



## Appendix 4D: Half-year Information 31 December 2022

### 1. DETAILS OF REPORTING PERIODS:

The current reporting period is the six months from 4 July 2022 to 31 December 2022. The previous corresponding reporting period was the 26 weeks from 5 July 2021 to 2 January 2022, except for the Consolidated Statement of Financial Position, where comparatives are balances as at 3 July 2022.

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

	\$000
Revenues from ordinary activities	up 19.4% to 262,360
Profit after tax for the half-year	Up by 4.3% or 249 to 6,115
Profit after tax for the half-year attributable to shareholders	Down by 0.9% to 5,746

Please refer attached Directors' Report and Interim Financial Statements for the half-year ended 31 December 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 31 December 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 31 December 2022	3.0 cents	3.0 cents

### Interim Dividend timetable:

- Ex-dividend date Thursday 2 March 2023
- Record date Friday 3 March 2023
- Payment date Friday 17 March 2023

### Additional information:

	31 December 2022	3 July 2022
Net tangible assets (\$000)	15,514 <sup>1</sup>	17,202 <sup>1</sup>
Shares on Issue	143,975,904	143,975,904
<b>Net tangible assets per share (\$)</b>	<b>0.108</b>	<b>0.119</b>

### Note:

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

Audit qualification or review:

Audit qualification or review

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



**Ross Shrimpton**  
Managing Director  
Sydney, 24 February 2023

# Ashley Services Group Limited

ABN: 92 094 747 510

## Interim Financial Statements

For the half-year ended

31 December 2022

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## **Ashley Services Group Interim Financial Statements for the half-year ended 31 December 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 31 December 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 Paul Brittain	Appointed 25 July 2022

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

### REVIEW OF OPERATIONS AND FINANCIAL RESULTS

#### a. Earnings and result

##### Earnings

Net profit after tax ("**NPAT**") for the financial half-year ended 31 December 2022, was a total group profit of \$6.1 million (1H 2021: profit \$5.9 million).

Key elements within the result include:

##### Revenues

Revenue at \$262.4 million was up by \$42.5 million (19.4%) on the comparative period, with revenue growth seen across most areas of the business.

Labour Hire revenues for the first half were up by \$41.1 million (19.2%). Labour Hire revenues included \$8.4 million of revenue from Linc Personnel Pty Limited ("**Linc**"), a company acquired on 5 July 2022. Excluding acquisitions, labour hire revenues were up \$32.7 million (15.3%), driven predominantly by growth in construction and traffic management labour hire in Victoria and increased hours in Action Workforce in NSW with both existing and new customers.

Training revenues for the first half were up by \$1.5 million (24.4%), with the prior comparative period negatively impacted by COVID restrictions.

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

EBITDA for the financial half-year was a profit of \$10.3 million, up \$1 million or 10.7% on the prior corresponding period (1H 2021: profit of \$9.3 million).

- Labour Hire EBITDA of \$11 million, was up \$0.4 million or 4% on the prior corresponding period (1H 2022: \$10.6 million). Linc contributed \$1.0 million. Excluding this acquisition, labour hire EBITDA was below the comparative period, with an expected decline in margins from 5% in FY22 to 4.3% in the six months to 31 December 2022, as government support programmes wind down and the Group works through contract renewals in the current inflationary environment.
- Training EBITDA of \$1.6 million was up \$0.6 million on the prior corresponding period (1H 2022: \$1.0 million), due in part to the negative impact of COVID lockdown restrictions in H1 of FY22. EBITDA margins returned to historic levels.
- Corporate overheads, at \$2.3 million, were up \$0.1m on the prior corresponding period (1H 2022: \$2.2 million), with increases largely related to inflation.

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## Directors' Report

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### *Statement of financial position*

Net assets at \$33.8 million were up \$2.2 million on the financial year ended 3 July 2022 position of \$31.5 million, largely in line with the net profit after tax of \$6.1 million for the six months, reduced by payment of the FY22 final dividend of \$4.3 million in September 2022.

Noteworthy balance sheet movements since the financial year ended 3 July 2022 include:

- Intangible assets up \$4 million, due to preliminary accounting for the acquisition of Linc. ASH acquired a 75% interest in Linc on 4 July 2022, for a purchase price of \$4.2 million or \$3.6 million net of cash acquired. Identifiable intangible assets (contracts) were valued at \$1.6 million, with \$0.5 million of associated amortisation in the six months to 31 December 2022. Goodwill was \$2.9 million.
- Loans to non-controlled entities up \$1.6 million to \$1.8 million. This represents loans to associated entities to fund the initial start up of the Indigenous labour hire entities in Victoria (Dardi Munwurro) and New South Wales (Yalagan Infrastructure).
- Trade Receivables up \$7.2 million – reflecting the overall revenue increases and the increased working capital requirement of our peak labour hire period (Nov-Dec in warehouse/logistics/retail sectors) as opposed to quieter year end period (May-Jun), partially offset by a reduction in other receivables from \$12.7 million to \$9.7 million as Boosting Apprenticeship Commencements Scheme (“BAC”) payments were received.
- Trade Payables up \$8 million, in line with the seasonal and overall increases in labour hire activity.
- Property, plant and equipment up \$1.4 million, with capital spending of \$2 million in the six months (up \$1.35 million from prior period), due mainly to commercial motor vehicle purchases required to support the Victorian construction labour hire growth.
- Net debt (cash less borrowings) increased \$3.1 million in the period to \$6.7 million net debt.

### *Cash Flow*

The operating cash flow for the half-year period was an inflow of \$7.5 million (1H 2022: inflow of \$0.5 million), benefitting from BAC receipts outlined above.

Net cash used in investing activities was a \$5.6 million outflow. Underlying capital spending for the six months increased \$1.4 million to \$2 million to fund business growth. The payment for Linc was \$3.6 million (net of cash acquired).

Net cash used in financing activities included the \$4.3 million payment of the 2022 final dividend, as well as our normal ongoing lease payments of \$0.8 million.

Net debt increased \$3.1 million.

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

The Group anticipates favourable conditions in the labour hire market for the remainder of the current financial year. Government initiatives available during the pandemic assisted the Group to service our clients and as these programmes wind down, we continue to leverage our ability to deliver for our customers as well as securing and integrating new clients.

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.

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## Directors' Report

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Our construction-exposed labour hire brands have seen improving market conditions as COVID-19 pressures lessen. Our exposure to the infrastructure sector in Victoria is providing the Group with a solid base of activity as private construction project activity increases.

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, which has provided more normal and favourable conditions for our training division.

Margins will remain under pressure due to the competitive nature of labour hire markets and inflationary pressures. We continue to review higher margin acquisitions and industry/geographic mix, with examples being the investment in Linc, our 49% interests in several Indigenous labour hire businesses and the recently announced post balance date acquisition of Owen Pacific Workforce.

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 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. We continue to monitor it closely.

### DIVIDEND

During the half-year ended 31 December 2022, the Group paid a fully franked final dividend of \$4.3 million on 16 September 2022 which represented a payment of 3.0 cents per share.

On 10 February 2023, the Group declared a fully franked interim dividend of \$4.3 million, due for payment on 17 March 2023, 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 9 of this financial report and forms part of this Directors Report.

## 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, 24 February 2023

### Auditor's Independence Declaration

To the directors of Ashley Services Group Limited:

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

A handwritten signature in black ink, appearing to read 'K L Luong', with a long horizontal flourish extending to the right.

K L Luong  
Director

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**[ASHLEY SERVICES GROUP](#)**

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

For the half-year ended 31 December 2022

	Note	6 months to 31 Dec 2022 \$000	6 months to 2 Jan 2022 \$000
Revenue		262,360	219,816
Other income		85	11
Employment costs		(247,476)	(206,986)
Depreciation and amortisation expenses		(1,652)	(772)
Finance costs		(891)	(327)
Other expenses		(4,291)	(3,437)
Share of net profit of non-controlled entities accounted for using the equity method	15	17	-
<b>Profit before income tax</b>		<b>8,152</b>	<b>8,305</b>
Income tax expense		(2,037)	(2,439)
<b>Profit for the period</b>		<b>6,115</b>	<b>5,866</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the period</b>		<b>6,115</b>	<b>5,866</b>
<b>Total comprehensive income for the half-year is attributable to:</b>			
Shareholders of Ashley Services Group Limited		5,746	5,801
Non-controlling interests		369	65
		<b>6,115</b>	<b>5,866</b>
<b>Basic earnings per share (cents) Total</b>	9	<b>3.99</b>	<b>4.03</b>
<b>Diluted earnings per share (cents) Total</b>	9	<b>3.99</b>	<b>4.03</b>

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

## Consolidated Statement of Financial Position

As at 31 December 2022

	Note	31 Dec 2022 \$'000	3 Jul 2022 \$'000
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		4,861	1,739
Trade and other receivables		62,193	54,968
Current tax receivable		-	1,627
Contract assets		977	777
Other assets		2,242	2,255
<b>Total current assets</b>		<b>70,273</b>	<b>61,366</b>
<b>Non-current assets</b>			
Property, plant and equipment		3,432	2,050
Investment in non-controlled entities	15	17	-
Loans to non-controlled entities		1,763	157
Right-of-use assets		3,224	3,361
Deferred tax assets		7,019	3,887
Intangible assets	6	15,022	10,976
Other assets		81	81
<b>Total non-current assets</b>		<b>30,558</b>	<b>20,512</b>
<b>Total assets</b>		<b>100,831</b>	<b>81,878</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		38,805	30,843
Borrowings	8	11,632	5,305
Current tax payable		2,164	-
Lease liabilities		952	1,050
Provisions		5,001	3,991
<b>Total current liabilities</b>		<b>58,554</b>	<b>41,189</b>
<b>Non-current liabilities</b>			
Deferred tax liabilities		3,581	4,028
Lease liabilities		2,289	2,474
Other liabilities	7	1,973	1,973
Provisions		674	675
<b>Total non-current liabilities</b>		<b>8,517</b>	<b>9,150</b>
<b>Total liabilities</b>		<b>67,071</b>	<b>50,339</b>
<b>Net assets</b>		<b>33,760</b>	<b>31,539</b>
<b>Equity</b>			
Share capital	10	148,815	148,815
Common control reserve		(59,261)	(59,261)
Accumulated losses		(56,572)	(57,999)
Non-controlling interest		778	(16)
<b>Total Equity</b>		<b>33,760</b>	<b>31,539</b>

The accompanying notes form part of these financial statements.

## Consolidated Statement of Changes in Equity

For the half-year ended 31 December 2022

	Share Capital \$000	Common Control Reserve \$000	Accumulated Losses \$000	Non- controlling Interest \$000	Total \$000
<b>For the half-year ended 31 December 2022</b>					
Balance at 4 July 2022	148,815	(59,261)	(57,999)	(16)	31,539
Profit for the financial period	-	-	5,746	369	6,115
Other comprehensive income for the period	-	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	<b>5,746</b>	<b>369</b>	<b>6,115</b>
Non-controlling interest on acquisition of subsidiary (Note 11)	-	-	-	425	425
Dividends paid	-	-	(4,319)	-	(4,319)
<b>Balance at 31 December 2022</b>	<b>148,815</b>	<b>(59,261)</b>	<b>(56,572)</b>	<b>778</b>	<b>33,760</b>
<b>For the half- year ended 2 January 2022</b>					
Balance at 4 July 2021	148,815	(59,261)	(61,597)	-	27,957
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>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>

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



## Consolidated Statement of Cash Flows

For the half-year ended 31 December 2022

	Note	6 months to 31 Dec 2022 \$000	6 months to 2 Jan 2022 \$000
<b>Cash flows from operating activities</b>			
Receipts from customers		280,562	228,528
Payments to suppliers and employees		(270,018)	(224,917)
Interest received		4	2
Finance costs paid		(882)	(319)
Income tax paid		(2,191)	(2,792)
<b>Net cash from operating activities</b>		<b>7,475</b>	<b>502</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(2,012)	(657)
TIC deferred payment		-	(375)
CCL Earn-out payment		-	(825)
Payment for businesses acquired, net of cash acquired		(3,590)	-
<b>Net cash used in investing activities</b>		<b>(5,602)</b>	<b>(1,857)</b>
<b>Cash flows from financing activities</b>			
Net proceeds from external borrowings		6,327	4,100
Repayment of leasing liabilities		(759)	(581)
Payment of dividends		(4,319)	(3,915)
<b>Net cash from / (used in) financing activities</b>		<b>1,249</b>	<b>(396)</b>
<b>Net cash increase / (decrease) in cash and cash equivalents</b>		<b>3,122</b>	<b>(1,751)</b>
Cash and cash equivalents at beginning of period		1,739	2,969
<b>Cash and cash equivalents at the end of the period</b>		<b>4,861</b>	<b>1,218</b>

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

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## Notes to the Financial Statements

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### 1. GENERAL INFORMATION AND BASIS OF PREPARATION

The condensed interim consolidated financial statements ('the interim financial statements') of the Group are for the six months ended 31 December 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 3 July 2022 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 24 February 2023.

### 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 3 July 2022, 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 3 July 2022, unless otherwise stated.

## Notes to the Financial Statements

### 4. IMPAIRMENT

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

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

There were no indicators of impairment in relation to either the Labour Hire or Training divisions at 31 December 2022.

### 5. SEGMENT REPORTING

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

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

## Notes to the Financial Statements

6 months to 2 January 2022	Labour Hire \$000	Training \$000	Total \$000
<b>Revenue</b>			
From external customers	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>
Unallocated items			(2,422)
<b>Profit before income tax</b>			<b>8,305</b>
Income tax expense			(2,439)
<b>Profit after income tax</b>			<b>5,866</b>
Other comprehensive income			-
<b>Total comprehensive income for the period</b>			<b>5,866</b>

### 6. INTANGIBLE ASSETS

	31 Dec 2022 \$000	3 Jul 2022 \$000
<b>Goodwill</b>		
Cost	76,142	73,212
Impairment	(62,474)	(62,474)
<b>Net carrying value</b>	<b>13,668</b>	<b>10,738</b>
<b>Customer relationships/Licences</b>		
Cost	3,662	2,062
Impairment	(918)	(918)
Accumulated amortisation	(1,677)	(1,144)
<b>Net carrying value</b>	<b>1,067</b>	-
<b>Brand names</b>		
Cost	4,640	4,640
Impairment	(4,640)	(4,640)
<b>Net carrying value</b>	-	-
<b>Intellectual property - course materials</b>		
Cost	8,703	8,560
Impairment	(3,896)	(3,896)
Accumulated amortisation	(4,520)	(4,426)
<b>Net carrying value</b>	<b>287</b>	<b>238</b>
<b>Total intangible assets</b>	<b>15,022</b>	<b>10,976</b>

The following table shows movements in intangible assets:

## Notes to the Financial Statements

6 months to 31 December 2022	Goodwill \$000	Customer Relationships and Licenses \$000	Brand Names \$000	Course Materials \$000	Total \$000
Balance at 4 July 2022	10,738	-	-	238	10,976
Additions from business acquisition (Note 11)	2,930	1,600	-	-	4,530
Additions	-	-	-	143	143
Amortisation	-	(533)	-	(94)	(627)
<b>Balance at 31 December 2022</b>	<b>13,668</b>	<b>1,067</b>	<b>-</b>	<b>287</b>	<b>15,022</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.

### 7. OTHER LIABILITIES

	31 Dec 2022 \$000	3 Jul 2022 \$000
<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.

### 8. BORROWINGS

As at 31 December 2022	Available facility \$000	Facility used \$000	Remaining facility \$000
Invoice Financing	25,000	8,976	16,024
Acquisition facility	20,000	2,656	17,344
<b>Balance at 31 December 2022</b>	<b>45,000</b>	<b>11,632</b>	<b>33,368</b>
As at 3 July 2022	Available facility \$000	Facility used \$000	Remaining facility \$000
Invoice Financing	25,000	5,305	19,695
Bank Bill Business Loan	10,000	-	10,000
<b>Balance at 3 July 2022</b>	<b>35,000</b>	<b>5,305</b>	<b>29,695</b>

## Notes to the Financial Statements

On 28<sup>th</sup> December 2022, Ashley Services Group Limited closed out the Original Bank Bill Business Loan facility with Westpac and replaced this with an increased \$20 million facility, on largely similar terms and conditions to the previous facility (with adjustments consistent with those associated with a larger institutional facility). The new facility expires 28 December 2025 and reduces progressively over a term of 3 years, with repayment requirements of \$1 million per quarter.

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

- 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, Construction Contract Labour (VIC) Pty Ltd and Concept Engineering (AUST) Pty Ltd for Invoice Finance Facility collections.

As at 31 December 2022, the combined facilities were drawn to \$11.632 million (3 July 2022, \$5.305 million).

### 9. EARNINGS PER SHARE

	6 months to 31 December 2022 \$000	6 months to 2 Jan 2022 \$000
Net profit after tax attributable to shareholders of the parent entity	5,746	5,801
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
<b>Basic earnings per share (cents) Total<sup>1</sup></b>	<b>3.99</b>	<b>4.03</b>
<b>Diluted earnings per share (cents) Total<sup>1</sup></b>	<b>3.99</b>	<b>4.03</b>

**Note:**

1. Attributable to members of the parent entity.

### 10. SHARE CAPITAL

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

	31 Dec 2022 \$000	3 Jul 2022 \$000
143,975,904 (3 Jul 2022: 143,975,904) fully paid ordinary shares	154,234	154,234
Share Issue costs	(5,419)	(5,419)
<b>Share Capital</b>	<b>148,815</b>	<b>148,815</b>

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

### 11. BUSINESS COMBINATION

On 5<sup>th</sup> July 2022, the Group acquired a 75% interest in Linc Personnel Pty Limited ("Linc").

The acquisition price for the purchase of the 75% interest was \$4.2 million, with provisional accounting for the transaction set out below. The measurement period to account for the Linc acquisition ends 4<sup>th</sup> July 2023 and final accounting for the business combination will be completed during the year ending 30 June 2023.

Linc currently provides labour to the oil and gas sector in Western Australia and the Northern Territory. It was acquired to diversify the Group's labour hire capabilities, gaining access to higher skilled labour utilised by customers in the oil and gas sector and expanding the Group's presence in Western Australia and the Northern Territory. The goodwill of \$2.9 million represents the expected synergies from merging this business with Ashley Services and expanding Linc's customer base.

The seller of the 75% interest in Linc has a put option to sell its remaining 25% shareholding to the Group and the Ashley Services Group has a call option to purchase the remaining 25% interest. The seller can only exercise its put option for all of the remaining 25%, on or after 7 July 2025, provided certain additional value adding conditions have been met. The Group can exercise its call option at any time up to 20 years, purchasing up to the full remaining 25% interest over a maximum of two separate occasions. The value of this contingent redemption liability will be reviewed and finalised as part of the final accounting for the business combination, which will be completed during the second six months of the year ending 30 June 2023.

	Note	5 July 2022 <sup>1</sup> \$'000
<b>Purchase consideration</b>		
Cash consideration		4,206
<b>Total consideration</b>		<b>4,206</b>
<b>Assets and liabilities acquired:</b>		
Cash and cash equivalents		566
Trade and other receivables		2,164
Customer contracts <sup>2</sup>		1,600
Deferred tax asset		114
Trade and other payables		(2,012)
Employee provisions		(251)
Deferred tax liability		(480)
<b>Fair value of assets acquired</b>		<b>1,701</b>
<b>Fair value of non- controlling interests</b>		<b>(425)</b>
<b>Fair value of assets acquired at 75%</b>		<b>1,276</b>
Goodwill on acquisition		2,930
<b>Cashflows on acquisition</b>		
Cash consideration		4,206
Cash acquired		(566)
<b>Total cashflow outflows on acquisition to 31 December 2022</b>		<b>3,640<sup>3</sup></b>

**Note:**

1. Effective date of Linc acquisition.
2. Being amortised over life of contract, with \$0.5m expense in the six months to 31 December 2022.
3. \$50k pre-paid before 3 July 2022

## Notes to the Financial Statements

### 12. FAIR VALUE MEASUREMENT

#### *Fair value hierarchy*

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

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

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

Level 3: Unobservable inputs for the asset or liability

Consolidated 31 December 2022	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets:	-	-	-	-
<b>Total Assets</b>	-	-	-	-
Liabilities:				
Redemption liability	-	-	1,973	1,973
<b>Total Liabilities as at 31 December 2022</b>	-	-	<b>1,973</b>	<b>1,973</b>

Consolidated 3 July 2022	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total \$000
Assets:	-	-	-	-
<b>Total Assets</b>	-	-	-	-
Liabilities:				
Redemption liability	-	-	1,973	1,973
<b>Total Liabilities as at 3 July 2022</b>	-	-	<b>1,973</b>	<b>1,973</b>

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 has arisen as a result of a previous business combination for the CCL Group. The liability has been valued at the present value of the redemption amount 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

There were no movements in level 3 assets and liabilities during the current half-year period are set out below:

Consolidated 31 December 2022		Redemption Liability \$000	Total \$000
Balance at 4 July 2022		1,973	1,973
Settlements during the year		-	-
<b>Balance at 31 December 2022</b>		<b>1,973</b>	<b>1,973</b>

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

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

### 13. CONTROL GAINED OVER ENTITIES

On 5<sup>th</sup> July 2022, the Group acquired a 75% interest in Linc Personnel Pty Limited ("Linc") – see Note 11.

### 14. DETAIL OF NON-CONTROLLED ENTITIES

	Reporting entity's percentage holding		Contribution to profit/loss	
	As at 31 December 2022 %	As at 3 July 2022 %	6 months to 31 Dec 2022 \$000	6 months to 2 Jan 2022 \$000
<b>Group's aggregate share of non-controlled entities profit/loss before tax:</b>				
Dardi Munwurro Labour & Traffic Management Pty Limited	49%	49%	129	-
Yalagan Infrastructure Pty Ltd	49%	-	(52)	-
<b>Profit/(loss) from ordinary activities before income tax</b>			<b>77</b>	-
Income tax on operating activities			(19)	-
<b>Profit/(loss) from ordinary activities after tax</b>			<b>58</b>	-

## Notes to the Financial Statements

### 15. INVESTMENT IN NON-CONTROLLED ENTITIES

	6 months to 31 Dec 2022 \$000	6 months to 2 Jan 2022 \$000
<b>Share of profits of non-controlled entities accounted for using the equity method</b>		
Share of profit	17	-

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

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

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

### 16. DIVIDENDS

During the half-year ended 31 December 2022, the Group paid a fully franked final dividend of \$4.3 million on 17 September 2022 which represented a payment of 3.0 cents per share.

On 10 February 2023, the Group declared a fully franked interim dividend of \$4.3 million, due for payment on 17 March 2023, which represents a payment of 3.0 cents per share.

### 17. CONTINGENT LIABILITIES

The Group had no contingent liabilities at 31 December 2022, other than as disclosed at Note 11.

## Notes to the Financial Statements

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### 18. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial half-year, other than the declaration of an interim dividend as per Note 16 above and the acquisition of Owen Pacific Workforce Pty Ltd (as detailed below), 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.

Acquisition of Owen Pacific Workforce Pty Ltd:

On 6<sup>th</sup> February 2023, the Group acquired Owen Pacific Workforce Pty Ltd (“OPW”), a company which provides seasonal workers, sourced predominantly from Tonga and Vanuatu, to the Australian horticultural industry. The acquisition price for the 100% purchase of OPW is expected to be between \$14.2 million and \$15.9 million in total, based primarily on EBITDA for the financial year ending 30 June 2023, which is expected to be between \$4.1 million and \$5.0 million.

The initial purchase consideration payment of approximately \$7.1 million was funded from newly extended bank facilities with Westpac, as detailed in Note 8. The remaining OPW purchase consideration is expected to be paid in two approximately equal amounts in September 2023 and September 2024.

## 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 31 December 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**  
Managing Director

Sydney, 24 February 2023

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

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

#### **Conclusion**

We have reviewed the half-year financial report of Ashley Services Group Limited ("the Company"), which comprises the consolidated statement of financial position as at 31 December 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 Company 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 31 December 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 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 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.

**[hlb.com.au](http://hlb.com.au)**

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**ASHLEY SERVICES GROUP**

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated Company's financial position as at 31 December 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*.

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.

A handwritten signature in black ink that reads 'HLB Mann Judd'.

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

Sydney, NSW  
24 February 2023

A handwritten signature in black ink that appears to read 'K L Luong'.

**K L Luong**  
Director