, following the loss within Linc of its major customer, effective from 29th November 2023, the carrying value of intangible assets within this cash generating unit have been reviewed, as at 31 December 2023. Although Linc has a smaller ongoing customer contract, an assessment of the contracted cash flows for Linc does not fully support the carrying value of acquired intangible assets.

The value of customer relationships at 30 June 2023 of $2.06 million, has been fully amortised and impaired in the six months to 31 December 2023, with $0.257 million recognised as amortisation and the remaining $1.799 million recorded as impairment expense.

Additionally, acquired goodwill has been written down to $0.35 million, representing the net present value of expected after tax profits from the remaining customer contract.

b. Elements of impairment related expenses

	6 months to 31 Dec 2023 $000	6 months to 31 Dec 2022 $000
Linc customer relationship	1,799	-
Linc net goodwill	1,568	-
Impairment of associated entities	244	-
Reduction of redemption liability for Linc and the CCL Group	(636)	-
	2,975	-

Notes to the Financial Statements

5. 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. The Linc and OPW cash generating units are included in the Labour Hire Segments.

During the six-month period to 31 December 2023, 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 2023	Labour Hire $000	Training $000	Total $000
Revenue			
From external customers	281,295	9,492	290,787
Segments revenue	**281,295**	**9,492**	**290,787**
Other income	80	20	100
Employment costs	(269,284)	(6,642)	(275,926)
Depreciation and amortisation expenses	(742)	(504)	(1,246)
Finance costs	(277)	(17)	(294)
Other expenses	(3,135)	(849)	(3,984)
Segment Profit	**7,937**	**1,500**	**9,437**
Impairment expense			(2,975)
Unallocated items			(4,160)
Profit before income tax			**2,302**
Income tax expense			(1,287)
Profit after income tax			**1,015**
Other comprehensive income			**-**
Total comprehensive income for the period			**1,015**

6 months to 31 December 2022	Labour Hire $000	Training $000	Total $000
Revenue			
From external customers	254,968	7,392	262,360
Segments revenue	**254,968**	**7,392**	**262,360**
Other income	14	-	14
Employment costs	(241,080)	(4,944)	(246,024)
Depreciation and amortisation expenses	(546)	(517)	(1,063)
Finance costs	(372)	(16)	(388)
Other expenses	(2,663)	(833)	(3,496)
Segment Profit	**10,321**	**1,082**	**11,403**
Unallocated items			(3,251)
Profit before income tax			**8,152**
Income tax expense			(2,037)
Profit after income tax			**6,115**
Other comprehensive income			**-**
Total comprehensive income for the period			**6,115**

Notes to the Financial Statements

6. INTANGIBLE ASSETS

	31 Dec 2023 $000	30 June 2023 $000
Goodwill		
Cost	82,674	82,674
Impairment	(64,699)	(62,474)
Net carrying value	**17,975**	**20,200**
Customer relationships/Licences		
Cost	9,958	9,958
Impairment	(2,717)	(918)
Accumulated amortisation	(2,591)	(1,956)
Net carrying value	**4,650**	**7,084**
Brand names		
Cost	**6,040**	6,040
Impairment	(4,640)	(4,640)
Net carrying value	**1,400**	**1,400**
Intellectual property - course materials		
Cost	8,701	8,701
Impairment	(3,896)	(3,896)
Accumulated amortisation	(4,519)	(4,519)
Net carrying value	**286**	**286**
Total intangible assets	**24,311**	**28,970**

The following table shows movements in intangible assets:

6 months to 31 December 2023	Goodwill $000	Customer Relationships and Licenses $000	Brand Names $000	Course Materials $000	Total $000
Balance at 30 June 2023	20,200	7,084	1,400	286	**28,970**
Amortisation	-	(635)	-	-	(635)
Impairment	(2,225)	(1,799)	-	-	(4,024)
Balance at 31 December 2023	**17,975**	**4,650**	**1,400**	**286**	**24,311**

The recoverable amounts of the cash-generating units were determined based on value-in-use calculations, based on forecasts for the next five 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

7. OTHER LIABILITIES

	31 Dec 2023 $000	30 June 2023 $000
Current		
OPW Deferred Consideration (paid October 2023)	-	1,838
Redemption Liability CCL	842	836
Redemption liability Linc	244	-
OPW Deferred consideration payable October 2024	3,089	-
Other liabilities (Current)	**4,175**	**2,674**
Non-current		
Redemption Liability CCL	-	1,137
Redemption liability Linc	-	636
OPW Deferred consideration payable October 2024	-	3,063
Other liabilities (Non-current)	**-**	**4,836**

Redemption Liability CCL

The redemption liability CCL was a Put Option representing a contractual obligation to purchase the remaining non-controlling interests in the CCL Group and originated from a previous business combination to acquire the CCL Group.

The Put Option was exercised by the selling shareholders on 30 June 2023, with ASG acquiring the remaining 20% of the CCL Group on 14 July 2023. The purchase consideration for the 20% interest is payable in two instalments. The first instalment was paid in October 23 (based upon the actual audited FY23 EBITDA) and the final instalment will be paid in October 24 (based upon the actual audited FY24 EBITDA). The payment in October 23 was $0.89m. Based upon the most likely FY24 forecast result, the redemption liability has been reduced from $1.086 million to $0.842 million, representing the present value of the likely remaining consideration. $0.244 million was credited to profit in the period.

Redemption Liability Linc

The redemption liability Linc was a Put Option representing a contractual obligation to purchase the remaining non-controlling interest and originates from the current year business combination to acquire Linc. The financial liability was measured at the present value of the redemption amount or the put option consideration amount in accordance with the underlying Linc Share Sale and Purchase Agreement.
Following the loss of its major customer, the conditions required for the selling shareholder to exercise its put option were unlikely to be met. On 31 January 2024, the Ashley Services Group acquired the remaining 25% of Linc for consideration of $0.244 million, representing 25% of the net assets of Linc on that date or other entitlements foregone by minority shareholders. The prior period redemption liability was reduced to the amount paid on 31 January 2024, resulting in a $0.392 million credit to profit in the period.

OPW Deferred Consideration

The OPW purchase price was determined based upon the higher of the actual EBITDA for FY23 or $3.4 million normalised annual EBITDA. Payment takes place in three instalments:

i) The initial completion payment of $7,113,750;

ii) A second payment payable in October 2023, bringing cumulative payments to 75% of total purchase price; and

Notes to the Financial Statements

iii) A third payment payable in October 24, representing the final 25% of the purchase price. The third payment may be reduced if revenue for OPW for FY24 falls below $60 million.

During the six months to 31 December 2023, the second instalment payment of $1.8m was settled.

8. BORROWINGS

As at 31 December 2023	Available facility $000	Facility used $000	Remaining facility $000
Invoice Financing	25,000	8,673	16,327
Acquisition facility	17,000	7,788	9,212
Balance at 31 December 2022	**42,000**	**16,461**	**25,539**
As at 30 June 2023	**Available facility $000**	**Facility used $000**	**Remaining facility $000**
Invoice Financing	25,000	3,349	21,651
Bank Bill Business Loan	18,000	4,840	13,160
Balance at 30 June 2023	**43,000**	**8,189**	**34,811**

The acquisition facility expires 28 December 2025, with the capacity reducing progressively over a term of 3 years, with repayment requirements of $1 million per quarter.

The Westpac facilities are 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 (Ashley Services Group and its trading controlled entities); and
- Flawed Asset Arrangement – Deposit of Action Workforce Pty Ltd, Construction Contract Labour (VIC) Pty Ltd and Concept Engineering (AUST) Pty Ltd and CCLTS Group Pty Ltd for Invoice Finance Facility collections.

As at 31 December 2023, the combined facilities were drawn to $16.461 million (30 June 2023, $8.189 million).

9. EARNINGS PER SHARE

	6 months to 31 December 2023	6 months to 31 December 2022
Profit after tax for the year attributable to shareholders ($'000)	985	5,746
Weighted number of ordinary shares outstanding during the period used in calculating basic earnings per share (EPS)	143,975,904	143,975,904
Weighted number of ordinary shares outstanding during the period used in calculating diluted earnings per share (EPS)	151,534,638	143,975,904
Basic earnings per share (cents)	0.68	3.99
Diluted earnings per share (cents)	0.65	3.99

Notes to the Financial Statements

10. SHARE CAPITAL

The Company 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 2023 $000	30 June 2023 $000
143,975,904 (30 June 2023: 143,975,904) fully paid ordinary shares	154,234	154,234
Share issue costs	(5,419)	(5,419)
Share capital	**148,815**	**148,815**
7,558,734 (30 June 23: 7,558,734) performance rights	-	-
Performance Rights	-	-

a. Ordinary shares

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.

b. Performance Rights

During the year ended 30 June 2023, the Group had issued 7,558,734 Performance rights to employees. These Performance Rights were granted on 30th March 2023. Tranche 1, representing 4,535,240 Performance Rights were granted with a fair value of 50.5 cents per Right. Tranche 2, representing 3,023,494 Performance Rights were granted with a fair value of 33.9 cents per Right.

11. BUSINESS COMBINATION

There were no acquisitions or business combinations in the current reporting period.

In the prior six-month reporting period, the Group acquired a 75% interest in Linc Personnel Pty Limited (“Linc”), on 5th July 2022.

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 31 December 2023	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets:				
Total Assets	-	-	-	-
Liabilities:				
Redemption liability	-	-	1,086	1,086
OPW deferred consideration	-	-	3,089	3,089
Total Liabilities as at 31 Dec 2023	**-**	**-**	**4,175**	**4,175**

Consolidated 30 June 2023	Level 1 $000	Level 2 $000	Level 3 $000	Total $000
Assets:	-	-	-	-
Total Assets	-	-	-	-
Liabilities:				
Redemption liability	-	-	2,609	2,609
OPW deferred consideration	-	-	4,901	4,901
Total Liabilities as at 30 June 2023	**-**	**-**	**7,510**	**7,510**

There were no transfers between levels during the year.

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 3

The redemption liability has arisen:

1. as a result of a previous business combination for the CCL Group. The liability has been valued at the present value of the redemption amount for the put option consideration amount in accordance with the underlying CCL Group Share Sale and Purchase Agreement;
2. as a result of the business combination in the current year for the Linc Group. The liability has been valued at the known present value of the redemption amount, with the Ashley Services Group acquiring the remaining 25% interest in Linc for $0.244m on 31 January 2024.

The deferred consideration represents the remaining third instalment payment payable in October 24, representing the final 25% of the purchase price for OPW. The third payment may be reduced if revenue for OPW for FY24 falls below $60 million. The value of this third payment has not been discounted, since any discount applied is immaterial.

Notes to the Financial Statements

Level 3 assets and liabilities

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

Consolidated 31 December 2023	Redemption Liability $000	Deferred Consideration $000	Total $000
Balance at 1 July 2023	2,609	4,901	**7,510**
Settlements during the half year	(887)	(1,812)	**(2,699)**
Reassessment of value of redemption lability	(636)	-	**(636)**
Balance at 31 December 2023	**1,086**	**3,089**	**4,175**

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

Description	**Unobservable inputs**	**EBITDA Range (weighted average)**	**Sensitivity**
Redemption liability CCL	The put option was exercised in FY23. 50% of the redemption liability was paid based upon the actual FY23 result. The remaining 50% is payable based upon the actual FY24 result.	2,437,121	10% change would increase/decrease fair value by $84,251
Redemption liability Linc	The remaining 25% of Linc was purchased on 31 January 2024 for $0.244 million.	n/a	n/a
Deferred Consideration OPW	$3.4 million normalised annual EBITDA. The remaining 25% of the purchase price is payable by October 24 (reduced if FY24 revenues fall below $60 million).	3,400,000	A 10% reduction in FY24 revenues below $60 million would decrease fair value by $525,000.

13. CONTROL GAINED OVER ENTITIES

There were no acquisitions or business combinations in the current reporting period.

14. DETAIL OF ASSOCIATED ENTITIES

	Reporting entity's percentage holding		Associate reportable profit/loss	
	As at 31 December 2023 %	As at 30 June 2023 %	6 months to 31 Dec 2023 $000	6 months to 31 Dec 2022 $000
Group's aggregate share of associated entities profit/loss before tax:				
Dardi Munwurro Labour & Traffic Management Pty Limited	49%	49%	(117)	129
Yalagan Infrastructure Pty Ltd	49%	49%	(32)	(52)
EWP Services Pty Ltd (formerly EWP Yalagan Pty Ltd)	49%	49%	(82)	-
Profit/(loss) from ordinary activities before income tax			**(231)**	**77**
Income tax on operating activities			64	(19)
Profit/(loss) from ordinary activities after tax			**(167)**	**58**

Notes to the Financial Statements

15. INVESTMENT IN ASSOCIATED ENTITIES

	6 months to 31 Dec 2023 $000	6 months to 31 Dec 2022 $000
Share of profits of associated entities accounted for using the equity method		
Share of (loss)/profit	(82)	17

Associated entities are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associated entities are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associated entity is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associated entities are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associated entity is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associated entities associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associated entity equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associated entity and recognises any retained investment at its fair value. Any difference between the associated entities' carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

16. DIVIDENDS

During the half-year ended 31 December 2023, the Group paid a fully franked final dividend of $4.3 million on 17 September 2023 which represented a payment of 3.0 cents per share.

On 27 February 2024, the Group declared a fully franked interim dividend of $0.7 million, due for payment on 15 March 2024, which represents a payment of 0.5 cents per share.

17. SECURED AND CONTINGENT LIABILITES

For assets pledged as security for borrowing facilities see Note 8.

The Group had no other known contingent liabilities at 31 December 2023 (30 June 2023: Nil).

18. 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 16 above and the acquisition of the remaining 25% of Linc for $0.244 million, 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 2023 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
Managing Director

Sydney, 27 February 2024

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 31 December 2023, 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, including material accounting policy information and other explanatory information, and the directors' declaration, for the consolidated entity comprising the Group 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 31 December 2023 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 Financial Report* section of our report. We are independent of the Group 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 Financial Report

The directors of the Group 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 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 31 December 2023 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

K L Luong
Director

Sydney, NSW
27 February 2024