

Appendix 4E

The PAS Group Limited

ACN 169 477 463

Preliminary Final Report

Results for announcement to the market for the year ended 30 June 2019

Current reporting period	30 June 2019
Previous corresponding period	30 June 2018

				\$'000
Total revenue from ordinary activities from continuing operations	Up	8.6%	to	273,734
Loss for the year from continuing operations after tax	Up	35.8%	to	(1,591)
Net loss for the year attributable to members	Up	39.1%	to	(1,780)

Dividends – Ordinary Shares	Amount per Ordinary Share (cents)	Franked Amount per Ordinary Share (%)
Current Period:		
2019 Final Dividend	—	—
2019 Interim Dividend	—	—
Previous Corresponding Period:		
2018 Final Dividend	—	—
2018 Interim Dividend	1.5	100%
Record date for determining entitlement to the final dividend – Current Period		n/a
Record date for determining entitlement to the final dividend – Previous Corresponding Period		n/a

Net Tangible Asset Backing	30 June 2019	30 June 2018
Net Tangible Asset Backing per Ordinary Security	\$0.27	\$0.28

Brief Explanation of Results for the Period
<p>Statutory net profit after tax is prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards. Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'), Earnings Before Interest and Tax ('EBIT') and Net Profit After Tax are reported in order to give information to shareholders and to provide a greater understanding of the performance of The PAS Group Limited and its controlled entities' operations.</p> <p>The current reporting period statutory loss after tax from continuing operations was (\$1.6) million (inclusive of \$1.0m in non-cash impairment charges), an increase of \$0.9 million on the previous corresponding period. Net loss for the year attributable to members (incorporating both continued and discontinued operations) was (\$1.8) million, up \$1.1 million on the previous corresponding period loss of (\$2.9) million.</p> <p>Whilst FY2019 was a particularly challenging year for the retail apparel market, the Group was able to offset some of the impact of softer bricks and mortar sales in our own stores and department store concession partners via meaningful growth in both Digital and our Designworks business. The result included:</p> <ul style="list-style-type: none">• A record year of sales in Designworks as the division delivered on the substantial contract wins of 2018• The continued shift from Independent Wholesale to Retail in Black Pepper with final wholesale orders delivered in the first half• A continuation of strong online and loyalty growth as the Group's presence on both company owned and third-party platforms expanded• A decline in like-for-like retail sales with trading conditions remaining challenging and lower concession sales impacting the result• A reduction in the Cost of Doing Business due to tight cost control, economies of scale achieved through the expansion of Designworks and the closure of 25 marginal or unprofitable retail stores during the financial year as part of the planned retail portfolio rationalisation• Underlying normalisations of \$1.8 million which have been reconciled to the audited financial statements within the Investor Presentation accompanying Annual Report• Non-cash impairment charges of \$1.0 million were recorded against expired licences in the Designworks wholesale business. <p>The Board is taking active steps to divest the White Runway business and resultantly the financial results of this business have been disclosed as a discontinued operation.</p> <p>Refer to the Operating and Financial Review in the attached Directors' Report for further discussion of results. Other information requiring disclosure to comply with Listing Rule 4.3A is contained in the following pages and The PAS Group Limited FY2019 Results Presentation.</p> <p>This report is based on accounts that have been audited.</p>

The PAS Group Limited

ACN 169 477 463

Annual Report for the financial year ended 30 June 2019

Contents

Page

Corporate Governance Statement	3
Directors' Report	4
Directors' Declaration.....	23
Financial Statements	24
Independent Auditor's Report	25
Auditor's Independence Declaration.....	29
Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2019.....	30
Consolidated Statement of Financial Position as at 30 June 2019.....	31
Consolidated Statement of Changes in Equity for the Year Ended 30 June 2019.....	32
Consolidated Statement of Cash Flows for the Year Ended 30 June 2019.....	33
Notes to the Financial Statements	34
Additional securities exchange information as at 16 August 2019	81
Corporate Directory.....	83

The PAS Group Annual General Meeting

Date Friday, 22 November 2019

Time 11.00am (AEDT)

Venue The PAS Group Limited, 17 Hardner Road, Mount Waverley, Victoria 3149

Download your annual report here:

www.thepasgroup.com.au

Corporate Governance Statement

The Board of the Company and Senior Management are committed to acting responsibly, ethically and with high standards of integrity. The Company is committed to implementing the highest standards of corporate governance appropriate to it, taking into account the Company's size, structure and nature of its operations.

The Board considers and applies the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (3rd Edition) ("the Recommendations") taking into account the circumstances of the Company. Where the Company's practices depart from a Recommendation, the Corporate Governance Statement identifies the area of divergence and the reasons for divergence and any alternative practices adopted by the Company.

The 2019 Corporate Governance Statement and the documents referred to in it are available on the Company's website at <http://www.thepasgroup.com.au/corporate-governance>.

The Corporate Governance Statement has been approved by the Board and is current as at 29 August 2019.

Directors' Report

The Directors of The PAS Group Limited ('PAS' or the 'Group') submit herewith the annual report for the financial year ended 30 June 2019. In order to comply with the provisions of the Corporations Act 2001, the Directors report as follows.

Information about the Directors

The names and particulars of the Directors of the Company during or since the end of the financial year are:

Current Directors	
Name	Particulars
Adam Gray	<p>Non-Executive Chairman</p> <p>Adam Gray was appointed to the Board on 23 February 2016 and appointed Chairman on 1 August 2017. Adam is a co-founder and Managing Partner of Coliseum Capital Management and has extensive investment, operating and board experience. Adam currently serves on the boards of NFI Group Inc., Redflex Holdings Limited and Purple Innovation Inc.</p> <p>Adam is the Chairman of the Nomination and Remuneration Committee.</p> <p>Other listed entity directorships: NFI Group Inc., Redflex Holdings Limited and Purple Innovation Inc.</p>
Eric Morris	<p>Managing Director and CEO</p> <p>Eric Morris has been CEO and Managing Director since the inception of PAS in 2005 and has led eight of the Group's acquisitions and the successful integration of these businesses. Eric was appointed to the Board of The PAS Group Limited on 9 May 2014 after leading the Group through the IPO. Eric has over 35 years of industry experience having held senior executive positions in both major international and national companies.</p> <p>Other listed entity directorships: None.</p>
Craig Holland	<p>Non-Executive Director</p> <p>Craig Holland was appointed to the Board on 21 December 2016. Craig was a senior partner of Deloitte where he led the Melbourne Deloitte Private Tax Group and was Chief Operating Officer for Deloitte Private. Craig was also the lead tax partner for The PAS Group until his retirement from Deloitte in 2012. His current Board roles include Directorships of Kaldor Public Art Projects, a not for profit charity and Menarock Aged Care Services, a leading provider of aged care services.</p> <p>Craig's former Board roles included being a Director of the Good Guys Retail Group where he was also the Chairman of the Audit Committee and Chairman or member of other sub-committees; and a Director and Chairman of the Audit and Risk Committee of ASX listed Simavita Limited.</p> <p>Craig is the Chairman of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee.</p> <p>Other listed entity directorships: None.</p>
Christopher Murphy	<p>Non-Executive Director</p> <p>Christopher Murphy was appointed to the Board on 1 August 2017. Christopher is a Managing Director of Coliseum Capital Management, a private firm that makes long-term investments in both public and private companies. Prior to joining Coliseum in 2008, Christopher was a Senior Associate for the Transaction Services practice of PwC. While in Transaction Services, Christopher performed buy-side and sell-side financial due diligence for Private Equity and Corporate clients. Prior to Transaction Services, Christopher worked in the PwC Audit practice. Christopher is a CFA charter holder, as well as a CPA, and received a Master of Accounting and a BS in Business Administration from the University of Oregon.</p> <p>Chris is a member of the Audit and Risk Committee and a member of the Nomination and Remuneration Committee.</p> <p>Other listed entity directorships: None.</p>

Silvia Mazzucchelli	<p>Non-Executive Director</p> <p>Silvia Mazzucchelli was appointed to the Board in November 2017.</p> <p>Silvia has 20 years of experience as both an advisor and a fashion / retail executive with a track-record of product, brand and business transformations. Silvia is currently the CEO of Modcloth, a millennial fashion brand with an online digital footprint. From 2016 to 2019 Silvia was Chief Merchandising Officer of American Apparel overseeing the restructuring, liquidation and sale of the brand to Gildan Activewear Inc. She subsequently joined Gildan as Vice President to spearhead the relaunch of the American Apparel brand in the Online and Retail space.</p> <p>From 2014 to 2015, Silvia was the Chief Merchandising Officer at TOMS Shoes, with global responsibility over Product Merchandising, Design, Development and Planning for the Footwear, Handbags and Eyewear lines. From 2010 to 2013 she was Vice President of Global Corporate Strategy of Guess? Inc. From 1997 to 2009 Silvia was Senior Principal and member of the Retail and Consumer practice at the Boston Consulting Group, advising global brands on matters of brand strategy, retail, go to market strategies and turn-around. Silvia holds an MBA from the Anderson School of Management at UCLA and a BA in Business from Bocconi University in Italy.</p> <p>Other listed entity directorships: None.</p>
----------------------------	---

Company secretary

Marcus Crowe BCom, CA, GradDipACG, FGIA, FCIS, joined the Group in March 2016 and was appointed Company Secretary of The PAS Group Limited and its related bodies corporate on 24 July 2018. Marcus is an associate member of Chartered Accountants Australia and New Zealand and a fellow member of the Governance Institute of Australia. Prior to joining The PAS Group in March 2016 Marcus held senior finance roles at PricewaterhouseCoopers, Boom Logistics Limited and Target.

Principal activities

The Group's principal activities include the buying, selling and usage of brands in furtherance of its endeavours as an apparel, accessories and sports equipment wholesaler and retailer.

Operating and financial review

Analysis of results from continuing operations

	FY2019 \$'000	FY2018 \$'000
Revenue from sales	272,615	249,628
Reported Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	6,404	11,307
Underlying EBITDA	8,561	11,713
Losses Before Interest and Tax (EBIT)	(1,820)	(1,153)
Net loss after tax (NPAT) from continuing operations	(1,591)	(2,478)

Sales for the year were \$272.6 million, up 9.2% on the previous corresponding period. This result was driven by the Group delivering on contracts won in 2018 in the Designworks business, partially offset by the impact of closing marginal or unprofitable retail sales, like for like retail sales below prior year and underperformance of retail concession stores.

Underlying EBITDA for the year of \$8.6 million was net of \$1.8 million in normalisations which included \$0.9m of corporate strategy costs. Underlying EBITDA is a non-IFRS unaudited measure defined for the purpose of this document as earnings before interest, tax, depreciation, amortisation, non-recurring income/expenditure and certain non-cash items such as impairment and share based payment expenses recognised in accordance with AASB 2 Share-based payment.

A reconciliation between Underlying EBITDA and the FY2019 audited financial statements is provided in the Investor Presentation accompanying the Annual Report.

The Group's consolidated loss after tax from continuing operations for the year ended 30 June 2019 was \$1.6 million.

Earnings per share ('EPS')

	Year ended 30 June 2019	Year ended 30 June 2018
	Cents per share	Cents per share
Basic losses per share continuing business	(1.2)	(1.8)
Diluted losses per share continuing business	(1.2)	(1.8)

Basic and diluted earnings per share are calculated as set out in Note 6 to the financial statements based on the weighted average number of ordinary shares in FY2019 of 136,690,860 shares (FY2018 136,690,860 shares).

Financial performance highlights

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Continuing business		
Revenue from sales	272,615	249,628
Gross profit	134,219	137,839
Cost of doing business ('CODB')	(127,815)	(126,532)
EBITDA	6,404	11,307
Depreciation and amortisation	(7,264)	(7,347)
Impairment	(960)	(5,113)
EBIT	(1,820)	(1,153)

Analysis of segments

Retail segment continuing business

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Retail		
Total sales	123,978	135,021
Gross profit	83,510	92,808
Cost of doing business ('CODB')	(73,696)	(78,770)
Retail EBITDA	9,814	14,038
Depreciation and amortisation	(4,437)	(4,790)
Impairment	–	(4,213)
Retail EBIT	5,377	5,035

Net sales revenue

Retail sales decreased 7.9% to \$124.0m. The decline was driven by a reduction in like for like retail sales compared to the prior year, the closure of 25 retail stores and reduced concession sales in department stores. During the year, 5 new stores were opened taking the total number of stores as at 30 June 2019 to 236. The online business continued to grow strongly up 5.7% and now represents around 14.5% of retail sales.

Gross Profit

Retail gross profit for the year was \$83.5 million, a decrease of \$9.3 million from the prior year. This resulted in a gross profit percentage of 67.4% (FY2018 68.7%).

Cost of doing business

The retail segment cost of doing business ('CODB') decreased by \$5.1 million to \$73.7 million (FY2018 \$78.8 million) for the 2019 financial year predominately due to the impact of closing 25 stores and the annualisation of 16 stores closed in FY2018. This resulted in a CODB to Sales ratio of 59.4% (FY2018 58.3%).

EBITDA and EBIT

Retail EBITDA was \$9.8 million, down \$4.2 million on prior year (FY2018 \$14.0 million). EBIT was \$5.4 million, up \$0.3 million on prior year (FY2018 \$5.0 million).

Wholesale segment continuing business

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Wholesale		
Total sales	148,637	114,607
Gross profit	50,709	45,031
Cost of doing business ('CODB')	(40,256)	(35,319)
Wholesale EBITDA	10,453	9,712
Depreciation and amortisation	(875)	(740)
Impairment	(960)	(900)
Wholesale EBIT	8,618	8,072

Net sales revenue

Wholesale sales for the year were up 29.7% to \$148.6 million, an increase of \$34.0 million on the prior year (FY2018 \$114.6 million), driven by the successful execution of major contract wins in the Designworks business.

Gross Profit

Wholesale gross profit for the year was \$50.7 million, an increase of \$5.7 million from the prior year (FY2018 \$45.0 million). This resulted in a gross profit percentage of 34.1% (FY2018 39.3%).

Cost of Doing Business

The CODB increase of \$5.0 million to \$40.3 million for the FY2019 financial year (FY2018 \$35.3 million) was driven by the significant new business generated. Strong economies of scale from the new business resulted in a CODB to Sales ratio of 27.1% (FY2018 30.8%).

EBITDA and EBIT

Wholesale EBITDA was \$10.5 million, up \$0.7 million on prior year (FY2018 \$9.7 million). EBIT was \$8.6 million, up \$0.5 million on prior year (FY2018 \$8.1 million).

Unallocated continuing business

The Group manages a number of expense items centrally, including information technology, leasing and store development, legal and treasury to maximise operational efficiencies, minimise costs and optimise service levels across business divisions. Whilst these costs would not be incurred but for the existence of the business units, they have not been formally reallocated because the management of these costs is the responsibility of the corporate office.

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Unallocated		
Unallocated EBITDA	(13,863)	(12,443)
Depreciation and amortisation	(1,952)	(1,817)
Unallocated EBIT	(15,815)	(14,260)

Corporate expenses have increased year on year due to the impacts of non-recurring income and expenses and the increased investment in digital platforms.

Net finance costs

Net finance costs of \$0.9 million were incurred in FY2019 (FY2018 \$0.6 million).

The Group has access through its banking partner CBA to a combined committed limit of three complementary facilities of up to \$28 million (2018: \$28 million). The terms of the original three year facility signed on 9 January 2017 remain in place and continue to provide flexibility whilst supporting a platform for growth.

In addition to the \$28 million of committed funding, the Group's facilities incorporate a further \$10m uncommitted facility and the Group may by written notice to CBA request the establishment of an accordion facility up to a maximum of \$60 million which may be used to support the Group's acquisitive growth strategy.

The Group did not draw down on senior debt at any time throughout FY2019 and as at 30 June 2019 held no debt and a net cash surplus position of \$0.3 million.

Income tax expense

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Income Tax		
Statutory income tax credit/(expense) (continuing business)	1,172	(720)
Effective tax rate*	42.4%	29.3%

*excludes impact of impairing goodwill in White Runway in FY2018

At 30 June 2019, the Group held a franking credit balance of \$40.1 million (2018: \$41.0 million).

Financial position highlights

The Group maintains a strong balance sheet position, closing with a net cash surplus of \$0.3 million and did not draw down on senior debt during FY2019.

Non-cash impairment charges of \$1.0 million were recorded against historical long-term character licences which will not be renewed.

The Group did not declare or pay a dividend during FY2019.

Outlook

The Group remains focussed on delivering against its key growth drivers which include:

- A continued emphasis on investment in Customer Experience incorporating digital and loyalty, focusing on website and mobile platform upgrades as well as new marketplace both in Australia and overseas.
- Consolidating the substantial revenue growth achieved by Designworks in FY2019 by continuing to leverage the business for scalable growth with key partners.
- Continuing the transition to a retail model within Black Pepper which enables the business to be more dynamic and better respond to retail customer needs without the burden of an independent wholesale customer base.
- Continuing to support in the expansion of the Swimwear division through investment in infrastructure both in Australia and Internationally.

Taking account of the currently depressed macroeconomic environment and ongoing decline of consumer confidence the Group remains cautious about the year ahead.

Material business risks

There are a number of factors, both internal and external, which may impact the Group in future periods. Macro-economic influences such as inflation rates, interest rates, exchange rates, government policies and consumer spending levels may all influence the operating and financial performance of the Group. Specific material business risks that the Group is facing are below:

Retail environment and general economic condition

The Group's performance is sensitive to changes in economic and retail conditions in Australia and the cyclical patterns of consumer spending. The apparel market is also becoming an increasingly global market through the impact of overseas bricks and mortar and online retailers on domestic trade. The Group has a diversified business model and a clear strategy which ensures it remains highly competitive and attractive to customers in this changing landscape.

Prevailing fashions and consumer preferences

The majority of the Group's revenues are generated from the retail and wholesale of clothing and accessories, which are sometimes subject to unpredictable changes in prevailing fashions and consumer preferences. The Group has a strong understanding of consumer preferences and its diversified offering allows the Group to adapt to changes in consumer demands.

Product sourcing, supply chain and foreign exchange rates

The Group's products are sourced and manufactured by a network of third parties, primarily in Asia. As a result, the Group is exposed to risks including, among others, political instability, costs and delays in international shipping arrangements and exchange rate risks. The Group is primarily exposed to movements in the AUD/USD exchange rates which it mitigates by utilising forward exchange cover.

Retail Sites

The Group had 236 Retail sites across Australia and New Zealand at 30 June 2019. The leases and concession agreements have a range of terms and option periods, although they are generally leases which the Group cannot readily terminate. The Group employs a dedicated leasing and store development team to manage relationships with landlords, negotiate terms and seek new and profitable opportunities.

Dividends

On 29 August 2019, the Directors of The PAS Group Limited declared that no final dividend would be paid for the financial year ended 30 June 2019.

Changes in state of affairs

There have been no significant changes in the state of affairs of the Group other than that referred to in the financial statements or notes thereto.

Subsequent events

There has not been any other matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

Future developments

Certain likely developments in the operations of the Group and the expected results of those operations in financial years subsequent to the period ended 30 June 2019 are referred to in the preceding Operating and Financial Review. No additional information is included on the likely developments in the operations of the Group and the expected results of those operations as the Directors reasonably believe that the disclosure of such information would be likely to result in unreasonable prejudice to the Group if included in this report and it has therefore been excluded in accordance with section 299(3) of the Corporations Act 2001.

Directors' meetings

The following table sets out the number of Directors' meetings (including meetings of committees of Directors) held during the financial year 1 July 2018 to 30 June 2019 and the number of meetings attended by each Director (while they were a Director or committee member).

Directors	Board of Directors		Nomination and Remuneration Committee		Audit and Risk Committee	
	Held	Attended	Held	Attended	Held	Attended
Adam Gray	12	12	3	3	N/A	N/A
Eric Morris	12	12	N/A	N/A	N/A	N/A
Craig Holland	12	12	3	3	4	4
Christopher Murphy	12	11	3	3	4	4
Silvia Mazzucchelli	12	12	N/A	N/A	N/A	N/A

Directors' shareholdings

The following table sets out each Director's relevant direct and indirect interests in shares and options over shares of the Company as at the date of this report.

Directors	The PAS Group Limited
	Fully paid Ordinary shares Number
Adam Gray ⁽ⁱ⁾	88,817,076
Eric Morris	1,598,134
Craig Holland	10,000
Christopher Murphy	–
Silvia Mazzucchelli	–

(i) Adam Gray has an indirect interest in 88,817,076 shares through his Directorship and ownership interests in the Coliseum Capital group of entities.

Remuneration of key management personnel

Information about the remuneration of key management personnel is set out in the Remuneration Report section of this Directors' Report. The term 'key management personnel' refers to those persons having authority and responsibility for the overall planning, directing and controlling of the activities of the Group, directly or indirectly, including any Director (whether executive or otherwise) of the Group.

Details of unissued shares or interests under performance rights at the date of this report

Issuing entity	Number of shares under performance rights	Class of shares	Exercise price of performance rights	Expiry date of performance rights
The PAS Group Limited – FY2017 LTIP	1,329,344	Ordinary	Nil	30 September 2019
The PAS Group Limited – FY2018 LTIP	1,992,932	Ordinary	Nil	30 September 2020
The PAS Group Limited – FY2019 LTIP	2,930,048	Ordinary	Nil	30 September 2021

Performance rights and share options granted to Directors and senior management

Performance rights

Directors and senior management	Number of performance rights granted and number of ordinary shares under performance rights	
	2019	2018
Eric Morris	1,443,879	1,056,863
Marcus Crowe	646,933	40,984

Share options

During and since the end of the financial year, no share options have been granted and all previously issued share options have lapsed.

Environmental regulations

The Group's operations are not subject to any significant environmental obligations or regulations.

Indemnification of officers and auditors

During the financial period, the Group paid a premium in respect of a contract insuring the Directors of the Group (as named above), the Company Secretary, and all executive officers of the Company and of any related body corporate against a liability incurred by such a Director, secretary or executive officer to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

The Group has not otherwise, during or since the end of the financial year, except to the extent permitted by law, indemnified or agreed to indemnify an officer or auditor of the Group or of any related body corporate against a liability incurred as such an officer or auditor.

Non-audit services

Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 31 to the financial statements. The Directors are satisfied that the provision of

non-audit services during the year by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

The Directors are of the opinion that the services as disclosed in Note 31 to the financial statements do not compromise the external auditor's independence, based on advice received from the Audit and Risk Committee, for the following reasons:

- All non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 'Code of Ethics for Professional Accountants' issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the Company, acting as advocate for the Company or jointly sharing economic risks and rewards.

Remuneration Report (Audited)

This report outlines the remuneration arrangements for Directors and Executives of the Group and its controlled entities in accordance with the Corporations Act 2001 and its Regulations ('Remuneration Report'). Share based payments have been recognised and disclosed in accordance with AASB 2 'Share Based Payments'. The Remuneration Report has been audited by the Group's external auditors, Deloitte Touche Tohmatsu.

Details of the remuneration scheme in place in 2019 are set out below.

Key management personnel

The following Directors and executives of the Group were considered Key Management Personnel ('KMP') during the year ended 30 June 2019:

- All Non-Executive Directors,
- Chief Executive Officer ('CEO'), Mr Eric Morris,
- Chief Financial Officer ('CFO'), Mr Marcus Crowe

The CFO reports directly to the CEO, who then reports to the Board. The Executives are responsible for the implementation of the Group's vision, values, corporate strategies and risk management systems, as well as the day-to-day management of the business.

Remuneration policy

The performance of the Group depends upon the quality of its Directors and Executives. To be successful, the Group must attract, motivate and retain highly skilled Directors and executives. To this end, the Group adopts the following principles in its remuneration framework:

- Provide competitive rewards to attract high calibre executives;
- Link executive rewards to the performance of the Group and the creation of shareholder value;
- Establish appropriate and demanding performance hurdles for variable executive remuneration;
- Meet PAS' commitment to a diverse and inclusive workplace;
- Promote PAS as an employer of choice; and
- Comply with relevant legislation and corporate governance principles.

In accordance with best practice corporate governance, the structure of non-executive Director and executive remuneration is separate and distinct.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for determining and reviewing compensation arrangements for Directors and executives. The Nomination and Remuneration Committee assesses the

appropriateness of the nature and amount of remuneration of Directors and executives on a periodic basis by reference to relevant market conditions, as well as whether performance targets have been met, with the overall objective of ensuring maximum shareholder benefit from the retention of a high quality Board and Executives.

Use of Remuneration Consultants

During the year, the Board engaged Egan Associates as its independent consultant to provide information on remuneration matters. The Chair of the Nomination and Remuneration Committee oversaw the engagement for remuneration services by, and payment of, the independent consultant.

The Board is satisfied that advice received from Egan Associates was free from any undue influence by KMP about whom the advice may relate, because strict protocols were observed and complied with regarding any interaction between Egan Associates and management. All remuneration advice was provided directly to the Chair of the Nomination and Remuneration Committee. No remuneration recommendations as defined in section 206L of Part 2D.8 of the Corporations Act 2001 were made by Egan Associates.

Non-Executive Director Remuneration

Objective

The Board aims to set aggregate remuneration at a level which provides the Group with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is acceptable to shareholders.

Structure

The Group's Constitution and the ASX Listing Rules specify the aggregate remuneration of Non-Executive Directors shall be determined from time to time by a general meeting. An amount not exceeding the amount determined is then divided between the Directors as agreed. In connection with the Group's review of remuneration structures the aggregate annual remuneration of \$1.2 million was approved by shareholders at the Group's Annual General Meeting in October 2014.

The cap on aggregate non-executive Directors remuneration (which requires shareholder approval), and the manner in which it is apportioned amongst non-executive Directors, is reviewed annually. The Board will consider advice from external consultants as well as fees paid to non-executive Directors of comparable companies when undertaking the annual review process as appropriate.

Superannuation contributions are made by the Group on behalf of non-executive Directors based in Australia in line with statutory requirements and are included in the remuneration package amount allocated to the relevant individual Directors.

The remuneration of non-executive Directors for the period ended 30 June 2019 is detailed in the table titled Remuneration of key management personnel on page 19 (the 'Remuneration Table').

Executive Director Remuneration

Executive Directors are paid for their services as part of their employment contracts. Each Executive Director appointment to the Board is conditional on them being employed by the Group.

Executive Remuneration

Objective

The Group aims to reward executives with a level and mix of remuneration commensurate with their position and responsibilities within the Group. This involves:

- Rewarding executives for company, business unit and individual performance against targets set by reference to appropriate benchmarks;
- Aligning the interest of executives with those of shareholders;

- Linking reward with the strategic goals and performance of the Group; and
- Ensuring total remuneration is competitive by market standards.

The objectives of the executive remuneration are linked to the principles of the remuneration framework.

Structure

In determining the level and make-up of executive remuneration, the Nomination and Remuneration Committee may engage external consultants on market levels of remuneration for comparable roles. Remuneration consists of the following key elements:

- Fixed remuneration; and
- Variable remuneration, comprising the Short Term Incentive Plan ('STIP') and the Long Term Incentive Plan ('LTIP').

The proportion of fixed remuneration and variable remuneration is established for each Executive by the Nomination and Remuneration Committee. The variable portion consists of cash bonuses and options over shares in the Group, which are performance-based and are disclosed separately in the Remuneration Tables.

The Nomination and Remuneration Committee also considers current market conventions with regards to the splits between fixed, short-term and long-term incentive elements.

Fixed Remuneration

Objective

The level of fixed remuneration is set to provide an appropriate and market-competitive base level of remuneration. Fixed remuneration is reviewed annually by the Nomination and Remuneration Committee consisting of a review of Group, business and individual performance, relevant comparative remuneration in the market and internal and external advice on policies and practices where necessary.

Structure

Fixed remuneration is the non-variable component of an Executive's annual remuneration. It consists of the base salary plus any superannuation contributions paid to a complying superannuation fund on the Executive's behalf, and the cost (including any component for fringe benefits tax) for other items such as novated vehicle lease payments. The amount of fixed remuneration is established based on relevant market analysis, and having regard to the scope and nature of the role and the individual Executive's performance, expertise, skills and experience.

Linking remuneration to performance – variable remuneration

Remuneration is linked to performance to retain high calibre executives by motivating them to achieve performance goals which are aligned to PAS's interests. The two remaining elements of executive remuneration, STIP and LTIP, are directly linked to the performance of both the Executive and the Group.

Executive Short Term Incentive Program ('STIP')

Objective

The objective of the STIP is to link Key Management Personnel remuneration to the achievement of the Group's annual operational and financial targets through a combination of both company and individual performance targets. STIP payments align individual performance with business outcomes in the areas of financial performance, customers, people management and strategic growth.

Scheme Structure

The STI maximum opportunity under the STIP for each KMP is equal to a specified percentage of the KMP's total fixed remuneration.

The criterion on which STI payable is assessed is based on Group EBITDA Performance, with consideration given to individual performance where relevant. The specific EBITDA criterion is as follows:

- If Group EBITDA for FY19 is below Group EBITDA for FY18 – No STI is payable;
- If Group EBITDA for FY19 is equal to Group EBITDA for FY18 – the STI payable is 20% of the STI Maximum;
- If Group EBITDA for FY19 exceeds Group EBITDA for FY18 but below the budgeted EBITDA for FY18 – the STI payable is a percentage of the STI Maximum between 20% and 100% on a sliding scale on a straight line basis
- If Group EBITDA for FY19 is equal to or above the budgeted EBITDA for FY19, the STI payable is 100% of the STI Maximum.

Executive Long Term Incentive Scheme ('LTIP')

Objective

The LTIP commenced on 1 July 2014. The objective of the LTIP is to reward Executives (including KMPs) through aligning this element of remuneration with accretion in long term shareholder wealth. It aims to also support the retention of key Executives.

The explanation which follows covers the offers made under the LTIP to Executives during the financial years ending 30 June 2017, 2018 and 2019.

Scheme Structure

2017 LTIP Offer

The 2017 LTIP Offer was structured as Performance Rights ('2017 LTIP Rights') with Group EBITDA Performance as the performance hurdle. Details of the 2017 LTIP Offer are set out on pages 13 to 15 of the Annual Report 2017.

2018 LTIP Offer

The 2018 LTIP Offer was structured as Performance Rights ('2018 LTIP Rights') with Group EBITDA Performance as the performance hurdle. Details of the 2018 LTIP Offer are set out on pages 14 and 15 of the Annual Report 2018.

2019 LTIP Offer

The Board reviewed the structure and determined that the 2019 LTIP Offer would be structured as Performance Rights with performance hurdles based on Group EBITDA performance. Details of the 2019 LTIP Offer are set out below.

The 2019 LTIP Offer is designed to focus the Executives on driving shareholder value over the next 3 years based on Group EBITDA and Free Cash Flow (FCF) Performance. The 2019 LTIP Offer to Executives was for the issuance of Rights ('2019 LTIP Rights') to acquire ordinary shares in the Group where certain performance, service and other vesting conditions determined by the Board are satisfied. Each Right gives the Executive the right to one fully paid ordinary share in the Company for no consideration upon vesting and exercise.

The expected testing periods, number of Rights available to vest and Performance Condition are set out in the table below.

Tranche	Expected testing period	% of Rights available to vest	Performance condition PGR cumulative EBITDA
Tranche 1	August 2019	33.33%	EBITDA & FCF target for FY19
Tranche 2	August 2020	33.33%	EBITDA & FCF target for FY19 + EBITDA FCF target for FY20
Tranche 3	August 2021	33.33%	EBITDA FCF target for FY19 + EBITDA FCF target for FY20 + EBITDA FCF target for FY21

Performance Condition

The expected testing period is August in each relevant year, upon the finalisation of externally audited financial statements for the Company. If the performance condition is met, the relevant tranche of 2019 LTIP Rights will be available for vesting. However, no 2019 LTIP Rights will vest and become exercisable until after the third anniversary of the date of offer to each Executive. As the relevant Executives were only offered the 2019 LTIP Rights late in 2018, any vesting will only occur in late 2021.

If the performance condition is not met in any testing period, the relevant 2019 LTIP Rights will be subject to re-testing in the following testing period(s). The performance condition for such subsequent re-testing will be the cumulative EBITDA targets for the current testing period as well as all prior testing period(s).

Upon vesting (if any) of any 2019 LTIP Rights, the relevant Executive will not be automatically allocated any Shares. The relevant Executive must exercise the vested 2019 LTIP Rights at any time during the Exercise Period being the period of 12 years commencing on 30 June 2021. Upon exercise (if any), each 2019 LTIP Right will entitle the relevant Executive to one Share.

Disposal restrictions will apply to any Shares allocated to the Executive for 12 months from 1 July 2021. Therefore, any Shares allocated to an Executive may only be disposed of after 30 June 2022.

Rights granted as compensation

Rights were granted as compensation to KMPs as shown in the table below. The number of 2019 LTIP Rights granted to a KMP was calculated by dividing a percentage of their total fixed remuneration by the volume weighted average share price of the Company's shares over a 360 day period commencing on the day of release of the Company's full year results.

Name	2019 LTIP grant date	No. granted	No. vested	% of grant vested	% of grant forfeited	(\$ Value of Rights at the grant date ⁽ⁱ⁾)	% of compensation for the year consisting of rights
Eric Morris	31 Oct 2018	1,443,879	–	–	–	430,117	<1%
Marcus Crowe	3 Oct 2018	646,933	–	–	–	192,715	<1%

(i) The value of rights granted during the financial year is calculated as at the grant date using the Black-Scholes pricing model. This grant date value is allocated to remuneration of key management personnel on a straight-line basis over the period from grant date to vesting date.

Executive entitlements under the 2019 LTIP Offer at the end of the 2018 financial year are disclosed in the Remuneration Table.

Board policy with regards to Executives limiting their exposure to risk in relation to equity options

The Group's Securities Trading Policy prohibits Executives from altering the economic benefit or risk derived by the Executives in relation to their unvested Performance Options or Performance Rights.

Employment Arrangements

Chief Executive Officer and Managing Director

Mr Eric Morris is the 'Chief Executive Officer and Managing Director' of the Company. Mr Morris is employed under a standard employment contract with no defined length of tenure. Under the terms of his employment contract:

- Mr Morris may resign from his position by providing the Group with twelve months written notice;
- The Group may terminate this agreement by providing twelve months written notice or provide payment in lieu of the notice period, or the unexpired part of any notice period, based on Mr Morris' total remuneration;
- The Group may terminate at any time without notice if serious misconduct has occurred; and
- Mr Morris is a participant in the STIP and the LTIP.

Details of Mr Morris' salary are detailed in the Remuneration Table.

Executives

All other Executives are employed on standard employment contracts. The terms of employment are:

- The Executive may resign from their position by providing the Group up to six months written notice depending on their specific contract;
- The Group may terminate the employment of the executive by providing up to six months written notice or payment in lieu of the notice period, based on the fixed component of the Executive's remuneration;
- The Group may terminate at any time without notice if serious misconduct has occurred; and
- Participation in the STIP and the LTIP.

Details of all Executive remuneration for KMP are disclosed in the Remuneration Table.

Remuneration of key management personnel

The Remuneration Table below displays remuneration as determined in accordance with Australian Accounting Standards and the Corporations Act.

	Short term			Post employment	Long term	Share-based payments		Total \$	Performance related (%)
	Salary and Fees \$	Cash Bonus \$	Other \$	Superannuation \$	Long service leave \$	Options \$	Performance rights \$		
2019									
Non-Executive Directors									
Adam Gray Non-executive Chairman	277,412	–	–	–	–	–	–	277,412	–
Craig Holland Non-executive Director	171,000	–	–	12,445	–	–	–	183,445	–
Christopher Murphy Non-executive Director	158,521	–	–	–	–	–	–	158,521	–
Silvia Mazzucchelli Non-executive Director	127,383	–	–	–	–	–	–	127,383	–
Total Non-Executive Directors	734,316	–	–	12,445	–	–	–	746,761	–
Executives									
Eric Morris Executive Director, Chief Executive Officer	730,000	–	15,000	25,000	13,500	–	47,486	830,986	5.7%
Marcus Crowe Chief Financial Officer and Company Secretary	321,735	–	–	25,000	–	–	37,071	383,806	9.6%
Total Executives	1,051,735	–	15,000	50,000	13,500	–	84,557	1,214,792	–
Total 2019	1,786,051	–	15,000	62,445	13,500	–	84,557	1,961,553	–

Remuneration of key management personnel (continued)

	Short term			Post employment	Long term	Share-based payments		Total \$	Performance related (%)
	Salary and Fees \$	Cash Bonus \$	Other \$	Superannuation \$	Long service leave \$	Options \$	Performance rights \$		
2018									
Non-Executive Directors									
Adam Gray Non-executive Chairman	231,806	–	–	–	–	–	–	231,806	–
Craig Holland Non-executive Director	124,750	–	–	11,851	–	–	–	136,601	–
Christopher Murphy ⁽¹⁾ Non-executive Director	118,056	–	–	–	–	–	–	118,056	–
Silvia Mazzucchelli ⁽²⁾ Non-executive Director	88,839	–	–	–	–	–	–	88,839	–
Rod Walker ⁽³⁾ Non-executive Director	33,129	–	–	3,147	–	–	–	36,276	–
Matthew Lavelle ⁽³⁾ Non-executive Director	30,000	–	–	–	–	–	–	30,000	–
Total Non-Executive Directors	626,580	–	–	14,998	–	–	–	641,578	–
Executives									
Eric Morris Executive Director, Chief Executive Officer	730,190	–	15,000	24,813	15,723	–	194,537	980,263	19.8%
Matthew Durbin ⁽⁴⁾ Chief Financial and Operations Officer	193,065	–	–	12,338	–	–	–	205,403	–
Total Executives	923,255	–	15,000	37,151	15,723	–	194,537	1,185,666	–
Total 2018	1,549,835	–	15,000	52,149	15,723	–	194,537	1,827,244	–

(1) Appointed to The PAS Group Limited 1 August 2017.

(2) Appointed to The PAS Group Limited 1 November 2017.

(3) Resigned from The PAS Group Limited 30 September 2017.

(4) Resigned from The PAS Group Limited 15 December 2017.

Key management personnel equity holdings

Fully paid ordinary shares of The PAS Group Limited

	Balance at 1 July 2018 No.	Granted as compensation No.	Received on exercise of options No.	Net other change No.	Balance at 30 June 2019 No.
Eric Morris	1,598,134	-	-	-	1,598,134
Marcus Crowe	13,669	-	-	-	13,669

Performance rights of The PAS Group Limited

	Balance at 30 June 2018 No.	Granted as compensation No.	Exercised No.	Net other change No.	Balance at 30 June 2019 No.	Balance vested at 30 June 2019 No.	Vested but not exercisable No.	Vested and exercisable No.	Options vested During year No.
Eric Morris ⁽ⁱ⁾	2,786,515	1,443,879	-	-	4,230,394	-	-	-	-
Marcus Crowe ⁽ⁱⁱ⁾	68,800	646,933	-	-	715,733	-	-	-	-

(i) Eric Morris's FY2019 performance rights were issued on 31 October 2018.

(ii) Marcus Crowe's FY2019 performance rights were issued on 3 October 2018.

All performance rights issued to key management personnel were made in accordance with the provisions of the LTIP.

Auditor's independence declaration

The auditor's independence declaration is included at page 29.

Rounding of amounts

The Company is a company of the kind referred to in ASIC Instrument 2016/191, and in accordance with that Class Order amounts in the Directors' report and the financial statements are rounded off to the nearest thousand dollars, unless otherwise stated.

This Directors' report is signed in accordance with a resolution of Directors made pursuant to s.298(2) of the Corporations Act 2001.

On behalf of the Directors



Mr Adam Gray

Chairman

Melbourne, 29 August 2019

Directors' Declaration

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable;
- b) in the Directors' opinion, the attached financial statements are in compliance with International Financial Reporting Standards, as stated in Note 1 to the financial statements;
- c) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity; and
- d) the Directors have been given the declarations required by s.295A of the Corporations Act 2001.

At the date of this declaration, the Company is within the class of companies affected by ASIC Instrument 2016/785. The nature of the deed of cross guarantee is such that each company which is party to the deed guarantees to each creditor payment in full of any debt in accordance with the deed of cross guarantee.

In the Directors' opinion, there are reasonable grounds to believe that the Company and the companies to which the ASIC Class Order applies, as detailed in Note 22 to the financial statements will, as a group, be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee.

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.

On behalf of the Directors



Mr Adam Gray

Chairman

Melbourne, 29 August 2019

Financial Statements

Index to the Consolidated Financial Statements

	Page
Independent Auditor's Report	25
Auditor's Independence Declaration	29
Consolidated Statement of Profit or Loss and Other Comprehensive Income	30
Consolidated Statement of Financial Position	31
Consolidated Statement of Changes in Equity	32
Consolidated Statement of Cash Flows	33
Notes to the Financial Statements	34

Independent Auditor's Report to the members of The PAS Group Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of The PAS Group Limited (the "Company") and its subsidiaries (the "Group") which comprises the consolidated statement of financial position as at 30 June 2019, 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 year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit 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* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How the scope of our audit responded to the Key Audit Matter
<p>Carrying value of the Cash Generating Units (CGUs) – Review and JETS</p> <p>As at 30 June 2019 the carrying value of the Review CGU was \$25.0 million, inclusive of \$18.8 million of goodwill and brand names and the JETS CGU was \$18.8 million, inclusive of \$13.0 million of goodwill and brand names as disclosed in note 14.</p> <p>Management has assessed the recoverable amounts of these CGUs using discounted cash flow models which incorporate significant judgements about the future cash flows of the businesses, the discount rates applied to future cash flow forecasts and assumptions used in the fair value less cost to dispose models.</p>	<p>In conjunction with our valuation specialists our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • obtaining an understanding of management’s processes associated with the preparation of the fair value less cost to dispose models; • agreeing forecast cash flows to the latest Board approved forecasts and assessing the historical accuracy of forecasting; • assessing management’s fair value less cost to dispose methodology; • assessing how business strategies are built into the impairment models; • challenging key assumptions, including the underlying assumptions and their impact on cash flow EBITDA based on our understanding of the business, historical results, future strategies and industry trends; • assessing the resulting multiples from the models against similar entities; • evaluating the discount rate used by assessing the cost of capital for the CGUs by comparison to market data and industry research; • recalculating the mathematical accuracy of the impairment models; • assessing managements sensitivity analyses around key assumptions used in the valuation model and the likelihood of such a movement in those key assumptions arising; and • evaluating the appropriateness of the related disclosure included in the notes to the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Directors’ Report and Corporate Governance Statement and additional securities exchange information, which we obtained prior to the date of this auditor’s report. The other information also includes the Chairman’s and Chief Executive Officer’s Report, which will be included in the annual report (but does not include the financial report and our auditor’s report thereon) which are expected to be made available to us after that date.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group's audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 13 to 21 of the Directors' Report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of The PAS Group Limited, for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.



DELOITTE TOUCHE TOHMATSU



Stephen Roche
Partner
Chartered Accountants
Melbourne, 29 August 2019

29 August 2019

The Board of Directors
The PAS Group Limited
17 Hardner Road
Mt Waverley VIC 3149

Dear Board Members

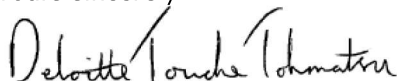
The PAS Group Limited

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of The PAS Group Limited.

As lead audit partner for the audit of the financial statements of The PAS Group Limited for the financial year ended 30 June 2019, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Stephen Roche
Partner
Chartered Accountants

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 30 June 2019

	Note	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Revenue from sales	2	272,615	249,628
Cost of sales		(138,396)	(111,789)
Gross profit		134,219	137,839
Other revenue	2	1,119	2,348
Employee benefit expenses	2	(66,750)	(65,868)
Selling and distribution expenses		(19,059)	(16,795)
Occupancy expenses	2	(27,550)	(30,117)
Marketing expenses		(6,914)	(6,045)
Administration expenses		(8,661)	(10,055)
Depreciation and amortisation expense	2	(7,264)	(7,347)
Impairment expense	2	(960)	(5,113)
Net finance costs	2	(943)	(605)
Loss before income tax expense		(2,763)	(1,758)
Income tax (expense)/benefit	4	1,172	(720)
Loss for the year after tax from continuing operations		(1,591)	(2,478)
Loss for the year after tax from discontinued operations	5	(189)	(443)
Loss for the year attributable to members of the parent		(1,780)	(2,921)
Other comprehensive income, net of income tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		50	(116)
Net gain on cash flow hedges		242	2,434
Other comprehensive income for the year, net of income tax		292	2,318
Total comprehensive loss for the year attributable to members of the parent		(1,488)	(603)

Losses per share attributable to members of the parent			
From continuing and discontinued operations			
Basic (cents per share)	6	(1.3)	(2.0)
Diluted (cents per share)	6	(1.3)	(2.0)
From continuing operations			
Basic (cents per share)	6	(1.2)	(1.8)
Diluted (cents per share)	6	(1.2)	(1.8)

Consolidated Statement of Financial Position as at 30 June 2019

	Note	2019 \$'000	2018 \$'000
ASSETS			
Current assets			
Cash and cash equivalents	28	274	–
Trade and other receivables	7	18,059	19,251
Inventories	8	36,458	35,990
Current tax assets		521	1,273
Other financial assets	9	2,061	1,715
Assets classified as held for sale	5	1,123	–
Other current assets	10	2,008	2,884
Total current assets		60,504	61,113
Non-current assets			
Property, plant and equipment	11	9,376	12,737
Deferred tax assets	4	8,173	6,418
Goodwill	12	54,106	54,106
Intangible assets	13	29,567	29,912
Other non-current assets	10	1,827	1,141
Total non-current assets		103,049	104,314
Total assets		163,553	165,427
LIABILITIES			
Current liabilities			
Overdraft	28	–	732
Trade and other payables	15	20,668	20,001
Current tax liabilities		20	37
Provisions	16	6,148	5,843
Liabilities associated with assets classified as held for sale	5	846	–
Other liabilities	17	4,395	2,709
Total current liabilities		32,077	29,322
Non-current liabilities			
Deferred tax liabilities	4	8,050	7,913
Provisions	16	815	797
Other liabilities	17	2,470	5,124
Total non-current liabilities		11,335	13,834
Total liabilities		43,412	43,156
Net assets		120,141	122,271
Equity			
Issued capital	18	153,963	153,963
Reserves	19	(2,364)	(2,266)
Retained earnings	20	(31,458)	(29,426)
Total equity		120,141	122,271

Consolidated Statement of Changes in Equity for the Year Ended 30 June 2019

Consolidated	Attributable to members of the parent						Total equity \$'000
	Share capital \$'000	Retained earnings \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Corporate reorganisation reserve \$'000	Cash flow hedge reserve \$'000	
Balance at 1 July 2017	153,963	(22,404)	(346)	428	(3,825)	(1,233)	126,583
Loss for the year	–	(2,921)	–	–	–	–	(2,921)
Other comprehensive income for the year, net of income tax	–	–	(116)	–	–	2,434	2,318
Total comprehensive income for the year	–	(2,921)	(116)	–	–	2,434	(603)
Dividends paid	–	(4,101)	–	–	–	–	(4,101)
Recognition of share based payments	–	–	–	392	–	–	392
Balance at 30 June 2018	153,963	(29,426)	(462)	820	(3,825)	1,201	122,271
Balance at 1 July 2018	153,963	(29,426)	(462)	820	(3,825)	1,201	122,271
Loss for the year	–	(1,780)	–	–	–	–	(1,780)
Other comprehensive income for the year, net of income tax	–	–	50	–	–	242	292
Total comprehensive income for the year	–	(1,780)	50	–	–	242	(1,488)
Adjustment on adoption of AASB 9	–	(68)	–	–	–	–	(68)
Adjustment on adoption of AASB 15	–	(926)	–	–	–	–	(926)
Recognition of share based payments	–	742	–	(390)	–	–	352
Balance at 30 June 2019	153,963	(31,458)	(412)	430	(3,825)	1,443	120,141

Consolidated Statement of Cash Flows for the Year Ended 30 June 2019

	Note	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Cash flows from operating activities			
Receipts from customers		305,601	283,234
Payments to suppliers and employees		(301,418)	(276,880)
Interest received		14	18
Interest and other costs of finance paid		(915)	(582)
Income tax received/(paid)		584	(1,300)
Net cash flows from operating activities	28	3,866	4,490
Cash flows from investing activities			
Payment for property, plant and equipment		(1,692)	(3,904)
Payment for intangible assets		(1,173)	(2,060)
Net cash outflow on acquisition of businesses		–	(101)
Proceeds from sale of equipment		3	13
Net cash flows used in investing activities		(2,862)	(6,052)
Cash flows from financing activities			
Dividends paid on ordinary shares		–	(4,101)
Net cash flows used in financing activities		–	(4,101)
Net increase/(decrease) in cash and cash equivalents		1,004	(5,663)
Cash and cash equivalents at the beginning of the year		(732)	4,912
Effect of exchange rate changes on the balance of cash held in foreign currencies		2	19
Cash and cash equivalents at the end of the year	28	274	(732)

Notes to the Financial Statements

1. Significant accounting policies

The PAS Group Limited (the 'Company') is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange ('ASX').

The consolidated financial statements comprise the Company and its controlled entities (together referred to as 'PAS' or the 'Group').

The financial report of PAS for the period ended 30 June 2019 was authorised for issue in accordance with a resolution of the Directors on 29 August 2019.

Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Corporations Act 2001, Accounting Standards and Interpretations, and comply with other requirements of the law.

The financial statements comprise the consolidated financial statements of the Group. For the purposes of preparing the consolidated financial statements, the Company is a for-profit entity. Accounting Standards include Australian Accounting Standards. Compliance with Australian Accounting Standards ensures that the financial statements and notes of the Company and the Group comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Directors on 29 August 2019.

(a) Basis of preparation

Historical cost convention

The financial statements have been prepared on the basis of historical cost, except for certain non-current assets and financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below. Historical cost is generally based on the fair values of the consideration given in exchange for assets.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 1(aa).

The following significant accounting policies have been adopted in the preparation and presentation of the financial report:

(b) Basis of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity, being the Company (the parent entity) and its subsidiaries as defined in Accounting Standard AASB 10 “Consolidated Financial Statements”. Consistent accounting policies are employed in the preparation and presentation of the consolidated financial statements.

On acquisition, the assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. If, after reassessment, the fair value of the identifiable net assets acquired exceeds the cost of acquisition, the deficiency is credited to profit and loss in the period of acquisition.

Any interest of non-controlling shareholders is stated at the non-controlling proportion of the fair values of the assets and liabilities recognised.

The consolidated financial statements include the information and results of each subsidiary from the date on which the company obtains control and until such time as the company ceases to control such entity. In preparing the consolidated financial statements, all intercompany balances and transactions, and unrealised profits arising within the consolidated entity, are eliminated in full.

(c) Operating segments

An operating segment is a component of an entity that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), whose operating results are regularly reviewed by the entity’s Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. Management will also consider other factors in determining operating segments such as the existence of a line manager and the level of segment information presented to the Board of Directors. Operating segments have been identified based on the information provided to the CODM’s being the Chief Executive Officer and Chief Financial Officer and the Board of Directors, in assessing business performance.

PAS aggregates two or more operating segments when they have similar economic characteristics, and the segments are similar in each of the following respects:

- nature of the products sold;
- nature of the production processes;
- type or class of customer for the products;
- methods used to distribute the products; and if applicable
- nature of the regulatory environment.

Operating segments that meet the quantitative criteria as prescribed by AASB 8 “Operating Segments” are reported separately. However, an operating segment that does not meet the quantitative criteria is still reported separately where information about the segment would be useful to users of the financial statements.

(d) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity instruments issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets or liabilities related to employee benefit arrangements are recognised at their value, except that:

(i) deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with AASB 112 “Income Taxes” and AASB 119 “Employee Benefits” respectively;

(ii) liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with AASB 2 “Share-based Payment” at the acquisition date; and

(iii) assets (or disposal groups) that are classified as held for sale in accordance with AASB 5 “Non-current Assets Held for Sale and Discontinued Operations” are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer’s previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer’s previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity’s net assets in the event of liquidation may be initially measured either at fair value or at then on-controlling interests’ proportionate share of the recognised amounts of the acquiree’s identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Standard.

Where the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments arise from additional information obtained during the “measurement period” (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified.

Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity.

Contingent consideration that is classified as an asset or liability is remeasured at subsequent reporting dates in accordance with AASB 139 “Financial Instruments: Recognition and Measurement”, or AASB 137 “Provisions, Contingent Liabilities and Contingent Assets”, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Company’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

(e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash which are subjected to an insignificant risk of change in value and have maturity of three months or less at the date of acquisition. Bank overdrafts are shown as a net amount within cash and cash equivalents in the consolidated statement of financial position.

(f) Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts (expected credit losses).

The Group measures the provision for expected credit losses (ECL) using the simplified approach, which uses lifetime expected loss allowance for all trade receivables. The ECL model requires the Group to determine the lifetime expected credit losses for groups of trade receivables with shared credit risk characteristics. An expected credit loss rate is then determined for each group based on the historic credit loss rates for each group, adjusted for any other current observable data that may materially impact the group's future credit risk. Other current observable data may include:

- Forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- Financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- Conditions specific to the asset to which the receivable relates.

Bad debts are written off when identified.

(g) Inventories

Inventories are valued at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less all estimated costs of completion and the estimated costs necessary to make the sale.

Finished goods are measured at standard cost in the reporting period or at either standard cost or their weighted-average cost paid for the goods in the comparative period. Cost includes the transfer from equity of any gains/losses on qualifying cash flow hedges relating to the purchase of inventories. Indirect costs incurred in the handling and distribution of finished goods are included in the measurement of inventories.

(h) Plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of the item. Depreciation is calculated on a straight-line basis so as to write off the net cost of each asset over its expected useful life to its estimated residual value. Leasehold improvements are depreciated over the period of the lease or estimated useful life, whichever is the shorter, using the straight-line method. The useful lives are as follows:

- Fixtures, fittings and equipment – 1 to 10 years; and
- Leasehold improvements – 3 to 5 years.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. An item of plant and equipment is derecognised upon disposal or where no further future economic benefits are expected from its use or disposal.

Refer Note 1(i) for policy on assessing impairment of plant and equipment.

(i) Impairment of assets excluding goodwill

At each reporting date, PAS reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the carrying amount of an asset exceeds its recoverable amount the asset is considered

impaired and is written down to its recoverable amount. An impairment loss is recognised in profit or loss immediately.

Recoverable amount is the greater of fair value less costs of disposal and value in use. Where the asset does not generate cash flows that are independent from other assets, PAS estimates the recoverable amount of the cash generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Non-financial assets other than goodwill that have suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate the impairment may have reversed. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

(j) Goodwill

Goodwill acquired in a business combination is initially measured at its cost, being the excess of the cost of the business combination over the Company's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of the acquisition. Goodwill is subsequently measured at its cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units, or groups of cash-generating units, expected to benefit from the synergies of the business combination at the date of acquisition. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Where goodwill has been acquired in a business combination and the business operates across both the retail and wholesale segments but maintains key elements of branding and a shared support function, goodwill is monitored and tested at this level.

Cash generating units or groups of cash generating units to which goodwill has been allocated are tested for impairment annually or more frequently if events or changes in circumstances indicate that goodwill might be impaired. If the recoverable amount of the cash generating unit (or groups of cash generating units) is less than the carrying amount of the cash-generating unit (or groups of cash-generating units), the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or groups of cash-generating units) and then to the other assets of the cash generating units pro rata on the basis of the carrying amount of each asset in the cash-generating unit (or groups of cash generating units). An impairment loss recognised for goodwill is recognised immediately in profit or loss and is not reversed in a subsequent period.

On disposal of an operation within a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal of the operation.

(k) Other intangible assets

Brand names and trademarks

PAS' brands are considered to have indefinite lives. These brands are not considered to have foreseeable brand maturity dates, and have accordingly been assessed as having indefinite useful lives and are therefore not amortised. Instead, the brand names are tested for impairment annually, or more frequently if events or changes in circumstances indicate that they might be impaired, and are carried at cost less accumulated impairment losses.

Software and websites

All costs directly incurred in the purchase or development of major computer software or subsequent upgrades and material enhancements, which can be reliably measured and are not integral to a related asset, are capitalised as intangible assets. Direct costs may include internal payroll and on-costs for employees directly associated with the project. Costs incurred on computer software maintenance or during the planning phase are expensed as incurred. Computer software is amortised over the period of time during which the benefits are expected to arise, being up to four years.

(l) Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit or Loss on a straight-line basis over the shorter of the useful life of the asset or the lease term where such leases contain annual fixed escalation rates, and the value of the future lease payments can be determined.

Lease incentives

Lessor contributions to the construction and fit-out of premises are accounted for as a lease incentive liability and are reduced on a straight line basis over the remaining term of the lease.

(m) Trade and other payables

Trade payables and other accounts payable are recognised when PAS becomes obliged to make future payments resulting from the purchase of goods and services.

(n) Interest bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Ancillary costs incurred in connection with the arrangement of borrowings are deferred and amortised over the period of the borrowing and are netted off against the borrowings.

Borrowings are classified as current liabilities unless PAS has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(o) Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting the obligations under the contract. The provision is stated at the present value of the future net cash outflows expected to be incurred in respect of the contract.

(p) Provisions

Provisions are recognised when PAS has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third-party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(q) Employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave when it is probable that settlement will be required and they are capable of being measured reliably.

Liabilities recognised in respect of short-term employee benefits, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Liabilities recognised in respect of long term employee benefits are measured as the present value of the estimated future cash outflows to be made by PAS in respect of services provided by employees up to reporting date.

Contributions to defined contribution superannuation plans are expensed when incurred.

(r) Share based payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on PAS' estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, PAS revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with corresponding adjustment to the equity settled employee benefits reserve.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

(s) Foreign currency

Foreign currency transactions

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign currency monetary items at reporting date are translated at the exchange rate existing at reporting date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognised in profit or loss in the period in which they arise except when exchange differences, which relate to assets under construction for future productive use, are included in the cost of those assets where they are regarded as an adjustment to interest costs on foreign currency borrowings; or exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Foreign operations

The assets and liabilities of overseas operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are recognised in the foreign currency translation reserve, and recognised in profit or loss on disposal of the foreign operation.

(t) Issued capital

Issued and paid up capital is recognised at the fair value of the consideration received. Transaction costs arising on the issue of equity instruments are recognised directly in equity, net of tax as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

Dividends are recognised when declared during the financial year.

(u) Earnings per share

Basic EPS is calculated as net profit for the period, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is the figure used for Basic EPS adjusted to take into account dilutive potential ordinary shares assumed to be issued for no consideration.

(v) Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the entity and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Revenue stream	Description	Performance obligation	Timing of recognition
Wholesale	Sales of goods to customers. Consideration recognised is net of settlement credits, rebates and other similar allowances.	Delivery of good to customer	Point in time
Retail – in store	Sale of goods in retail stores	Delivery of good to customer	Point in time
Retail – includes loyalty voucher issued	Sales of goods to customers, which include an agreed period over which the loyalty voucher can be redeemed. Consideration recognised is net of a provision for loyalty vouchers redeemable in future periods.	Delivery of good to customer	Point in time
Retail – gift cards	Sales of gift cards to customers which are redeemable over a specific period.	Consumption of gift card	Point in time
Retail – includes customer “right of return”	Sales of goods to customers which include an agreed period over which the inventory can be returned. Consideration recognised is net of a provision for returns.	Delivery of good to customer	Point in time
Retail – E-Commerce	Sales of goods to customers which require delivery to a specified location.	Delivery of good to customer	Point in time
Interest Income	Interest revenue on financial instruments	The right to receive interest revenue has been attained	Point in time
Royalties and licence fees	Royalty revenue on sale of own brands by wholesale customers	Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying agreement.	Point in time

Revenue stream	Description	Performance obligation	Timing of recognition
Sale of fixed assets	Sale from disposal of plant and equipment	When PAS has transferred to the buyer the significant risks and rewards of ownership of the goods.	Point in time

(w) Income tax

The Company and all its wholly-owned Australian resident entities are part of a tax-consolidated group under Australian taxation law. The PAS Group Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax consolidated group using the “separate taxpayer within group” approach.

Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax consolidated group in accordance with the arrangement. Where the tax contribution amount recognised by each member of the tax consolidated group for a particular period is different to the aggregate of the current tax liability or asset and any deferred tax asset arising from unused tax losses and tax credits in respect of that period, the difference is recognised as a contribution from (or distribution to) equity participants.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the head entity level of the group.

Deferred tax

Deferred tax is accounted for using the comprehensive Statement of Financial Position liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. Adjustments are made for transactions and events occurring within the tax-consolidated group that do not give rise to a tax consequence for the group or that have a different tax consequence at the head entity level of the group.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments except where PAS is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is

probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the Statement of Comprehensive Income, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(x) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except:

- where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables. Cash flows are included in the cash flow statement on a gross basis. The GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

(y) Derivative financial instruments

PAS uses derivative financial instruments (including forward currency contracts and interest rate swap instruments) to hedge its risks associated with foreign currency and interest rate fluctuations. Derivatives are carried as assets when their fair value is positive, and as liabilities when their fair value is negative.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Company and the group designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions or hedges of foreign currency risk of firm commitments (cash flow hedges), or hedges of net investments in foreign operations.

The fair value of a hedging derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

Hedge accounting

The Company and PAS designates certain hedging instruments in respect of foreign currency and interest rate risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange and interest rate risk are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, PAS

documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit or loss immediately, together with any changes in the fair value of the hedged item that is attributable to the hedged risk.

Hedge accounting is discontinued when PAS revokes the hedging relationship, or the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. The adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to the ineffective portion is recognised immediately in the statement of profit or loss as part of other expenses or other income.

Amounts deferred in equity are recycled in profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the statement of profit or loss and other comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. Hedge accounting is discontinued when PAS revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the statement of profit or loss.

(z) Comparatives

Where current period balances have been classified differently within current period disclosures when compared to the prior period, comparative disclosures have been restated to ensure consistency of presentation between periods.

(aa) Critical accounting adjustments and key sources of estimation uncertainty

In the application of the PAS' accounting policies, management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

(i) Income taxes

Deferred tax assets are recognised for deductible temporary differences and tax losses as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

(ii) Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

(iii) Impairment of intangible assets with indefinite lives (goodwill and brand names)

Determining whether intangible assets with indefinite lives are impaired requires an estimation of the value in use of the cash generating units to which the asset has been allocated. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the cash generating unit, and a suitable discount rate in order to calculate present value.

(iv) Share based payments expense

At each reporting date the Company estimates the number of equity instruments expected to vest in accordance with the accounting policy stated at 1(r). The number of equity instruments expected to vest is based on management's assessment of the likelihood of the vesting conditions attached to the equity instruments being satisfied. The key vesting conditions that are assessed are the earnings per share targets and required service periods. The impact of any revision in the number of equity instruments that are expected to vest is recognised as an adjustment to the share based payments expense in the reporting period that the revision is made.

(ab) New accounting standards and interpretations not yet mandatory or early adopted

At the date of authorisation of the financial report, the following Australian Accounting Standards and Interpretations relevant to PAS have recently been issued or amended but are not yet mandatory and have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019.

Standard/Interpretation	Effective for annual reporting periods beginning on	Expected to be initially applied in the financial year ending
AASB 16 'Leases'	1 January 2019	30 June 2020

AASB 16 Leases

Nature of Change

AASB 16 was issued in February 2016. It will result in almost all leases being recognised on the balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

Impact

The Group has set up a project team which has reviewed all of the Group's leasing arrangements in light of the new lease accounting rules in AASB 16. The standard will affect the accounting for the Group's operating leases.

As at the reporting date, the Group has non-cancellable operating lease commitments of \$31.5 million, see Note 29. In relation to these lease commitments the Group expects to recognise right-of-use assets of approximately \$24 million to \$28 million on 1 July 2019 (includes derecognition of \$4.4m lease incentives currently held on the balance sheet), lease liabilities of \$30 million to \$34 million (after adjustments for prepayments and accrued lease payments recognised as at 30 June 2019) and deferred tax assets of \$0.4 million to \$0.6 million. Overall net assets will be approximately \$1 million to \$1.5 million lower via an adjustment to opening retained earnings.

The Group did not classify any of the non-cancellable operating lease commitments as short-term leases under the practical expedients afforded on transition to AASB 16. Leases classified as low-value leases, which cumulatively are not material, will continue to be recognised on a straight-line basis as expense in profit or loss.

The Group expects that net profit after tax will increase by approximately \$0.1 million for the financial year ended 30 June 2020 as a result of adopting the new rules. Adjusted EBITDA used to measure segment results is expected to increase by approximately \$15.7 million, as the operating lease payments were included in EBITDA, but the amortisation of the right-of-use assets and interest on the lease liability are excluded from this measure.

Operating cash flows will increase and financing cash flows decrease by approximately \$16.2 million as repayment of the principal portion of the lease liabilities will be classified as cash flows from financing activities.

Date of adoption

The group will apply the standard from 1 July 2019. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption. Right-of-use assets will be measured on transition as if the new rules had always been applied.

2. Revenues and expenses

Profit before income tax includes the following items of revenue and expense:

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Sales revenue		
Sale of goods	272,615	249,628
Other revenue		
Royalty income	102	83
Other	1,017	2,267
Total revenue	273,734	251,978
Occupancy expense:		
Minimum lease payments on operating leases	25,443	27,740
Other occupancy expenses	2,107	2,377
Total occupancy expense	27,550	30,117
Employee benefits expense:		
Post-employment benefits – Defined contribution plans	4,840	4,884
Equity settled share-based payments	352	392
Other employee benefits	61,558	60,592
Total employee benefits expense	66,750	65,868
Non-cash depreciation, amortisation and impairment:		
Depreciation	5,757	5,880
Amortisation	1,507	1,467
Impairment	960	5,113
Total non-cash depreciation, amortisation and impairment	8,224	12,460
Net finance costs:		
Interest and finance charges paid to banks and other financial institutions	914	579
Amortisation of deferred borrowing costs	43	44
Interest revenue	(14)	(18)
Total net finance costs	943	605

3. Segment information

PAS' operating segments are identified with reference to the information regularly reviewed by the Chief Executive Officer, Chief Financial Officer and Board of Directors the Chief Operating Decision Makers ('CODM'), in assessing performance and in determining the allocation of resources. The reportable segments are based on aggregated operating segments determined by the similarity of the goods sold and the method used to distribute the goods. PAS operates in two reportable segments, being Retail and Wholesale reflecting its primary distribution channels. Discrete financial information about these operating businesses is reported to the CODM on a monthly basis. The segments are described below.

Retail

The Retail segment includes revenues and profits generated by PAS's retail and online footprint associated with women's, men's and children's apparel, which included 236 retail sites as of 30 June 2019. The number of retail sites excludes the online channel.

Wholesale

The Wholesale segment includes revenues and profits associated with the wholesaling of women's, men's and children's apparel as well as sporting equipment, footwear and accessories.

Unallocated

Corporate overheads, interest revenue and interest expenses are not allocated to operating segments as they are not considered part of the core operations of a specific segment.

The accounting policies used by PAS in reporting segments are the same as those contained in Note 1 to the financial statements and in the prior period. Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and tax as included in the internal management reports that are reviewed by the CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

The following is an analysis of PAS's revenue, EBITDA and results from continuing operations by reportable segment.

2019	Retail \$'000	Wholesale \$'000	Unallocated \$'000	Total \$'000
Revenue from sale of goods	123,978	148,637	–	272,615
Other revenue	–	85	1,034	1,119
Total revenue	123,978	148,722	1,034	273,734
Reportable segment EBITDA	9,814	10,453	(13,863)	6,404
Depreciation and amortisation	(4,437)	(875)	(1,952)	(7,264)
Impairment	–	(960)	–	(960)
Reportable segment EBIT	5,377	8,618	(15,815)	(1,820)
Net financing costs	–	–	(943)	(943)
Statutory profit before tax	5,377	8,618	(16,758)	(2,763)
Segment assets	68,596	60,962	33,995	163,553
Segment liabilities	12,484	12,249	18,679	43,412
Capital expenditure	1,158	397	1,310	2,865

2018	Retail \$'000	Wholesale \$'000	Unallocated \$'000	Total \$'000
Revenue from sale of goods	135,021	114,607	–	249,628
Other revenue	–	73	2,275	2,348
Total revenue	135,021	114,680	2,275	251,976
Reportable segment EBITDA	14,038	9,712	(12,443)	11,307
Depreciation and amortisation	(4,790)	(740)	(1,817)	(7,347)
Impairment	(4,213)	(900)	–	(5,113)
Reportable segment EBIT	5,035	8,072	(14,260)	(1,153)
Net financing costs	–	–	(605)	(605)
Statutory profit before tax	5,035	8,072	(14,865)	(1,758)
Segment assets	69,635	62,926	32,866	165,427
Segment liabilities	13,659	11,423	18,074	43,156
Capital expenditure	2,606	957	2,401	5,964

Segment revenue reported above represents revenue generated from external customers. Inter-segment sales are immaterial.

For the purposes of monitoring segment performance and allocating resources between segments:

- All assets are allocated to reportable segments other than other financial assets and current and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of the revenues earned by individual reportable segments; and
- All liabilities are allocated to reportable segments other than borrowings, other financial liabilities and current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated in proportion to segment assets.

Major customers

Within revenue, 14.4% and 13.6% of total sales relate to the two largest customers within the Wholesale segment. No other customers contributed 10% or more to the Group's revenue.

4. Income taxes

Income tax recognised in profit or loss:

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
<i>Current tax</i>		
Current tax expense/(credit) on profits for the year	(1,201)	150
Adjustments for current tax of prior periods	(32)	(70)
Total current tax expense/(credit)	(1,233)	80
<i>Deferred tax</i>		
Decrease in deferred tax assets	82	548
Decrease in deferred tax liabilities	(89)	(97)
Total deferred tax expense/(credit)	(7)	451
Total income tax expense/(credit)	(1,239)	531
Income tax is attributable to:		
Profit/(loss) from continuing operations	(1,172)	720
Profit/(loss) from discontinued operations	(67)	(189)
	(1,239)	531
The income tax expense/(credit) for the year can be reconciled to the accounting profit as follows:		
Profit/(loss) before tax from continuing operations	(2,763)	(1,758)
Profit/(loss) before tax from discontinuing operations	(256)	(632)
	(3,019)	(2,390)
Income tax expense/(credit) calculated at 30% (2018: 30%)	(906)	(717)
Tax effect of amounts which are not deductible in calculating taxable income:		
Effect of income that is exempt from taxation	(232)	–
Non-deductible expenses	243	82
Impairment losses on property plant and equipment and intangibles	–	1,264
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(307)	1
Adjustments for current tax of prior periods	(32)	(70)
Effect of different tax rates of subsidiaries operating in other jurisdictions	(5)	(29)
Income tax expense/(credit)	(1,239)	531
Deferred income tax recognised in other comprehensive income:		
Cash flow hedge reserve	(618)	(515)
Total income tax recognised directly in equity	(618)	(515)

Deferred tax balances

2019	Opening balance \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Other \$'000	Closing balance \$'000
Temporary differences					
Cash flow hedges	(515)	–	(103)	–	(618)
Property, plant and equipment	165	(14)	–	–	151
Intangible assets	(7,398)	(34)	–	–	(7,432)
Provisions	1,840	118	–	–	1,958
Doubtful debts	378	(3)	–	24	399
Accruals	200	(60)	–	412	553
Lease Incentives	1,619	(342)	–	–	1,277
Inventory	173	70	–	–	243
Share issue costs	–	–	–	–	–
Rebates and allowances	91	18	–	–	109
Share based payment reserve	246	(117)	–	–	129
Other	86	184	–	(122)	148
Total temporary differences	(3,114)	(179)	(103)	313	(3,083)
Total unused tax losses	1,619	281	–	1,306	3,206
Total	(1,495)	102	(103)	1,619	123

2018	Opening balance \$'000	Recognised in profit or loss \$'000	Recognised in other comprehensive income \$'000	Other \$'000	Closing balance \$'000
Temporary differences					
Cash flow hedges	528	–	(1,043)	–	(515)
Property, plant and equipment	59	106	–	–	165
Intangible assets	(7,495)	97	–	–	(7,398)
Provisions	1,743	97	–	–	1,840
Doubtful debts	316	62	–	–	378
Accruals	211	(11)	–	–	200
Lease Incentives	2,032	(413)	–	–	1,619
Inventory	157	16	–	–	173
Share issue costs	407	(407)	–	–	–
Rebates and allowances	94	(3)	–	–	91
Share based payment reserve	128	118	–	–	246
Other	82	4	–	–	86
Total temporary differences	(1,737)	(334)	(1,043)	–	(3,114)
Total unused tax losses	1,631	–	–	(12)	1,619
Total	(106)	(334)	(1,043)	(12)	(1,495)

The Group recognised a deferred tax asset for tax losses of \$1,306,000 arising in the FY2019 financial year.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 16 June 2014 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is The PAS Group Limited. The members of the tax-consolidated group are identified in Note 22. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and relevant tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

Due to the existence of a tax funding arrangement between the entities in the tax-consolidated group, amounts are recognised as payable to or receivable by the Company and each member of the group in relation to the tax contribution amounts paid or payable between the parent entity and the other members of the tax-consolidated group in accordance with the arrangement.

Nature of tax funding arrangements and tax sharing agreements

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, The PAS Group Limited and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity.

5. Discontinued Operations

5.1 Disposal of the White Runway business (White Runway)

The Group has announced its intention to dispose of the White Runway business and has begun marketing the business for sale and actively engaged in discussions with potential buyers. The associated assets and liabilities have consequently been presented as held for sale in the 2019 financial statements.

5.2 Financial performance and cash flow information

The financial performance and cash flow of the White Runway discontinued operation for the past two years are set out below.

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Revenue	4,157	4,080
Expenses	(4,398)	(4,232)
Loss before interest, impairment, tax, depreciation and amortisation	(241)	(152)
Impairment expense	–	(350)
Depreciation and amortisation	(15)	(130)
Net finance costs	–	–
Loss before tax	(256)	(632)
Attributable income tax credit	67	189
Loss for the year from discontinued operations attributable to owners of the parent	(189)	(443)

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	(100)	(48)
Net cash inflows/(outflows) from investing activities	(13)	(57)
Net cash inflows/(outflows) from financing activities	326	302
Net cash inflow/(outflow)	213	197

5.3 Assets and liabilities of disposal group classified as held for sale

The following assets and liabilities of the White Runway business were reclassified as held for sale in relation to the discontinued operation as at 30 June 2019:

	Year ended 30 June 2019 \$'000
Inventories	869
Trade Receivables	160
Other current assets	56
Other non-current assets	38
Assets of White Runway business classified as held for sale	1,123
Trade and other payables	377
Current provisions	84
Other current liabilities	370
Non-current provisions	15
Liabilities of White Runway business associated with assets classified as held for sale	846
Net assets of White Runway business classified as held for sale	277

The Group has determined that the carrying value of the assets and liabilities held for sale reflect their fair value less costs to sell, therefore no adjustments to carrying value has been made at 30 June 2019.

6. Earnings per share

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
	Cents per share	Cents per share
Basic loss per share		
From continuing operations	(1.2)	(1.8)
From discontinued operations	(0.1)	(0.2)
Total basic loss per share	(1.3)	(2.0)
Diluted loss per share		
From continuing operations	(1.2)	(1.8)
From discontinued operations	(0.1)	(0.2)
Total diluted loss per share	(1.3)	(2.0)

6.1 Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Loss for the year attributable to owners of the Company	(1,780)	(2,921)
Losses used in the calculation of basic earnings per share	(1,780)	(2,921)
Loss for the year from discontinued operations used in the calculation of basic earnings per share	(189)	(443)
Loss used in the calculation of basic earnings per share from continuing operations	(1,591)	(2,478)
The weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:		
Basic earnings per share (no. shares)	136,690,860	136,690,860
Diluted earnings per share (no. shares)	136,690,860	136,690,860

Potential ordinary shares from performance rights are not dilutive.

7. Trade and other receivables

	2019 \$'000	2018 \$'000
Current trade and other receivables:		
Trade receivables	19,962	20,909
Provision for expected credit losses	(1,335)	(1,260)
Trade discounts and rebates	(1,017)	(1,122)
Other receivables	449	724
Total current trade and other receivables	18,059	19,251

Trade and other receivables are recognised and carried at original invoice amount less an allowance for uncollectible amounts (expected credit losses). The average credit period on sales of goods ranges from 14 to 60 days. No interest is charged on trade receivables.

The Group measures the provision for expected credit losses (ECL) using the simplified approach, which uses lifetime expected loss allowance for all trade receivables. The ECL model requires the Group to determine the lifetime expected credit losses for groups of trade receivables with shared credit risk characteristics. An expected credit loss rate is then determined for each group based on the historic credit loss rates for each group, adjusted for any other current observable data that may materially impact the group's future credit risk. Other current observable data may include:

- Forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- Financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- Conditions specific to the asset to which the receivable relates.

	Not due	0-30 days	31-60 days	60-90 days	90-120 days	120+ days	Total
Trade receivables (\$'000)	12,052	4,077	1,612	485	117	1,619	19,962
Provision for expected credit losses (\$'000)	23	17	28	33	3	1,231	1,335

The provision for expected credit losses at 30 June 2019 has been determined in a manner consistent with the methodology adopted on 1 July 2018 and there have been no changes in the estimation techniques or significant assumptions made during the current period.

For information on the Group's credit risk management refer to Note 24.

8. Inventories

	2019 \$'000	2018 \$'000
At lower of cost and net realisable value:		
Raw materials	423	555
Stock in transit	6,906	6,882
Work in progress	43	304
Finished goods	29,086	28,249
Total inventories	36,458	35,990

The cost of inventories recognised as an expense during the year was \$139.8 million (2018: \$113.6 million).

9. Other financial assets

	2019 \$'000	2018 \$'000
Derivatives that are designated and effective as hedging instruments carried at fair value:		
Forward foreign exchange contracts	2,061	1,715

10. Other assets

	2019 \$'000	2018 \$'000
Prepayments	1,503	2,547
Other	505	337
Total other assets - current	2,008	2,884
Prepayments	1,817	1,083
Other	10	58
Total other assets - non-current	1,827	1,141

Impairment charges recognised during the year relating to prepayments for historical long-term licences which will not be utilised or renewed amounted to \$1.0 million (2018: \$0.9 million).

11. Property, plant and equipment

	2019 \$'000	2018 \$'000
Plant and equipment	1,843	2,613
Leasehold Improvements	7,533	10,124
Total property, plant and equipment	9,376	12,737

	Plant and equipment at cost \$'000	Leasehold improvements cost \$'000	Total \$'000
Cost			
Balance at 1 July 2017	8,623	28,670	37,293
Additions	1,168	3,176	4,345
Additional amounts recognised from business combinations	5	20	25
Disposals	(691)	(2,019)	(2,709)
Transfers	(1,295)	45	(1,250)
Balance at 30 June 2018	7,810	29,892	37,702
Additions	450	1,924	2,374
Disposals	(203)	(2,088)	(2,291)
Transfers	3	117	120
Balance at 30 June 2019	8,060	29,845	37,905
Accumulated depreciation and impairment			
Balance at 1 July 2017	(4,689)	(17,020)	(21,709)
Eliminated on disposals of assets	690	2,022	2,712
Depreciation expense	(1,194)	(4,697)	(5,891)
Impairment expense	(8)	(20)	(28)
Transfers	4	(53)	(49)
Balance at 30 June 2018	(5,197)	(19,768)	(24,965)
Eliminated on disposals of assets	195	2,085	2,280
Depreciation expense	(1,212)	(4,548)	(5,760)
Transfers	(3)	(81)	(84)
Balance at 30 June 2019	(6,217)	(22,312)	(28,529)
Net book value 2018	2,613	10,124	12,737
Net book value 2019	1,843	7,533	9,376

12. Goodwill

	2019 \$'000	2018 \$'000
Cost		
Balance at beginning of year	90,846	89,569
Additional amounts recognised from business combinations	–	1,277
Balance at end of year	90,846	90,846
Accumulated impairment losses		
Balance at beginning of year	(36,740)	(32,527)
Impairment expense	–	(4,213)
Balance at end of year	(36,740)	(36,740)
Net book value	54,106	54,106

Impairment of White Runway

The carrying value of goodwill relating to White Runway was fully impaired by \$4.2 million during the prior year.

13. Intangible assets

	2019 \$'000	2018 \$'000
Trademarks	574	574
Brand names	24,982	24,982
Software	2,115	2,336
Website development costs	1,896	2,020
Total intangible assets	29,567	29,912

	Trademarks \$'000	Brand names \$'000	Software \$'000	Website development costs \$'000	Total \$'000
Cost					
Balance at 1 July 2017	520	44,530	7,982	1,873	54,905
Additions	–	–	1,030	1,111	2,141
Acquisitions through business combinations	54	–	–	–	54
Disposals	–	–	(394)	(6)	(400)
Transfers	–	–	407	766	1,173
Balance at 30 June 2018	574	44,530	9,025	3,744	57,873
Additions	–	–	754	417	1,171
Disposals	–	–	(2)	(2)	(4)
Transfers	–	–	(14)	17	3
Balance at 30 June 2019	574	44,530	9,763	4,176	59,043
Accumulated amortisation and impairment					
Balance at 1 July 2017	–	(19,548)	(5,968)	(936)	(26,452)
Amortisation expense	–	–	(1,115)	(472)	(1,587)
Impairment	–	–	–	(322)	(322)
Disposals	–	–	394	6	400
Balance at 30 June 2018	–	(19,548)	(6,689)	(1,724)	(27,961)
Amortisation expense	–	–	(961)	(558)	(1,519)
Disposals or classified as held for sale	–	–	2	2	4
Balance at 30 June 2019	–	(19,548)	(7,648)	(2,280)	(29,476)
Net book value 2018	574	24,982	2,336	2,020	29,912
Net book value 2019	574	24,982	2,115	1,896	29,567

Indefinite life intangible assets

Brands acquired are separately identified as part of business combinations. The brand names were valued at relevant acquisition dates using the relief from royalty method. The Group intends to continue use of the brands for an indefinite period and therefore these are not amortised but are subject to an annual test for impairment.

14. Impairment testing of goodwill and non-current assets

Allocation of goodwill and brand names to cash generating units ('CGUs')

Goodwill and brand names have been allocated for impairment testing purposes to the following CGUs:

	Goodwill 2019 \$'000	Brand names 2019 \$'000	Goodwill 2018 \$'000	Brand names 2018 \$'000
Designworks	21,008	–	21,008	–
Black Pepper Brands	20,983	4,000	20,983	4,000
Review	7,843	11,000	7,843	11,000
JETS	2,995	9,982	2,995	9,982
Bondi Bather	1,277	–	1,277	–
	54,106	24,982	54,106	24,982

Impairment testing

In accordance with the Group's accounting policies, annual impairment testing is performed at 30 June for all intangible assets with indefinite useful lives. More frequent reviews are performed for indications of impairment over all of the Group's assets including operating assets. Where an indication of impairment is identified a formal impairment assessment is performed.

In accordance with the Group's accounting policies, the Group assessed the recoverable amount of each of the CGUs and evaluated whether the recoverable amount of a CGU exceeds its carrying amount. The recoverable amount is determined to be the higher of its fair value less costs to sell or its value-in-use. In respect of each separate CGU, cash flow projections cover a five-year period based on financial budgets approved by the Directors. Cash flow projections are based on the same expected gross profit margins and raw materials price inflation throughout the budget period. The Group's pre-tax discount rate applied to the cash flow projections was 13.9%. Cash flows beyond that five-year period have been extrapolated using a 2.9% terminal growth rate.

The recoverable amount of all CGUs were deemed to materially exceed their carrying value. The Directors believe that with the exception of the Review CGU (refer below) any reasonably possible changes in the key assumptions on which the recoverable amount is based would be unlikely to cause the carrying amount to exceed the recoverable amount of these CGUs.

Impact of possible change in key assumptions – Review CGU

The Group has tested the Review Cash Generating Unit (CGU) for impairment at 30 June 2019, applying the Fair Value Less Costs of Disposal (FVLCD) basis using a discounted cash flow valuation model.

Impairment testing was undertaken on the Review CGU by comparing its recoverable amount to its carrying value. The recoverable amount is estimated to be 150% of the carrying value of the CGU. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of the Review CGU including goodwill and other non-cash assets.

- Cash flow forecasts: covering a period of five years – the first year is based on the Board approved budget and incorporates the Group's identified plans for strategy execution and enhanced trading performance. These elements are extrapolated over the five-year period taking account of specific initiatives and by applying a long-term growth rate to ongoing performance.
- Discount rates: Cash flow forecasts have been discounted using a pre-tax risk adjusted discount rate of 13.9%
- Terminal value: is calculated using a long-term growth rate based on the cash flow forecast for year five. The long-term growth rate applied is 2.9%, which does not exceed the long-term industry growth rate.

Management have assessed that the Review CGU is sensitive to reasonably possible changes in the cash flow forecasts covering a period of five years. The forecast is based on the current financial forecast approved by the Board and includes a number of initiatives designed to drive incremental sales and increased margins as well as reduce the costs of doing business. If 22% of the cash inflows from the sales and margin growth and cost saving initiatives included in the CGU cashflows are not achieved in each year of the forecast period, then the carrying value of the CGU would equal its recoverable amount.

15. Trade and other payables

	2019 \$'000	2018 \$'000
Trade payables	13,982	12,760
Accruals	5,268	5,243
Goods and services tax payable	1,183	1,615
Other payables and accruals	235	383
Total trade and other payables	20,668	20,001

The average credit period on purchases of goods is 30 days.

16. Provisions

	2019 \$'000	2018 \$'000
Employee benefits	5,563	5,307
Other	585	536
Provisions – current	6,148	5,843
Employee benefits	666	626
Other	149	171
Provisions – non-current	815	797

17. Other liabilities

	2019 \$'000	2018 \$'000
Deferred revenue	1,365	380
Deferred consideration	1,103	–
Lease incentives	1,927	2,329
Other liabilities – current	4,395	2,709
Lease incentives	2,470	3,247
Deferred consideration	–	1,877
Other liabilities – non-current	2,470	5,124

The Group has provided bank guarantees in respect to retail premises operating leases of \$0.1 million.

18. Issued capital

The share capital of The PAS Group Limited consists only of fully paid ordinary shares; the shares do not have a par value and the Company does not have a limited amount of authorised capital. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at the shareholders' meeting of The PAS Group Limited.

	2019 Shares	2018 Shares	2019 \$'000	2018 \$'000
Shares issued and fully paid:				
Balance at beginning of the year	136,690,860	136,690,860	153,963	153,963
Balance at the end of the year	136,690,860	136,690,860	153,963	153,963

Shares issued during the period were nil (2018: nil)

19. Reserves

	2019 \$'000	2018 \$'000
Share based payments reserve	430	820
Cash flow hedge reserve	1,443	1,201
Foreign currency translation reserve	(412)	(462)
Corporate reorganisation reserve	(3,825)	(3,825)
Total reserves	(2,364)	(2,266)

	2019 \$'000	2018 \$'000
Share based payments reserve		
Balance at beginning of year	820	428
Arising on share based payments (LTIP)	352	392
Transfer to retained earnings (Note 20)	(742)	–
Balance at the end of the year	430	820

The share based payments reserve is used to recognise the value of equity benefits provided to senior employees as part of their remuneration.

	2019 \$'000	2018 \$'000
Cash flow hedge reserve		
Balance at beginning of year	1,201	(1,233)
(Gain)/loss reclassified to profit or loss		
Forward foreign exchange contracts	(1,715)	1,762
Income tax related to gains recognised in other comprehensive income	514	(529)
Gain/(loss) recognised on cash flow hedges		
Forward foreign exchange contracts	2,061	1,715
Income tax related to gains recognised in other comprehensive income	(618)	(514)
Balance at the end of the year	1,443	1,201

The cash flow hedge reserve is used to recognise the effective portion of the gain or loss on cash flow hedge instruments that are determined to be effective hedges.

	2019 \$'000	2018 \$'000
Foreign currency translation reserve		
Balance at beginning of year	(462)	(346)
Translation of foreign operations	50	(116)
Balance at the end of the year	(412)	(462)

The foreign currency translation reserve is used to recognise exchange differences arising from translation of the financial statements of the Group's international subsidiaries to Australian dollars.

	2019 \$'000	2018 \$'000
Corporation reorganisation reserve		
Balance at beginning of year	(3,825)	(3,825)
Balance at the end of the year	(3,825)	(3,825)

Under corporate reorganisation principles, share capital is recognised at the number of shares at IPO price less applicable transaction costs. Any difference following the capital reconstruction as part of the corporate reorganisation and the equity retained by the shareholders of the accounting acquirer (PASCO Group Pty Limited) is recognised in the acquisition reserve.

20. Retained earnings

	2019 \$'000	2018 \$'000
Balance at beginning of year	(29,426)	(22,404)
Profit attributable to owners of the Company	(1,780)	(2,921)
Payment of dividends	–	(4,101)
Adoption of new accounting standards	(994)	–
Transfer from share based payments reserve (Note 19)	742	–
Balance at end of year	(31,458)	(29,426)

21. Dividends on equity

	Year ended 30 June 2019		Year ended 30 June 2018	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
Interim Dividend	–	–	1.5	2,050
Final Dividend	–	–	1.5	2,050
Unrecognised amounts				
Final Dividend	–	–	–	–

The Directors of The PAS Group Limited have declared that no final dividend will be paid for the financial year ended 30 June 2019.

	2019 \$'000	2018 \$'000
Franking credits available at corporate tax rate of 30%	40,053	40,951

22. Subsidiaries

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by PAS	
			2019	2018
Parent entity				
The PAS Group Limited ^(a)	Holding company	Australia	100%	100%
Subsidiaries				
PASCO Group Pty Ltd ^(c)	Holding company	Australia	100%	100%
Chestnut Apparel Pty Ltd ^(c)	Holding company	Australia	100%	100%
PASCO Operations Pty Ltd ^(c)	Holding company	Australia	100%	100%
PAS Finance Pty Ltd ^(c)	Holding company	Australia	100%	100%
Yarra Trail Holdings Pty Ltd	Holding company	Australia	100%	100%
Yarra Trail Pty Ltd	Apparel; retail/wholesale	Australia	100%	100%
Black Pepper Brands Pty Ltd ^(c)	Apparel; retail/wholesale	Australia	100%	100%
Breakaway NZ Clothing Group Ltd	Apparel; retail/wholesale	New Zealand	100%	100%
Designworks Holdings Pty Ltd ^(c)	Holding company	Australia	100%	100%
Designworks Clothing Company Pty Ltd ^(c)	Apparel; retail/wholesale	Australia	100%	100%
World Brands Pty Ltd	Apparel; retail/wholesale	Australia	100%	100%
Designworks Clothing Hong Kong Ltd	Apparel; retail/wholesale	Hong Kong	100%	100%
Designworks Management Consulting (Shanghai) Co Ltd	Apparel; retail/wholesale	China	100%	100%
The Hopkins Group Aust Pty Ltd ^(c)	Apparel; retail/wholesale	Australia	100%	100%
Review Australia Pty Ltd ^(c)	Apparel; retail/wholesale	Australia	100%	100%
Fiorelli Licensing Pty Ltd	Apparel; retail/wholesale	Australia	100%	100%
The Capelle Group Pty Ltd	Apparel; retail/wholesale	Australia	100%	100%
MetPAS Pty Ltd ^(c)	Apparel; retail/wholesale	Australia	100%	100%
White Runway Pty Ltd ^(b)	Apparel; retail/wholesale	Australia	100%	100%
White Runway (Pty) Ltd	Apparel; retail/wholesale	South Africa	100%	100%
JETS Swimwear Pty Ltd ^(b)	Apparel; retail/wholesale	Australia	100%	100%
JETS Europe B.V. ^(e)	Apparel; retail/wholesale	The Netherlands	100%	–
JETS Global Limited	Apparel; retail/wholesale	United Kingdom	100%	100%
Bondi Bather Pty Ltd ^(d)	Apparel; retail/wholesale	Australia	100%	100%
AFG Retail Pty Ltd ^(b)	Apparel; retail/wholesale	Australia	100%	100%
PAS NZ Limited	Apparel; retail/wholesale	New Zealand	100%	100%
PAS US, Inc.	Apparel; retail/wholesale	USA	100%	100%

a. The PAS Group Limited is the head entity within the tax consolidated group. The Company incorporated on 9 May 2014.

b. Member of the tax consolidated group from date of becoming wholly owned.

c. These wholly-owned subsidiaries have entered into a deed of cross guarantee with The PAS Group Limited pursuant to ASIC Class Order 98/1418 and are relieved from the requirement to prepare and lodge an audited financial report.

d. Incorporated on 9 August 2017 as PAS Swimco Pty Ltd. Change of entity name to Bondi Bather Pty Ltd on 4 September 2017.

e. Incorporated on 5 February 2019.

23. Cross guarantee group

The PAS Group Limited and the entities detailed in Note 22 formed a cross guarantee group on 24 June 2014.

The consolidated income statement and consolidated statement of financial position of the entities party to the deed of cross guarantee are:

	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Statement of Profit or Loss and Other Comprehensive Income		
Revenue from sales	234,142	211,669
Cost of sales	(119,299)	(93,548)
Gross Profit	114,843	118,121
Other revenue	1,265	2,270
Employee benefit expenses	(59,432)	(59,183)
Selling and distribution expenses	(15,333)	(14,153)
Occupancy expenses	(25,309)	(27,815)
Marketing expenses	(5,332)	(4,592)
Administration expenses	(6,885)	(8,003)
Earnings before interest, tax, depreciation and amortisation	3,817	6,645
Depreciation and amortisation expense	(6,351)	(6,388)
Impairment expense	(960)	(5,113)
Net finance costs	(943)	(578)
Loss before tax expense	(4,437)	(5,434)
Income tax (expense)/credit	1,419	(261)
Loss for the year from continuing operations	(3,018)	(5,695)
Loss for the year	(3,018)	(5,695)
Other comprehensive income		
Exchange differences on translating foreign operations	-	-
Net gain on cash flow hedges	238	2,082
Other comprehensive income for the year, net of tax	238	2,082
Total comprehensive loss for the year	(2,780)	(3,613)

23. Cross guarantee group (continued)

Statement of financial position	Year ended 30 June 2019 \$'000	Year ended 30 June 2018 \$'000
Cash and cash equivalents	750	–
Trade and other receivables	13,090	15,063
Inventories	27,361	26,923
Current tax assets	382	1,273
Other current assets	3,529	3,926
Total current assets	45,112	47,185
Non-current assets		
Property, plant and equipment	8,377	10,994
Deferred tax assets	7,954	6,545
Goodwill	54,105	54,105
Other intangible assets	29,354	29,662
Other financial assets	33,062	37,275
Other non-current assets	1,660	1,113
Total non-current assets	134,512	139,694
Total assets	179,624	186,879
Current liabilities		
Trade and other payables	16,967	16,423
Overdraft	–	4,402
Other financial liabilities	1,103	–
Provisions	5,383	5,124
Other liabilities	3,077	2,206
Total current liabilities	26,530	28,156
Non-current liabilities		
Other financial liabilities	11,379	15,715
Deferred tax liabilities	8,050	7,911
Provisions	761	705
Other liabilities	2,397	3,075
Total non-current liabilities	22,587	27,406
Total liabilities	49,117	55,562
Net assets	130,507	131,318
Equity		
Issued capital	153,963	153,963
Reserves	(3,087)	(2,826)
Retained earnings	(20,369)	(19,819)
Total equity	130,507	131,318

24. Financial risk management

(a) Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from 2018. The capital structure of the Group consists of net debt, if any (borrowings offset by cash and bank balances), and equity of the Group (comprising issued capital, reserves, retained earnings). The Group is not subject to any externally imposed capital requirements. The Board reviews the capital structure of the Group on an annual basis.

	2019 \$'000	2018 \$'000
Categories of financial instruments		
<i>Financial assets</i>		
Cash and bank balances	274	–
Derivative instruments in designated hedge accounting relationships	2,061	1,715
Trade and other receivables	18,069	19,309
<i>Financial liabilities</i>		
Trade and other payables	20,668	20,001
Overdraft	–	732
Deferred and contingent consideration arising from business combinations	1,103	1,877

(b) Financial risk management objectives

PAS's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group. These risks include market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk.

The Group seeks to minimise the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the group's policies approved by the Board of Directors, which provide written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by management on a continuous basis. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The Group's treasury function reports monthly to the Group's Board.

(c) Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The Group enters into forward foreign exchange contracts to hedge the exchange rate risk arising on the purchase of inventory in US Dollars and interest rate swaps to mitigate the risk of rising interest rates.

Foreign currency risk management

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

	Liabilities		Assets	
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
US Dollars (USD)	10,145	8,852	5,622	5,084
New Zealand Dollars (NZD)	100	182	322	477

Forward foreign exchange contracts

It is the policy of the Group to enter into forward foreign exchange contracts to cover 100% of foreign currency exposure that is either known with a high level of certainty or probability up to 12 months. The Group has entered into forward foreign exchange contracts (for terms not exceeding 12 months) to purchase USD to hedge the exchange rate risk arising from anticipated future purchases, which are designated as cash flow hedges.

At 30 June 2019, the aggregate amount of gains under forward foreign exchange contracts recognised in other comprehensive income and accumulated in the cash flow hedging reserve relating to the exposure on these anticipated future transactions is \$2.1 million (2018: \$1.7 million). It is anticipated that the purchases will take place over the 12 months of the next financial year, at which time the amount deferred in equity will be included in the carrying amount of inventory. It is anticipated that the inventory will be sold within 6 months after purchase, at which time the amount deferred in equity will be reclassified to profit or loss.

The following table details the forward foreign currency contracts outstanding at the end of the reporting period:

Outstanding contracts	Average exchange rate		Foreign currency		Notional value		Fair value	
	2019 \$A - \$US	2018 \$A - \$US	2019 US \$'000	2018 US \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
Cash flow hedges								
<i>Buy US Dollars</i>								
Less than 3 months	0.727	0.765	15,888	19,760	21,849	25,837	776	906
3 to 6 months	0.727	0.782	9,100	4,350	12,518	5,565	412	317
6 to 9 months	0.724	0.777	16,250	7,800	22,436	10,044	606	492
9 to 12 months	0.728	–	6,450	–	8,862	–	267	–
							2,061	1,715

Foreign currency sensitivity analysis

As shown in the table above the Group is mainly exposed to the currency of the United States. The following table details the Group's sensitivity to a 10% increase and decrease in the Australian dollar against the USD. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Australian dollar weakens 10% against the relevant currency. For a 10% strengthening of the Australian dollar against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

	USD movement impact (+/-)	
	2019 \$'000	2018 \$'000
Profit or loss ⁽ⁱ⁾	522	462
Equity ⁽ⁱⁱ⁾	6,731	4,466

(i) This is mainly due to the exposure outstanding on USD receivables at the end of the reporting period.

(ii) This is mainly due to changes in the fair value of derivative instruments designated as hedging instruments in cash flow hedges.

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year. USD denominated purchases are seasonal. In addition, the impact of fluctuations in exchange rates can to some extent be recouped from suppliers and/or passed through to customers.

Interest rate risk management

The Group is exposed to interest rate risk when entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring the most cost-effective hedging strategies are applied. The Group had no debt as at 30 June 2019 (2018: \$0.7 million debt).

(d) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to PAS. The group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

The trading activities within the wholesale segment gives rise to a significant trade receivables value within the financial assets of the Group. The credit risk on the trade receivables of the Group is generally the carrying amount, net of any provisions for expected credit losses. Concentration of credit risk related to the Group largest customer did not exceed 20% of gross monetary assets at any time during the year.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Collateral held as security and other credit exposures

PAS does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

(e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has established an appropriate risk management framework for the management of the Group's short-term, medium-term and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The finance facility note below sets out details of additional undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Liquidity and interest risk tables

The following table details PAS's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are at floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Group may be required to pay. The table also details the Group's expected maturity for its non-derivative financial assets based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

	Weighted average effective interest rate %	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000	Total \$'000
30 June 2019							
Financial assets							
Non-interest bearing	–	18,059	–	–	10	–	18,069
Variable interest rate instruments	1.0%	274	–	–	–	–	274
Financial liabilities							
Non-interest bearing	–	20,668	–	–	–	–	20,668
30 June 2018							
Financial assets							
Non-interest bearing	–	19,251	–	–	58	–	19,309
Financial liabilities							
Variable interest rate instruments	5.9%	732	–	–	–	–	732
Non-interest bearing	–	20,001	–	–	–	–	20,001

The amounts included above for variable interest rate instruments for both non-derivative financial assets and liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

The following table details the Group's liquidity analysis for its derivative financial instruments. The table has been drawn up based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis and the undiscounted gross inflows and outflows on those derivatives that require gross settlement. When the amount payable or receivable is not fixed, the amount disclosed has been determined by reference to the projected interest rates as illustrated by the yield curves at the end of the reporting period.

	Less than 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	5+ years \$'000
30 June 2019					
Gross settled:					
– foreign exchange forward contracts	3,999	17,850	43,816	–	–
30 June 2018					
Gross settled:					
– foreign exchange forward contracts	4,553	21,284	15,609	–	–

The Group has access to financing facilities as described below, of which \$38.0 million was unused at the end of the reporting period (2018: \$37.3 million). The Group expects to meet its other obligations from operating cash flows and proceeds of maturing financial assets.

Finance facilities	2019 \$'000	2018 \$'000
Secured multi-option facility: ⁽ⁱ⁾		
– amount used	–	–
– amount unused	23,000	23,000
	23,000	23,000
Unsecured multi-option facility: ⁽ⁱ⁾		
– amount used	–	–
– amount unused	10,000	10,000
	10,000	10,000
Secured working capital facility: ⁽ⁱ⁾		
– amount used	–	732
– amount unused	5,000	4,268
	5,000	5,000

(i) Secured by a first ranking fixed and floating charge over the assets and undertakings of the Group.

The Group has access through its banking partner CBA to a combined committed limit of three complementary facilities of up to \$28 million (2018: \$28 million). The terms of the original three year facility signed on 9 January 2017 remain in place and continue to provide flexibility whilst supporting a platform for growth.

In addition to the \$28 million of committed funding, the Group's facilities incorporate a further \$10m uncommitted facility and the Group may by written notice to CBA request the establishment of an accordion facility up to a maximum of \$60 million which may be used to support the Group's acquisitive growth strategy.

(f) Fair value of financial instruments

This note provides information about how PAS determines fair values of various financial assets and financial liabilities.

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

The fair value of foreign exchange forward contracts is determined using a Level 2 fair value hierarchy method, being a discounted cash flow method. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

25. Share-based payments

Movements in performance rights during the year

The following table reconciles the performance rights outstanding at the beginning and end of the year

	Number of performance rights
Balance at beginning of year	4,780,368
Granted	3,097,896
Exercised	–
Forfeited	(1,625,949)
Balance at end of year	6,252,315

Further details regarding the nature of performance rights are located in the Remuneration Report.

26. Key management personnel compensation

The aggregate compensation made to Directors and other members of key management personnel of the Company and PAS Group is set out below:

	2019 \$	2018 \$
Short-term employee benefits	1,801,051	1,564,835
Post-employment benefits	62,445	52,149
Other long-term benefits	13,500	15,723
Share-based payments	84,557	194,537
Total key management personnel compensation	1,961,553	1,827,244

27. Related party transactions

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

The Group did not enter into any related party transactions during the year.

28. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated statement of financial position as follows:

	Year Ended 30 June 2019 \$'000	Year Ended 30 June 2018 \$'000
Cash on hand and in bank	274	(732)

Reconciliation of profit for the year to net cash flows from operating activities

Cash flows from operating activities		
Loss for the year	(1,780)	(2,921)
Depreciation and amortisation	7,279	7,477
Impairment	960	5,463
Lease incentives	(1,588)	(1,762)
Unrealised foreign exchange (gains)/losses	69	(246)
Expenses recognised in respect of equity-settled share-based payments	352	392
(Profit) on disposal of property plant and equipment	(3)	(13)
Interest accrued not paid	(2)	(2)
Amortisation of borrowing costs	43	44
(Increase)/decrease in assets:		
Trade and other receivables	1,032	1,051
Current tax assets	753	(1,072)
Deferred tax assets	(1,753)	441
Inventory	(1,337)	(2,875)
Other assets	78	(1,201)
Increase/(decrease) in liabilities:		
Trade and other payables	1,451	1,568
Provisions	422	291
Deferred tax liability	32	(96)
Other liabilities	(2,143)	(2,008)
Current tax liability	1	(41)
Net cash generated by operating activities	3,866	4,490

29. Operating lease arrangements

Leasing arrangements

Operating leases relate to leases of retail premises, office space and office equipment with lease terms of between 1 to 8 years. All retail store operating lease contracts contain clauses for market rental reviews.

Payments recognised as an expense

	2019 \$'000	2018 \$'000
Minimum lease payments (from continuing operations)	25,443	27,740

Non-cancellable operating lease commitments

Not later than 1 year	15,009	15,993
Later than 1 year and not later than 5 years	16,179	22,481
Later than 5 years	261	1,044
Total non-cancellable operating lease commitments	31,449	39,518

Liabilities recognised in respect of non-cancellable operating leases

Lease incentives (Note 17)		
Current	1,927	2,329
Non-current	2,470	3,247
Total Liabilities recognised in respect of non-cancellable operating leases	4,397	5,576

30. Commitments for expenditure

Capital expenditure commitments

	2019 \$'000	2018 \$'000
Plant and equipment – store fitouts	530	517
	530	517

31. Remuneration of auditors

	2019 \$'000	2018 \$'000
Audit or review of the financial statements	229,500	229,500
Other non-audit services – due diligence, accounting advice	–	–
Taxation compliance services	–	–
Total remuneration of auditors	229,500	229,500

The auditor of The PAS Group Limited is Deloitte Touche Tohmatsu.

32. Parent entity information

The accounting policies of the parent entity, which have been applied in determining the financial information shown below, are the same as those applied in the consolidated financial statements. Refer to Note 1 for a summary of the significant accounting policies relating to the Group.

Financial position

	30 June 2019 \$'000	30 June 2018 \$'000
Assets		
Current assets	3,011	3,410
Non-current assets	186,851	189,949
Total assets	189,862	193,359
Liabilities		
Current liabilities	5,831	16,859
Non-current liabilities	25,164	26,995
Total liabilities	30,995	43,854
Equity		
Issued capital	153,963	153,963
Reserves	1,863	2,011
Retained earnings	3,041	(6,469)
Total equity	158,867	149,505

Financial performance

Profit/(loss) for the year	8,455	(4,439)
Other comprehensive income	–	–
Total comprehensive income/(loss)	8,455	(4,439)

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The PAS Group Limited has entered into a deed of cross guarantee with certain wholly-owned subsidiaries, refer Note 23.

33. New accounting standards

In the current period, the Group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period.

New and revised standards and amendments thereof and interpretations effective for the current annual reporting period that are relevant to the Group include:

AASB 9 Financial Instruments

AASB 15 Revenue from Contracts with Customers

AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurement of Share-based Payment Transactions

AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2014-2016

AASB 2018-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections

The Group has applied AASB 9 and AASB 15 retrospectively at 1 July 2018 with the cumulative effect of initial application being recognised as an adjustment to the opening balance of retained earnings, with no restatement of comparative figures. The impacts of application are shown below:

	As reported 30 June 2018 \$'000	AASB 9 impact refer note (a) \$'000	AASB 15 impact refer note (b) \$'000	Opening balance 1 July 2018 \$'000
Trade and other receivables – current	19,251	(88)	-	19,163
Inventories	35,990	-	129	36,119
Other current assets	2,884	-	408	3,292
Deferred tax assets	6,418	27	289	6,734
Total assets impact		(61)	826	
Other current liabilities	2,709	-	1,752	4,461
Total liabilities impact		-	1,752	
Retained earnings	(29,426)	(61)	(926)	(30,413)
Total equity impact		(61)	(926)	

(a) AASB 9 Financial instruments

This standard replaces AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model for calculation of impairment on financial assets and new general hedge accounting requirements. It also carries forward guidance on recognition and derecognition of financial instruments from AASB 139.

Trade receivables – expected credit losses

The implementation of AASB 9 has resulted in a change to the methodology by which the Group has assessed the provision for doubtful debtors from the incurred loss model to the expected credit loss model. The Group has adopted the simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance for all trade receivables.

The expected credit loss model requires the Group to determine the lifetime expected credit losses for groups of trade receivables with shared credit risk characteristics. An expected credit loss rate is then determined for each group based on the historic credit loss rates for each group, adjusted for any other current observable data that may materially impact the group's future credit risk. Other current observable data may include:

- Forecasts of economic conditions such as unemployment, interest rates, gross domestic product and inflation;
- Financial difficulties of a counterparty or probability that a counterparty will enter bankruptcy; and
- Conditions specific to the asset to which the receivable relates.

The requirements of AASB 9 were adopted on 1 July 2018 and applied to the Group's trade receivables at that time. Total trade receivables were disaggregated into groups deemed to have shared credit risk characteristics. Groupings were based on the nature of the customer and their geographic location.

The initial impact of adopting this change at 1 July 2018 was as follows:

- An increase in the provision for expected credit losses of \$88k was recognised
- Net deferred tax assets increased by \$27k
- Retained earnings decreased by \$61k

The provision for expecting credit losses at 31 December 2018 have been determined in a manner consistent with the methodology adopted on 1 July 2018.

	Not due	0-30 days	31-60 days	60-90 days	90-120 days	120+ days	Total
Trade receivables (\$'000)	14,413	5,949	2,291	747	170	1,757	25,326
Loss allowance provision (\$'000)	10	9	6	14	6	1,362	1,408

Hedge Accounting

In accordance with the transition provisions of AASB 9 for hedge accounting, the Group has applied the AASB 9 hedge accounting requirements prospectively from the date of initial application on 1 July 2018. There has been no change in the Group's transactions that are subject to hedge accounting from the adoption of AASB 9, being forward currency exchange contracts. Accordingly, there has been no impact on the hedging reserve from the adoption of AASB 9.

(b) AASB 15 Revenue from contracts with customers

The requirements of AASB 15 replace *AASB 118: Revenue*. AASB 15 establishes a single comprehensive five-step model for entities to use in accounting for all revenue streams arising from contracts with customers with two separate approaches for recognising revenue: at a point in time or over time.

For each revenue stream, the Group has assessed the timing of revenue recognition. The differences in timing for revenue recognition were:

- Deferral of revenue for the value of the performance obligations attributed to loyalty vouchers issued
- Deferral of revenue attributable to the likelihood of a customer exercising their contractual 'right of return'
- Deferral of revenue attributable E-Commerce transactions where customer is yet to receive goods

The initial impact of adopting this change at 1 July 2018 was as follows:

- Inventories increased by \$0.1m
- Other current assets increased by \$0.4m
- Deferred tax assets increased by \$0.3m
- Other current liabilities increased by \$1.8m
- Retained earnings decreased by \$0.9m

The Group historically has recorded settlement discounts in selling and distribution expenses. AASB 15 requires companies to offset any settlement discount offered against the sale price of stock. The impact of this change in classification is a decrease in net revenue of \$2.8m for FY2019 (H1 FY2018: \$2.7m).

The timing of sales revenue recognition by stream is summarised below.

Revenue stream	Description	Performance obligation	Timing of recognition
Wholesale	Sales of goods to customers. Consideration recognised is net of settlement credits, rebates and other similar allowances.	Delivery of good to customer	Point in time
Retail – includes loyalty voucher issued	Sales of goods to customers, which include an agreed period over which the loyalty voucher can be redeemed. Consideration recognised is net of a provision for loyalty vouchers redeemable in future periods.	Delivery of good to customer	Point in time
Retail – gift cards	Sales of gift cards to customers which are redeemable over a specific period.	Consumption of gift card	Point in time
Retail – includes customer “right of return”	Sales of goods to customers which include an agreed period over which the inventory can be returned. Consideration recognised is net of a provision for returns.	Delivery of good to customer	Point in time
Retail – E-Commerce	Sales of goods to customers which require delivery to a specified location.	Delivery of good to customer	Point in time

34. Subsequent events

There has not been any matter or circumstance, other than that referred to in the financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial periods.

Additional securities exchange information as at 14 August 2019

Number of holders of equity securities

Ordinary share capital

136,690,860 fully paid ordinary shares are held by 636 individual shareholders.

All issued ordinary shares carry one vote per share and the rights to dividends.

Performance rights

6,252,324 performance rights are held by ten individuals.

All Performance rights are unvested and do not carry a right to vote.

Distribution of holders of equity securities

	Fully paid ordinary shares	Performance rights
1 – 1,000	37,503	–
1,001 – 5,000	335,071	–
5,001 – 10,000	688,883	–
10,001 – 100,000	6,991,170	–
100,001 and over	128,638,233	6,252,324
	136,690,860	6,252,324
Holding less than a marketable parcel	194,189	–

Substantial shareholders

	Fully paid ordinary shares
Ordinary shareholders	Number
Coliseum Capital Management	88,817,076
Mr Larry Kestelman	14,512,001
Colonial First State - Growth Australian Equities	6,991,438
	110,320,515

Twenty largest holders of quoted equity securities

Ordinary shareholders	Fully paid ordinary shares	
	Number	Percentage
Coliseum Capital Management	88,817,076	64.98%
Mr Larry Kestelman	14,512,001	10.62%
Colonial First State - Growth Australian Equities	6,991,438	5.11%
Phoenix Portfolios	2,245,733	1.64%
Mr Christopher Switzer	2,144,665	1.57%
Mr Eric Morris	1,598,134	1.17%
Mr Natanel Harpaz	1,468,866	1.07%
Norges Bank Investment Mgt	1,434,077	1.05%
Mr McDonald-Kerr A Kenyon	699,798	0.51%
Mrs Kerry E Draffin	633,431	0.46%
Messrs David & Anthony Scicluna	555,017	0.41%
Mr Fabian Fuentes	513,319	0.38%
Mr Milton Yannis	450,000	0.33%
Ms Beverley A Michaelis	440,000	0.32%
Equitable Investors	435,937	0.32%
Mr & Mrs Rahmon Coupe	395,000	0.29%
Mr Paul R Draffin	389,976	0.29%
Mr & Mrs Robert R Dalziel	380,417	0.28%
Mr William S Nettlefold	300,000	0.22%
Mr John E Barbera	275,000	0.20%
	123,269,640	91.21%

Corporate Directory

Registered office and principal place of business

The PAS Group Limited
17 Hardner Road
Mount Waverley VIC 3149
Tel: (03) 9902 5555

Directors

Mr. A Gray
Mr. E Morris
Mr. C Holland
Mr. C Murphy
Ms. S Mazzucchelli

Company Secretary

Mr. M Crowe

Auditors

Deloitte Touche Tohmatsu
550 Bourke Street
Melbourne VIC 3000
Tel: (03) 9671 7000

Bankers

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000
Tel: (02) 9378 2000

Share registry

Link Market Services
Level 1, 333 Collins Street
Melbourne VIC 3000
Tel: (03) 9615 9800

Solicitors

Hogan Lovells
Level 17, 20 Martin Place
Sydney NSW 2000
Tel: (02) 9093 3500

www.thepasgroup.com.au

The PAS Group Limited is listed on the Australian Securities Exchange ('ASX') under ASX code 'PGR'.