



## Appendix 4D: Half-year Information 2 January 2022

### 1. DETAILS OF REPORTING PERIODS:

The current reporting period is the 26 weeks from 5 July 2021 to 2 January 2022. The previous corresponding reporting period was the 26 weeks from 6 July 2020 to 3 January 2021, except for the Consolidated Statement of Financial Position, where comparatives are balances as at 4 July 2021.

### 2. RESULTS FOR ANNOUNCEMENT TO THE MARKET:

	\$000
Revenues from ordinary activities	up 18.2% to 219,816
Profit after tax for the half-year	Up by 43.2% or 1,771 to 5,866
Profit after tax for the half-year attributable to shareholders	Up by 52.3% or 1,991 to 5,801

Please refer attached Directors' Report and Interim Financial Statements for the half-year ended 2 January 2022 and the attached press release.

The remainder of the information requiring disclosure to comply with listing rule 4.2A is contained in the attached Directors' Report and Interim Financial Statements for the half-year ended 2 January 2022, the attached press release, and the additional information below.

### Dividends:

Dividends (distributions)	Amount per security	Franked amount per security
Interim dividend for the half-year ended 2 January 2022	3.0 cents	3.0 cents

### Interim Dividend timetable:

- Ex-dividend date Wednesday 2 March 2022
- Record date Thursday 3 March 2022
- Payment date Thursday 17 March 2022

### Additional information:

Additional information
Net Tangible Assets per ordinary share: \$0.123 <sup>1</sup> (4 July 2021 \$0.105 <sup>1</sup> )

### Note:

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

### Audit qualification or review:

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

**Ron Hollands**  
Company Secretary  
Sydney, 25 February 2022

# Ashley Services Group Limited

ABN: 92 094 747 510

## Interim Financial Statements

For the half-year ended

2 January 2022

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## Ashley Services Group Interim Financial Statements for the half-year ended 2 January 2022

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## Directors' Report

The Directors present their report together with the financial statements of the consolidated entity, being Ashley Services Group Limited and its controlled entities ("**Group**") for the half-year ended 2 January 2022.

### DIRECTOR DETAILS

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

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

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

### REVIEW OF OPERATIONS AND FINANCIAL RESULTS

#### a. Earnings and result

##### Earnings

Net profit after tax ("**NPAT**") for the financial half-year ended 2 January 2022, was a total group profit of \$5.9 million (1H 2021: profit \$4.1 million).

Key elements within the result include:

##### Revenues

Revenue at \$219.8 million was well up by \$33.8 million (18.2%) on the comparative period, with revenue growth seen across most areas of the business.

Labour Hire revenues for the first half were up by \$32.2 million (17.7%).

Training revenues for the first half were also well up by \$1.6 million (38.7%).

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

EBITDA for the financial half-year was a profit of \$9.3 million, up \$2.6 million or 39.5% on the prior corresponding period (1H 2021: profit of \$6.7 million).

- Labour Hire EBITDA of \$10.6 million, was up \$3.3 million or 44.2% on the prior corresponding period (1H 2021: \$7.3 million), with Action Workforce leading the way. The half did continue to be negatively affected by continuing COVID related restrictions and lockdowns, which mostly impacted the labour hire brands exposed to the construction sector.
- Training EBITDA of \$1.0 million was down \$0.4 million on the prior corresponding period (1H 2021: \$1.4 million), due in part to the positive contribution made to profit in the prior corresponding period by JobKeeper, with no such government benefits present in the latest half.
- Corporate overheads, at \$2.2 million, were up \$0.2m on the prior corresponding period (1H 2021: \$2.0 million), with increases largely related to the growth of the overall business.

## Directors' Report

### *Statement of financial position*

Net assets at \$30.4 million were up slightly on the financial year ended 4 July 2021 position of \$28.0 million, in line with a final FY21 final dividend of \$3.5 million within the period and also the 1H FY22 net profit after tax of \$5.9 million.

Noteworthy balance sheet movements since the financial year ended 4 July 2021 include:

- Cash down by \$1.8m - used in part (along with Borrowings) to fund the gap between cash flow and requirements of a high working capital build peak period (Nov-Dec);
- Trade Receivables up \$12.0m – reflecting working capital requirement of peak (Nov-Dec) as opposed to quieter year end period (May-Jun), plus a few significant late payments received just after H1 cut off;
- Trade Payables up \$6.7m – \$5.3m increase due to a 3 month Superannuation payable as against one month at financial year end where we pay earlier as part of our annual tax planning process, with general seasonality (peak) playing a part also; and
- Borrowings up \$4.1m – used to fund the gap between cash flow and funding requirements in a high working capital build peak period (Nov-Dec).

In general, it is worth noting that whilst the half year end closes at the end of peak revenue build (Nov-Dec), which draws on working capital as mentioned, the financial year end, closing at the end of June, is in general a lower revenue period, hence the considerable working capital requirement differential between the half and the full year position.

### *Operating Cash Flow*

The operating cash flow for the half-year period was an inflow of \$0.5 million (1H 2021: outflow of \$7.0 million), reflecting a more traditional marginally positive H1 cash flow, where we have a significant working capital requirement in peak period (Nov-Dec) as high levels of workers are paid with collection of the associated invoices occurring in early H2 (Jan-Feb). To illustrate further, Nov-Dec average weekly revenue is 10% higher than the YTD Oct average. (1H 2021 significant outflow anomaly was due in part to year on year timing movements at end of calendar 2020, as well as strong Nov-Dec 2020 revenue growth, particularly in Action Workforce).

The first half also saw the \$3.5 million payment of the 2021 final dividend, \$0.5 million in minority shareholder dividends and \$1.2 million for the final deferred purchase payments for both the CCL Group and The Instruction Company.

### **FUTURE PROSPECTS AND MATERIAL BUSINESS RISKS:**

Our view in regard to both our future prospects and our material business risks has not altered since our ASX update released to the market on 2 December 2021 and which we have essentially replicated here in this report:

We anticipate favourable conditions in the labour hire market in the current financial year if the risk of lockdowns continues to diminish. This is, however, difficult to predict given the emergence of new COVID-19 variants and possible public health responses to them. In any event, the hard-earned wins achieved, by Action Workforce in particular, during lockdown, where our certainty of supply differentiated us from the majority of our competitors, place us in a favourable position to retain a larger and more highly penetrated customer base into the future. In our approach to the market, we will also look to leverage the credibility generated through our impressive ability to deliver to our customers in challenging times.

Additionally, our continued investment in our candidate- and client-facing technology, including a candidate app, screening and on-boarding tools and client reporting portals, continues to enhance our competitive advantage. This, along with an increased investment in our marketing capability and online (including social media) exposure, will strengthen the position of our labour hire division.

## Directors' Report

Our construction-exposed labour hire brands should see improving market conditions if lockdown and COVID-19 pressures lessen and we are well placed to pick up market share if this sector ramps up again to full capacity, particularly in the traditional construction sector. Additionally, our exposure to the infrastructure sector in Victoria should continue to provide us with a solid base of activity with possible upside from any increasing private construction project activity.

Training has been relatively stable in terms of revenue over recent years apart from the lift due to the acquisition of The Instruction Company for FY21. As elements of the public health response to COVID-19 have been relaxed, face-to-face classroom training and site-specific placement activity have returned. This would, if sustained, provide favourable conditions for our training division.

As with any organisation, our future prospects may be impacted by risks. The impact may be positive or negative, depending on whether the risks materialise or recede. The following are thought to be the more relevant risks, although it is the view of the directors that none of these specific risks, nor any other potential risks, are of special significance at this point in time.

Changes in the regulatory environment are always a possibility and have the potential to create challenges for our business. This includes federal and state legislation relating to employment and award conditions, and also that relating to employment and training initiatives. With the majority of this legislation being foreshadowed in advance of any implementation, we continue to closely monitor any such changes and their likely implications for our business. This gives us an opportunity to participate in consultation processes and to be well placed to adapt as and when such changes may arise.

Employment market supply and demand tensions create both challenges and opportunities for our business model. Sourcing staff to supply the extra demands being created and the availability of candidates to fill this demand can

create challenges in fulfilment, but the scarcity of suitable workers, in many ways, drives the demand from our customers. Our investment in our marketing capability and technology, both candidate- and client-facing, as outlined above, is being utilised to mitigate risk in this area.

There also remains significant uncertainty regarding how the COVID-19 pandemic will evolve, including the duration of the pandemic, the severity of the downturn and the speed of economic recovery. It is also difficult to predict the emergence of new variants of concern and the possible public health responses to them. While COVID-19 can create operational challenges for our business, it can also create opportunities for growth, particularly in Action Workforce with its high exposure to the supply chain sector. The COVID-19 situation remains fluid and we continue to monitor it closely.

### DIVIDEND

During the half-year ended 2 January 2022, the Group paid a fully franked final dividend of \$3.5 million on 17 September 2021 which represents a payment of 2.4 cents per share.

On 2 February 2022 the Group declared a fully franked interim dividend of \$4.3 million, due for payment on 17 March 2022, which represents a payment of 3.0 cents per share.

### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307c of the *Corporations Act 2001* is set out on page 8 of this financial report and forms part of this Directors Report.

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## Directors' Report

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### ROUNDING OFF OF AMOUNTS

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

Signed in accordance with a resolution of the Directors:



**Ian Pratt**  
Chairman



**Ross Shrimpton**  
Managing Director

Sydney, 25 February 2022

**Auditor's Independence Declaration**

As lead auditor for the review of the consolidated financial report of Ashley Services Group Limited for the half-year ended 2 January 2022, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (a) the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) any applicable code of professional conduct in relation to the review.

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

Sydney, NSW  
25 February 2022



**K L Luong**  
Director

**hlb.com.au**

**HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215**

Level 19, 207 Kent Street Sydney NSW 2000 Australia

**T:** +61 (0)2 9020 4000 **F:** +61 (0)2 9020 4190 **E:** mailbox@hlbnsw.com.au

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**ASHLEY SERVICES GROUP**



## Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the half-year ended 2 January 2022

	Note	6 months to 2 Jan 2022 \$'000	Restated <sup>1</sup> 6 months to 3 Jan 2021 \$'000
Revenue		219,816	185,977
Other income		11	358
Employment costs		(206,986)	(176,288)
Depreciation and amortisation expenses		(772)	(936)
Finance costs		(327)	(324)
Other expenses		(3,437)	(3,233)
<b>Profit before income tax</b>		<b>8,305</b>	<b>5,554</b>
Income tax expense		(2,439)	(1,459)
<b>Profit for the period</b>		<b>5,866</b>	<b>4,095</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>5,866</b>	<b>4,095</b>
<b>Total comprehensive income for the half-year is attributable to:</b>			
Shareholders of Ashley Services Group Limited		5,801	3,810
Non-controlling interests		65	285
		<b>5,866</b>	<b>4,095</b>
Basic earnings per share (cents) from continuing operations	10	4.03	2.65
Diluted earnings per share (cents) from continuing operations	10	4.03	2.65
Basic earnings per share (cents) from discontinued operations	10	-	-
Diluted earnings per share (cents) from discontinued operations	10	-	-
<b>Basic earnings per share (cents) Total</b>	<b>10</b>	<b>4.03</b>	<b>2.65</b>
<b>Diluted earnings per share (cents) Total</b>	<b>10</b>	<b>4.03</b>	<b>2.65</b>

**Note:**

1. Refer to Note 4. Prior Period Correction for further details on restated numbers.

*The accompanying notes form part of these financial statements.*

## Consolidated Statement of Financial Position

As at 2 January 2022

	Note	2 Jan 2022 \$000	Restated <sup>1</sup> 4 Jul 2021 \$000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,218	2,969
Trade and other receivables		56,370	44,421
Contract assets		709	791
Other assets		2,880	2,035
<b>Total current assets</b>		<b>61,177</b>	<b>50,216</b>
<b>Non-current assets</b>			
Property, plant and equipment		1,400	1,247
Right-of-use assets		1,676	2,042
Deferred tax assets		7,706	5,709
Intangible assets	7	10,946	10,848
Other assets		110	111
<b>Total non-current assets</b>		<b>21,838</b>	<b>19,957</b>
<b>Total assets</b>		<b>83,015</b>	<b>70,173</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		34,106	27,391
Other liabilities	8	20	1,220
Borrowings	9	4,958	1,090
Current tax payable		2,093	1,083
Dividends payable		-	460
Lease liabilities		360	888
Provisions		3,948	3,932
<b>Total current liabilities</b>		<b>45,485</b>	<b>36,064</b>
<b>Non-current liabilities</b>			
Other liabilities	8	1,973	1,973
Borrowings	9	232	-
Deferred tax liabilities		2,975	2,341
Lease liabilities		1,344	1,324
Provisions		639	514
<b>Total non-current liabilities</b>		<b>7,163</b>	<b>6,152</b>
<b>Total liabilities</b>		<b>52,648</b>	<b>42,216</b>
<b>Net assets</b>		<b>30,367</b>	<b>27,957</b>
<b>Equity</b>			
Share capital	11	148,815	148,815
Common control reserve		(59,196)	(59,261)
Accumulated losses		(59,252)	(61,597)
<b>Total Equity</b>		<b>30,367</b>	<b>27,957</b>

**Note:**

1. Refer to Note 4. Prior Period Correction for further details on restated numbers.

*The accompanying notes form part of these financial statements.*

ASHLEY SERVICES GROUP

## Consolidated Statement of Changes in Equity

For the half-year ended 2 January 2022

	Share Capital \$000	Restated <sup>1</sup> Common Control Reserve \$000	Restated <sup>1</sup> Accumulated Losses \$000	Restated <sup>1</sup> Non- controlling Interest \$000	Restated <sup>1</sup> Total \$000
<b>For the half-year ended 2 January 2022</b>					
<b>Balance at 4 July 2021</b>	<b>148,815</b>	<b>(59,261)</b>	<b>(61,597)</b>	<b>-</b>	<b>27,957</b>
Profit for the financial period	-	-	5,801	65	5,866
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>5,801</b>	<b>65</b>	<b>5,866</b>
Derecognition of non-controlling interest of CCL Group	-	65	-	(65)	-
Dividends paid	-	-	(3,456)	-	(3,456)
<b>Balance at 2 January 2022</b>	<b>148,815</b>	<b>(59,196)</b>	<b>(59,252)</b>	<b>-</b>	<b>30,367</b>
<b>For the half- year ended 3 January 2021</b>					
<b>Balance at 6 July 2020</b>	<b>148,815</b>	<b>(59,261)</b>	<b>(63,985)</b>	<b>-</b>	<b>25,569</b>
Profit for the financial period	-	-	3,810	285	4,095
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>3,810</b>	<b>285</b>	<b>4,095</b>
Derecognition of non-controlling interest of CCL Group	-	285	-	(285)	-
Dividends paid	-	-	(3,887)	-	(3,887)
<b>Balance at 3 January 2021</b>	<b>148,815</b>	<b>(58,976)</b>	<b>(64,042)</b>	<b>-</b>	<b>25,777</b>

**Note:**

1. Refer to Note 4. Prior Period Correction for further details on restated numbers.

*The accompanying notes form part of these financial statements.*

## Consolidated Statement of Cash Flows

For the half-year ended 2 January 2022

	Note	6 months to 2 Jan 2022 \$000	6 months to 3 Jan 2021 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		228,528	186,539
Payments to suppliers and employees		(224,917)	(191,905)
Interest received		2	89
Finance costs paid		(319)	(318)
Income tax paid		(2,792)	(1,365)
<b>Net cash from / (used in) continuing operations</b>		<b>502</b>	<b>(6,960)</b>
<b>Net cash from discontinued operations</b>		<b>-</b>	<b>-</b>
<b>Net cash from / (used in) operating activities</b>		<b>502</b>	<b>(6,960)</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment in continuing operations		(657)	(326)
TIC deferred payment <sup>1</sup>		(375)	-
CCL Earn-out payment <sup>1</sup>		(825)	(798)
Payment for businesses acquired net of cash acquired		-	(636)
<b>Net cash used in investing activities</b>		<b>(1,857)</b>	<b>(1,760)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from external borrowings in continuing operations		4,100	6,660
Repayment of leasing liabilities		(581)	(617)
Payment of dividends		(3,915)	(3,887)
<b>Net cash (used in) / from financing activities</b>		<b>(396)</b>	<b>2,157</b>
<b>Net cash decrease in cash and cash equivalents</b>		<b>(1,751)</b>	<b>(6,564)</b>
Cash and cash equivalents at beginning of period		2,969	8,063
<b>Cash and cash equivalents at the end of the period</b>		<b>1,218</b>	<b>1,499</b>

**Note:**

1. These payments relate to previous acquisitions / business combinations in past periods.

*The accompanying notes form part of these financial statements.*

## Notes to the Financial Statements

### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six months ended 2 January 2022 and are presented in Australian Dollar (A\$), which is the functional currency of the Parent Company. These general purpose interim financial statements have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*. They do not include all of the information required in annual financial statements in accordance with Australian Accounting Standards and should be read in conjunction with the consolidated financial statements of the Group for the year ended 4 July 2021 and any public announcements made by the Group during the half-year in accordance with continuous disclosure requirements arising under the Australian Securities Exchange Listing Rules and the *Corporations Act 2001*.

The interim financial statements were approved and authorised for issue by the Board of Directors on 25 February 2022.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The interim financial statements have been prepared in accordance with the same accounting policies adopted in the Group's last annual financial statements for the year ended 4 July 2021, except for changes of the new, revised or amending Accounting Standards and Interpretations adopted during the period described below.

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

#### **New, revised or amending Accounting Standards and Interpretations adopted**

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

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

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

### 3. ESTIMATES

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

The judgements, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Group's last annual financial statements for the year ended 4 July 2021, unless otherwise stated.

## Notes to the Financial Statements

### 4. PRIOR PERIOD CORRECTION

During the half-year period ended 2 January 2022 management identified an under provisioning of current employee entitlements for labour hire employees, which spanned several financial years dating back to 2019. The cumulative effect of the adjustment was a reduction in Net Assets and Total Equity equal to \$545,000 over the effected period ending 4 July 2021.

The financial impact of the error over the restated comparative periods is as follows:

- For the half-year ended 3 January 2021 in the Consolidated Statement of Profit or Loss and Other Comprehensive Income, employments costs increased by \$142,000 reducing the profit for the period by the same amount. This reduced the Basic and Diluted earnings per share from 2.73 to 2.65. The impact on income tax expense was ignored on the basis that the change was not material.
- As at 4 July 2021 in the Consolidated Statement of Financial Position, Accumulated losses and current Provisions for employee entitlements increased by \$545,000.
- For the half-year ended 3 January 2021 in the Consolidated Statement of Changes in Equity opening accumulated losses increased by \$261,000 and the closing Common Control Reserve increased by \$28,000.
- There was no change to the Consolidated Statement of Cash Flows in any period.

### 5. IMPAIRMENT

#### a. Impairment tests for goodwill and other intangibles

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

There were no indicators of impairment in relation to either the Labour Hire or Training divisions at 2 January 2022.

## Notes to the Financial Statements

### 6. SEGMENT REPORTING

Management identifies its operating segments based on the Group's service lines, which represent the main products and services provided by the Group. The Group's management has identified two operating segments, Labour Hire and Training. Recruitment is included in the Labour Hire segment as is the CCL Group. The Instruction Company is included in the Training segment.

During the six-month period to 2 January 2022, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss.

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

6 months to 2 January 2022	Labour Hire \$000	Training \$000	Total \$000
<b>Revenue</b>			
From external customers <sup>1</sup>	213,876	5,940	219,816
<b>Segments revenue</b>	<b>213,876</b>	<b>5,940</b>	<b>219,816</b>
Other income	11	-	11
Employment costs	(201,263)	(4,326)	(205,589)
Depreciation and amortisation expenses	(328)	(413)	(741)
Finance costs	(70)	(10)	(80)
Other expenses	(2,027)	(663)	(2,690)
<b>Segment Profit</b>	<b>10,199</b>	<b>528</b>	<b>10,727</b>
Other unallocated items			(2,422)
<b>Profit before tax</b>			<b>8,305</b>
Unallocated income tax expense			(2,439)
<b>Total comprehensive income from continuing operations</b>			<b>5,866</b>

6 months to 3 January 2021	Labour Hire \$000	Training \$000	Total \$000
<b>Revenue</b>			
From external customers <sup>1</sup>	181,694	4,283	185,977
<b>Segments revenue</b>	<b>181,694</b>	<b>4,283</b>	<b>185,977</b>
Other income	272	75	347
Employment costs (restated)	(172,780)	(2,470)	(175,250)
Depreciation and amortisation expenses	(343)	(282)	(625)
Finance costs	(109)	-	(109)
Other expenses	(1,749)	(513)	(2,262)
<b>Segment Profit</b>	<b>6,985</b>	<b>1,093</b>	<b>8,078</b>
Other unallocated items			(2,524)
<b>Profit before tax</b>			<b>5,554</b>
Unallocated income tax expense			(1,459)
<b>Total comprehensive income from continuing operations</b>			<b>4,095</b>

**Note:**

- Revenue recognised at a point in time \$212,201 (1H 2021: \$181,019).  
Revenue recognised over time \$7,615 (1H 2021: \$4,958).

## Notes to the Financial Statements

### 7. INTANGIBLE ASSETS

	2 Jan 2022 \$000	4 Jul 2021 \$000
<b>Goodwill</b>		
Cost	71,558	71,558
Acquisitions	1,654	1,654
Impairment	(62,474)	(62,474)
<b>Net carrying value</b>	<b>10,738</b>	<b>10,738</b>
<b>Customer relationships/Licences</b>		
Cost	2,062	2,062
Impairment	(918)	(918)
Accumulated amortisation	(1,144)	(1,144)
<b>Net carrying value</b>	<b>-</b>	<b>-</b>
<b>Brand names</b>		
Cost	4,640	4,640
Impairment	(4,640)	(4,640)
<b>Net carrying value</b>	<b>-</b>	<b>-</b>
<b>Intellectual property - course materials</b>		
Cost	8,630	8,445
Impairment	(3,896)	(3,896)
Accumulated amortisation	(4,526)	(4,439)
<b>Net carrying value</b>	<b>208</b>	<b>110</b>
<b>Total intangible assets</b>	<b>10,946</b>	<b>10,848</b>

The following table shows movements in intangible assets:

	Goodwill \$000	Customer Relationships and Licences \$000	Brand Names \$000	Course Materials \$000	Total \$000
<b>6 months to 2 January 2022</b>					
Balance at 4 July 2021	<b>10,738</b>	-	-	<b>110</b>	10,848
Additions	-	-	-	185	185
Amortisation	-	-	-	(87)	(87)
<b>Balance at 2 January 2022</b>	<b>10,738</b>	-	-	<b>208</b>	<b>10,946</b>

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



## Notes to the Financial Statements

### 8. OTHER LIABILITIES

	2 Jan 2022 \$000	4 Jul 2021 \$000
<b>Current</b>		
CCL Contingent Consideration - Earn Out Year 2	-	825
The Instruction Company Deferred Consideration	-	375
Other	20	20
<b>Other liabilities (Current)</b>	<b>20</b>	<b>1,220</b>
<b>Non- current</b>		
Redemption Liability	1,973	1,973
<b>Other liabilities (Non-current)</b>	<b>1,973</b>	<b>1,973</b>

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

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

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

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

## Notes to the Financial Statements

### 9. BORROWINGS

	Available facility \$000	Facility used \$000	Remaining facility \$000
Invoice Financing	13,000	4,958	8,042
Bank Bill Business Loan	3,500	232	3,268
<b>Balance at 2 January 2022</b>	<b>16,500</b>	<b>5,190</b>	<b>11,310</b>

	Available facility \$000	Facility used \$000	Remaining facility \$000
Invoice Financing	13,000	679	12,321
Bank Bill Business Loan	4,375	411	3,964
<b>Balance at 4 July 2021</b>	<b>17,375</b>	<b>1,090</b>	<b>16,285</b>

#### Working capital facility

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

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

- 1<sup>st</sup> ranking General Security Agreement over the assets and undertakings of the Borrower and its Guarantors; and
- Flawed Asset Arrangement – Deposit of Action Workforce Pty Ltd and Concept Engineering (AUST) Pty Ltd for Invoice Finance Facility collections.

As at 2 January 2022, the \$3.5 million Bank Bill Business Loan was drawn to \$0.232 million (4 July 2021, \$0.411 million). The \$13 million Invoice Financing facility was drawn to \$4.958 million (4 July 2021, \$0.679 million).

### 10. EARNINGS PER SHARE

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

	6 months to 2 Jan 2022 \$000	6 months to 3 Jan 2021 \$000
Net profit after tax attributable to members of the parent entity	5,801	3,810
Weighted number of ordinary shares outstanding during the year used in calculating basic and diluted earnings per share (EPS)	143,975,904	143,975,904
Basic earnings per share (cents) from continuing operations <sup>1</sup>	4.03	2.65
Diluted earnings per share (cents) from continuing operations <sup>1</sup>	4.03	2.65
Basic earnings per share (cents) from discontinued operations <sup>1</sup>	-	-
Diluted earnings per share (cents) from discontinued operations <sup>1</sup>	-	-
<b>Basic earnings per share (cents) Total<sup>1</sup></b>	<b>4.03</b>	<b>2.65</b>
<b>Diluted earnings per share (cents) Total<sup>1</sup></b>	<b>4.03</b>	<b>2.65</b>

#### Note:

1. Attributable to members of the parent entity.

## Notes to the Financial Statements

### 11. SHARE CAPITAL

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

	2 Jan 2022 \$000	4 Jul 2021 \$000
143,975,904 (4 Jul 2021: 143,975,904) fully paid ordinary shares	148,815	148,815
	2 Jan 2022 Number of rights	4 Jul 2021 Number of rights
Performance rights	-	-

Ordinary shares confer on their holders the right to participate in dividends declared by the Board. Ordinary shares confer on their holders an entitlement to vote at any general meeting of the Company.

## Notes to the Financial Statements

### 12. FAIR VALUE MEASUREMENT

#### *Fair value hierarchy*

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

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

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

Level 3: Unobservable inputs for the asset or liability

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
<b>Consolidated – 2 January 2022</b>				
<i>Assets</i>				
Total assets	-	-	-	-
<i>Liabilities</i>				
Redemption liability	-	-	1,973	1,973
Total liabilities	-	-	1,973	1,973
<b>Consolidated – 4 July 2021</b>				
<i>Assets</i>				
Total assets	-	-	-	-
<i>Liabilities</i>				
The Instruction Company Deferred Consideration	-	375	-	375
CCL Contingent Consideration – Earn Out Year 2	-	825	-	825
Redemption liability	-	-	1,973	1,973
Total liabilities	-	1,200	1,973	3,173

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

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

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

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

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

## Notes to the Financial Statements

### Level 3 assets and liabilities

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

	<b>CCL Contingent Consideration Earn Out Yr1 \$000</b>	<b>CCL Contingent Consideration Earn Out Yr2 \$000</b>	<b>Redemption Liability \$000</b>	<b>Total \$000</b>
<b>Consolidated</b>				
Balance at 5 July 2021	-	-	1,973	<b>1,973</b>
Settlements during the year	-	-	-	-
<b>Balance at 2 January 2022</b>	-	-	<b>1,973</b>	<b>1,973</b>

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

<b>Description</b>	<b>Unobservable inputs</b>	<b>Range (weighted average)</b>	<b>Sensitivity</b>
Redemption liability	EBITDA FY during which Put Option exercised & EBITDA FY immediately following FY during which Put Option exercised	2,887,786	10% change would increase/decrease fair value by \$175,030.

## Notes to the Financial Statements

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### 13. DIVIDENDS

During the half-year ended 2 January 2022, the Group paid a fully franked final dividend of \$3.5 million on 17 September 2021 which represents a payment of 2.7 cents per share.

On 2 February 2022 the Group declared a fully franked interim dividend of \$4.3 million, due for payment on 17 March 2022, which represents a payment of 3.0 cents per share.

### 14. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 2 January 2022.

### 15. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial half-year, other than the declaration of an interim dividend as per Note 13 above, which significantly affected or could significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future reporting periods.

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## Directors' Declaration

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

- a. the consolidated financial statements and notes of Ashley Services Group Limited and its controlled entities are in accordance with the *Corporations Act 2001*, including:
  - i. giving true and fair view of its financial position as at 2 January 2022 and of its performance for the half-year ended on that date; and
  - ii. complying with Accounting Standard AASB 134 *Interim Financial Reporting*; and
- b. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:



**Ross Shrimpton**  
Director

Sydney, 25 February 2022

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

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the half-year financial report of Ashley Services Group Limited ("the company") which comprises the consolidated statement of financial position as at 2 January 2022, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration, for the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 2 January 2022 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### **Basis for Conclusion**

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

#### **Responsibility of the Directors for the Half-Year Financial Report**

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 2 January 2022 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

**hlb.com.au**

**HLB Mann Judd Assurance (NSW) Pty Ltd ABN 96 153 077 215**

Level 19, 207 Kent Street Sydney NSW 2000 Australia

**T:** +61 (0)2 9020 4000 **F:** +61 (0)2 9020 4190 **E:** mailbox@hlbnsw.com.au

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**ASHLEY SERVICES GROUP**

Interim Financial Statements for the half-year ended 2 January 2022



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



**HLB Mann Judd Assurance (NSW) Pty Ltd**  
**Chartered Accountants**

**Sydney, NSW**  
**25 February 2022**



**K L Luong**  
**Director**