



ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

Appendix 4E

Year Ended 30 June 2023

Lodged with the ASX under Listing Rule 4.3A

29 August 2023

The following information should be read in conjunction with the attached Annual Report.

1. DETAILS OF REPORTING PERIODS:

The consolidated statement of profit or loss and other comprehensive income and consolidated statement of financial position relates to Ashley Services Group Limited ("ASH") and its controlled entities ("the Group"). The current reporting period is the period from 4 July 2022 to 30 June 2023. The previous corresponding reporting period was the 52 weeks from 5 July 2021 to 3 July 2022. The Group has moved back to a financial year ending on 30 June from its previous practice of using a 4-4-5 week based calendar.

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET:

Results:

		Change %	Change	Amount \$'000
Revenue from ordinary activities	Up	22.1%	To	549,219
Profit after tax for the year	Up	0.4%	To	11,402
Profit after tax for the year attributable to shareholders	Down	4.6%	To	10,794

Refer to Chairman and Managing Director's review in the Annual Report and separate results presentation for commentary on the results.

Control gained over entities:

During the financial year ended 30 June 2023, the Group acquired a 75% interest in Linc Personnel Pty Ltd ("Linc"), effective 5th July 2022, as well as 100% of Owen Pacific Workforce Pty Ltd ("OPW"), effective 6th February 2023 (2022: no acquisitions).

Loss of control over entities:

Not applicable.

Details of interests in significant joint ventures and associates:

On 22 June 2022, the Group acquired a non-controlling 49% interest in Dardi Munwurro Labour and Traffic Management Pty Limited, a company providing Indigenous labour hire in Victoria.

On 25 July 2022, the Group acquired a non-controlling interest of 49% in Yalagan Infrastructure Pty Limited, a company supporting Indigenous labour hire in New South Wales.

On 3 January 2023, the Group acquired a non-controlling interest of 49% in EWP Yalagan Pty Limited, a company supporting Indigenous labour hire in the Pilbara Region within Western Australia. The associated company has since changed its name to EWP Services Pty Limited ("EWPS").

Dividend re-investment plans:

Not applicable.

Dividends:

	Record Date	Payment Date	Cents per Share	Franked Amount per Share (Cents)
Interim Dividend - 2023	3 March 2023	17 March 2023	3.0	3.0
Final Dividend - 2023	1 September 2023	15 September 2023	3.0	3.0

Additional Information:

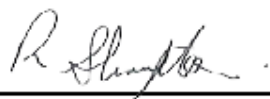
	2023	2022
Net tangible assets (\$000)	1,937 ^{1,2}	17,202 ¹
Shares on Issue	143,975,904	143,975,904
Net tangible assets per share (\$)	0.013	0.119

Note:

1. Right-of-use assets are excluded assets for the purposes of the Net Tangible Assets calculation.
2. During the financial year ended 30 June 2023, the Group borrowed \$11.3 million to fund the acquisitions of Linc and OPW, with substantially all the purchase price attributed to intangible assets.

Audit qualification or review:

The audited financial statements are attached.



Ross Shrimpton

Managing Director

Sydney, 29 August 2023



ASHLEY SERVICES GROUP

LABOUR HIRE | RECRUITMENT | TRAINING

ANNUAL REPORT 2023

For personal use only



Ashley Services Group Limited Annual Report 2023

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Chairman and Managing Director's Review



MR IAN PRATT AND MR ROSS SHRIMPTON

The financial year ended 30 June 2023 ("FY23") has been one of adapting to continued pressures of operating in an inflationary environment and positioning the business for the future.

The year saw substantial progress delivering our strategy to diversify outside our lower margin base within the supply chain/logistics labour hire segment by broadening our geographical and industry footprints in growing, more profitable sectors, whilst maintaining our focus on high value service. Importantly, a number of senior staff with relevant industry experience have joined the business, enhancing our foundation for growth during coming years.

Revenue (excluding acquisitions) increased by \$60 million or 13%, with nearly half that growth achieved in the construction and traffic management segment in Victoria.

On 5th July 2022, the Group purchased a 75% interest in Linc Personnel Pty Ltd ("Linc"), a company providing labour to the oil and gas sector in Western Australia and the Northern Territory. This business performed solidly in FY23, delivering Earnings Before Interest and Taxes ("EBIT") of \$1.5 million, with EBIT margins above 10%. The focus for this business in FY24 is to expand our customer footprint within the sector.

On 6th February 2023, the Group purchased 100% of Owen Pacific Workforce ("OPW"), a company which provides seasonal workers, sourced from Tonga and Vanuatu, to the Australian horticulture industry. OPW's revenues were strong during FY23, but net profits from the date of acquisition to 30 June 2023 (after deducting the amortisation expense of acquired customer relationships and interest expense on funds borrowed for the purchase) were \$0.1 million. Profits were adversely impacted by seasonality, transitional costs incurred strengthening the management team to allow the previous owners to move into retirement and increasing costs to serve clients preparing for the introduction of a new deed governing the Seasonal Worker Programme. November to February is the peak period for volumes in this business. Going forward, the business is well placed to deliver expected annual EBITDA of \$3 million per year. Final purchase price will be \$11.9 million, with \$7.1 million paid in FY23, \$1.8 million due in October 2023 and \$3.0 million payable in October 2024.

The Group now holds minority interests of 49% in three separate Indigenous labour hire businesses:

- Dardi Munwurro Labour and Traffic Management Pty Limited ("Dardi"), a company providing Indigenous labour hire in the construction and infrastructure segments in Victoria;
- Yalagan Infrastructure Pty Limited, a company supporting Indigenous labour hire in the construction and infrastructure segments in New South Wales; and
- EWP Services Pty Ltd (formerly EWP Yalagan Pty Ltd), a company supporting Indigenous labour hire in the mining sector in the Pilbara region of Western Australia. The Group acquired this 49% interest on 3rd January 2023.

These new associated entities further broaden Ashley Services geographic and industry segment labour hire offerings. Two of the businesses are in their early phases of business development, but pleasingly, Dardi

Chairman and Managing Director's Review

delivered a strong contribution to its customers and its community in FY23. The Group recorded \$0.2 million in profits from associated entities in FY23.

Group NPAT for the financial year ended 30 June 2023 was \$11.4 million, in line with FY22. Labour hire EBITDA margins declined from 4.95% in FY22 to 4.04% in FY23, due to the negative impact of fixed hourly margins in the recent inflationary environment, the general competitive environment across the labour hire industry and a decrease in benefits received from government support programmes for trainees. This profit gap was filled through revenue growth, contributions from acquisitions and associated entities and margin improvements across our training businesses, which puts the Group in a stronger position moving forward. Additionally, increasing interest costs are being addressed by negotiating shorter payment terms with customers or recovering the increased finance costs through pricing.

On 14 July 2023, the Group acquired the remaining 20% of the CCL Group. The purchase consideration for the 20% interest is payable in two instalments, the first in October 2023 (based upon the actual audited FY23 EBITDA) and the final instalment in October 2024 (based upon the actual audited FY24 EBITDA).

On 28 July 2023, the Group announced a fully franked final dividend of 3.0 cents per share (Ex-div: 31 August 2023; Payment: 15 September 2023). Together with the previously paid 3.0 cents per share interim dividend, this delivers a fully franked full year dividend of 6.0 cents per share for 2023, consistent with the dividend for the 2022 financial year.

We remain focused on continuing improvement in our core areas of strength; namely safety, customer satisfaction, systems and internal staff development as well as enhancing our marketing capability and improving labour retention. We expect organic growth in FY24 from our existing customer base and through effective integration of the FY23 acquisitions.

Our 347 internal staff continue to achieve excellence in their customer service and remain critical for delivery of continued expansion over the coming years.

DISCUSSION ON RESULTS

Earnings

Net profit after tax ("**NPAT**") for the financial year ended 30 June 2023 was \$11.4 million (FY22: \$11.4 million)

Key elements within the result include:

Revenues

Group Revenue at \$549.2 million increased by \$99.4 million (22%) from the comparative period.

Labour Hire revenues at \$533.2 million were up \$95 million (22%). Revenue includes \$14.5 million and \$25.2 million respectively from the Linc and OPW acquisitions. Excluding acquisitions, revenue at \$493.5 million was up \$55.2 million or 13%. Growth was particularly strong in construction and traffic management in Victoria ("CCL brand") and with existing and new supply chain and logistics customers in NSW and QLD ("Action Workforce" brand).

Training revenues at \$16.0 million were up \$4.5 million (39%), with the comparative period negatively impacted by COVID restrictions, but also with growth achieved across both the Ashley and The Instruction Company ("TIC") training businesses, as new courses were added to scope and both businesses increased geographic coverage.

Chairman and Managing Director's Review

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

Group EBITDA for the financial year was \$20.1 million, up by \$1.4 million (7.5%) on the prior corresponding period (FY22: EBITDA of \$18.7 million).

Labour Hire division EBITDA of \$21.5 million, was down \$0.2 million (1%) on the prior corresponding period (FY22: \$21.7 million). EBITDA included \$1.5 million and \$0.6 million respectively from the Linc and OPW acquisitions. Excluding acquisitions, EBITDA at \$19.4 million was down \$2.3 million (11%) from the prior period, despite the strong underlying revenue increase. Labour hire margins declined from 4.95% in FY22 to 4.04% in FY23, due to the negative impact of fixed hourly margins in the recent inflationary environment, the general competitive environment across the labour hire industry and a decrease in benefits received from government support programmes for trainees. The Group is focused on maintaining overall labour hire margins going forward, working with customers as contracts renew to fully recover increasing costs and diversifying revenue streams into higher margin segments.

Training division EBITDA of \$3.7 million was up \$2.2 million or 147% on the prior corresponding period (FY22: \$1.5 million), with the prior period negatively impacted by COVID-19 restrictions. Current period EBITDA margins were 23%.

Corporate overheads (excluding interest, depreciation and amortisation), at \$5.1 million were up \$0.6 million on prior corresponding period (FY22: \$4.5 million), primarily due to increases in audit and insurance costs, as well as an increase in staffing and salaries to support the growing business.

Statement of financial position

Net assets at \$34.3 million were up by \$2.7 million on the prior year (2022: \$31.5 million) mainly reflecting the impact of our dividend policy which paid out 75% of the annual NPAT of \$11.4 million or 80% of profit attributable to shareholders.

Noteworthy balance sheet movements include:

- Trade and other receivables up \$2.2 million to \$57.2 million. Trade receivables and accrued income increased \$9.7 million in line with the revenue increases - revenue for May and June 23 was \$14 million (or 17%) above the prior corresponding months. Other receivables decreased \$7.5 million due to collection of prior year receivables due under the Boosting Apprenticeship Commencements Scheme ("BAC").
- Trade and other payables were up \$11.2 million to \$42.0 million reflecting the increased activity.
- Property, plant and equipment increased \$2.2 million to \$4.3 million, with capital additions of \$3.2 million, \$2.2 million above depreciation of \$1.0 million and minimal disposals in the year.
- Intangible assets increased \$18.0 million to \$29.0 million, reflecting the purchase of Linc and OPW. Total cash payments for Linc and OPW in FY23 were \$11.3 million, with \$4.9 million of the consideration for OPW still to be paid in future financial years and a redemption liability of \$0.6 million recorded for any future potential purchase of the remaining 25% interest in Linc.
- Borrowings increased \$2.9 million and cash increased \$0.8 million, with total net debt increasing \$2.1 million during the year to fund the acquisitions, as well as the \$8.9 million of dividend payments (\$8.64m to ASH shareholders and \$0.26m to minority shareholders).

Cash Flow

Operating cash flow was strong in the 2nd half of the financial year, with an inflow of \$15.3 million (\$7.5 million in the first half of the year), bringing the full year operating cash flow to \$22.8 million (FY22: \$6.7 million). Operating cash flow before income taxes and interest was \$28.5 million, \$8.4 million above EBITDA, due primarily to the cash flow benefit received from reducing net working capital linked mainly to collection of prior period BAC receivables.

Chairman and Managing Director's Review

The overall outflow from investing activities of \$14.7 million included the purchase of Linc and OPW (\$8.7 million, net of cash acquired), investments in associated entities (\$2.8 million) and increased underlying capital expenditures primarily to fund vehicle and equipment purchases to support the growing traffic management business in Victoria.

The overall outflow from financing activities of \$7.3 million was primarily due to the combined \$8.9 million dividend payments covering the 2022 final dividend (\$4.3 million), the 2023 interim dividend (\$4.3 million) and the 2023 final Linc dividend to minority shareholders (\$0.3 million). Lease payments of \$1.3 million were in line with the prior period and gross borrowings increased \$2.9 million.

Overall, this delivered a net improvement in cash and cash equivalents for FY23 of \$0.8 million (2022: \$1.2 million outflow).

DIVIDEND

On 28 July 2023 the Group declared a fully franked final dividend of 3.0 cents in relation to the financial year ended 30 June 2023. With a fully franked interim dividend of 3.0 cents previously declared on 10 February 2023, this brings the full year dividend for the financial year ended 30 June 2023 to a total of 6.0 cents, in line with the dividend for the prior financial year (FY22: 6.0 cents).

EVENTS SUBSEQUENT TO BALANCE DATE

Other than:

- i) the dividend announcement on 28 July 2023 outlined above; and
- ii) On 14 July 2023, the Group acquired the remaining 20% of the CCL Group. The purchase consideration for the 20% interest is payable in two instalments, the first in October 2023 (based upon the actual audited FY23 EBITDA) and the final instalment in October 2024 (based upon the actual audited FY24 EBITDA). Based upon the FY23 actual result and the most likely FY24 forecast result, the original redemption liability of \$1.973 million still represents the present value of the likely consideration.

no matters or circumstances have arisen since the end of the financial year 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 financial years.



Ian Pratt
Chairman



Ross Shrimpton
Managing Director

Directors' Report

The Directors present their annual financial report on the consolidated entity, being Ashley Services Group Limited (the "Company") and its controlled entities (the "Group") for the financial year ended 30 June 2023.

1. GENERAL INFORMATION

a. Directors

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

Table 1: Director Details

Names		Appointed / Resigned
Mr Ian Pratt	Chairman	Appointed 1 October 2015
Mr Ross Shrimpton	Managing Director	Appointed 12 Oct 2000; Managing Director ("MD") to 15 Feb 2016, Non-Executive Director 15 Feb 2016 to 23 Jan 2017 and Managing Director from 23 Jan 2017
Mr Ron Hollands	Director	Appointed 22 June 2022, resigned 25 July 2022
Mr Paul Brittain	Executive Director	Appointed 25 July 2022

Directors' Information

Mr Ian Pratt | Non-Executive Chairman (since 1 October 2015)



Qualifications | CA

Experience | Ian has over 40 years' experience in the accounting profession and is a Director of a number of Public and Private companies. During this time, he has been involved in the recruitment, finance and property industries, and advises on income tax and related matters. Currently Ian is a Partner at Pratt Partners and was previously a Director of Charter Hall Direct Property Management Limited.

Ian Pratt is a Member of Chartered Accountants Australia and New Zealand.

Ian is Chairman of the Nominations, Audit & Risk Management and Remuneration Committees.

Mr Ross Shrimpton | MD (since 23 January 2017) (previously Non-Executive Director from 15 February 2016 to 23 Jan 2017 and MD to 15 February 2016)



Qualifications | BComm (UNSW), CA, MAICD

Experience | Ross is the founder and Managing Director of Ashley Services Group and has been instrumental in the overall growth and strategic direction of Ashley Services. Ross has over 40 years' experience in finance and management across a number of large international organisations such as CSR/Humes and David Brown, originally commencing his professional career with Deloitte Touche Tohmatsu. Overall, Ross has over 20 years of relevant experience in the labour hire and training industries.

Ross is a Member of Chartered Accountants Australia and New Zealand and a member of the Australian Institute of Company Directors.

Ross is a member of the Nominations, Audit & Risk Management and Remuneration Committees.

Directors' Report

Mr Ron Hollands | Executive Director (from 22 June 22 to 25 July 2022) & Company Secretary (for the entire financial year)



Qualifications | Bbus (UTS), CA, MBA (MGSM)

Experience | Ron is a Chartered Accountant and holds a Bachelor of Business from University of Technology, Sydney, an MBA from MGSM and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Ron has over 30 years' experience in a range of industries.

Mr Paul Brittain | Executive Director (from 25 July 2022)



Qualifications | BSc (Exeter, UK), CA, AMP (Wharton)

Experience | Paul was appointed Chief Financial Officer and Executive Director of Ashley Services Group on 25 July 2022. Paul, a chartered accountant, worked with Touche Ross in the UK and Deloitte in Sydney, before spending nearly 30 years in large divisional CFO and M&A roles in the Construction Materials Industry (Rinker and Boral) and the Engineering and Industrial Sectors (UGL and Coates Hire), working throughout both Australia and the USA. Most recently Paul was the EGM Finance for Boral Australia. Paul was also previously CFO of Ashley Services Group from December 2014 to February 2017.

Paul is a Member of Chartered Accountants Australia and New Zealand.

Paul is a member of the Nominations, Audit & Risk Management and Remuneration Committees.

Directors' Report

Interests in shares and options

As at the date of this report, the interests of the directors in the shares of Ashley Services Group Limited were:

Table 2: Shares Held by Directors

Names	Number of Shares Held	Shareholding %
Mr Ian Pratt	15,060	0.01
Mr Ross Shrimpton	80,279,030	55.76
Mr Ron Hollands	449,497	0.31
Mr Paul Brittain	-	0.00

Directorships of other listed companies

Directorships held in other listed companies by the Directors in the three years immediately before the end of the financial year are as follows:

Table 3: Other Directorships of listed entities

Name	Company	Date from	Date to
Mr Ian Pratt	Nil	-	-
Mr Ross Shrimpton	Nil	-	-
Mr Ron Hollands	Nil	-	-
Mr Paul Brittain	Nil	-	-

a. Principal activities

The principal activities of the Group during the financial year were the provision of labour hire (including recruitment) and training services.

Directors' meetings

Details of meetings of directors (including committees of directors) held in the financial year and attendances by each director are shown in the following table:

Table 4: Meeting Attendance

	Board Meetings		Audit & Risk Management Committee Meetings		Remuneration Committee Meetings		Nomination Committee Meetings	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Mr Ian Pratt	10	10	3	3	5	5	1	1
Mr Ross Shrimpton	10	10	3	3	5	5	1	1
Mr Ron Hollands	-	-	-	-	-	-	-	-
Mr Paul Brittain	10	10	3	3	5	5	1	1

Directors' Report

1. BUSINESS REVIEW

a. Operating results

The consolidated profit of the Group attributable to equity holders after providing for income tax amounted to \$11,402,000 (2022: profit \$11,356,000).

b. Review of operations

Information on the operations and financial position of the Group and its business strategies and prospects is set out in the Chairman and Managing Director's Review.

c. Future developments

Likely developments in the operations of the consolidated entity in future years and the expected results of those operations are referred to generally in the Chairman and Managing Director's Review.

d. Events subsequent to reporting date

There have been no matters or circumstances that have arisen since the end of the year that would have significantly affected the group's operations in financial year 2023 except as follows:

On 28 July 2023 the Group declared a fully franked final dividend of 3.0 cents in relation to the financial year ended 30 June 2023, with a payment date of 15 September 2023.

On 14 July 2023, the Group acquired the remaining 20% of the CCL Group. The purchase consideration for the 20% interest is payable in two instalments, the first in October 2023 (based upon the actual audited FY23 EBITDA) and the final instalment in October 2024 (based upon the actual audited FY24 EBITDA).

e. Ongoing Litigation

Ashley Services Group Limited (ASH) has no current ongoing litigation.

2. OTHER INFORMATION

a. Options

There are no unissued ordinary shares that are either under option at the date of this report or have been exercised during the year.

b. Non-audit services

The Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

The current auditor, HLB Mann Judd Assurance (NSW) Pty Ltd, did not provide any non-audit services during the year ended 30 June 2023.

Details of the amounts paid to HLB Mann Judd Assurance (NSW) Pty Ltd for audit services provided during the year are outlined in Note 4 to the financial statements.

c. 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 24 and forms part of this report.

d. Environmental issues

The Group's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

e. Indemnifying officers or auditors

Insurance of officers

During the financial year, Ashley Services Group Limited paid a premium to insure the directors, secretaries and officers of the Group and its Australian entities.

The insurance policies prohibit disclosure of the premiums payable under the policies and details of the insured liabilities.

f. Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party, for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

g. Rounding off of amounts

In accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

Directors' Report

3. REMUNERATION REPORT – AUDITED

The directors of Ashley Services Group Limited present the remuneration report for Non-Executive Directors, Executive Directors and other key management personnel, prepared in accordance with the *Corporations Act 2001* and the *Corporations Regulations 2001*.

The remuneration report is set out in the following main headings:

- key management personnel;
- principles used to determine the nature and amount of remuneration;
- Non-Executive Director remuneration;
- details of executive remuneration;
- executive service agreements;
- share-based compensation; and
- additional information.

a. Key management personnel

The following persons acted as Directors of the Group or as key management personnel during the financial year:

Executive Directors:

- Ross Shrimpton
- Paul Brittain (appointed 25 July 2022).

Non-Executive Directors:

- Ian Pratt
- Ron Hollands (appointed 22 June 2022, resigned 25 July 2022).

Other key management personnel:

- Glen Everett (Chief Operating Officer, commenced 7 March 2022).

Key management personnel include both the Directors and other key management personnel named above.

b. Principles used to determine the nature and amount of remuneration

The objective of the Group's executive reward framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework seeks to align executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board seeks to ensure that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness;
- acceptability to shareholders;
- performance linkage / alignment of executive compensation;
- transparency; and
- capital management.

Alignment of shareholders' interest

- focuses on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering a return on assets as well as focusing the executive on key non-financial drivers of value; and
- attracts and retains high-calibre executives.

Alignment to program participants' interests

- rewards capability and experience;
- provides a clear structure for earning rewards; and
- provides recognition for contribution to the business.

The framework provides a mix of fixed and variable pay, including a blend of short and long-term incentives.

The Board has established a Remuneration Committee which provides advice on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for executives and Directors. The Corporate Governance Statement provides further information on the role of this committee.

Executive pay

The executive pay and reward framework has three components:

- base pay and benefits, including superannuation;
- short-term performance incentives, provided in cash; and
- Long-term performance incentives, provided through participation in the Ashley Services Group Performance Rights Share Plan.

The combination of these comprises the executive's total remuneration.

Directors' Report

Table 5: Key components of senior executive remuneration framework in place during the year ended 30 June 2023.

Remuneration Elements		
Fixed Remuneration/Base Pay	Short Term Incentive (STI)	Long Term Incentive (LTI)
Base pay is determined by reference to appropriate benchmark information, taking into account an individual's responsibilities, performance, qualifications and experience, the broad objective being to pitch fixed remuneration at median market levels.	'At risk' award opportunity for the achievement of annual performance objectives linked to annual financial targets and non-financial goals set by individual.	'At risk' award opportunity for the achievement of performance hurdles over two different measurement periods: - Tranche 1 – up to 5 years from 30 June 2022; - Tranche 2 – up to 10 years from 30 June 2022.
Base pay is structured as a package, which may be delivered as a mix of cash and other benefits, such as the provision of a motor vehicle, at the executive's discretion.	Financial targets in line with budgets set for the individual's area of influence for the financial year, coupled with non-financial key performance measures.	The performance hurdles are achieving greater than target Profit Before Tax ("PBT") in any financial year up to 30 June 2027 for Tranche 1 or any financial year up to 30 June 2032 for Tranche 2.
There are no guaranteed base pay increases in any executives' employment contracts.	Paid in cash within 30 days of finalisation of Audited Annual Report.	- No value is derived unless the Group exceeds the PBT targets. - For Tranche 1, the PBT target is \$24.5 million, excluding any intangible amortisation associated with acquisitions after 1 July 2022 or any accounting expense or cost relating the LTI performance Rights Plan. - For Tranche 2, the PBT target is \$36.5 million, excluding any intangible amortisation associated with acquisitions after 1 July 2022 or any accounting expense or cost relating the LTI performance Rights Plan
		Vesting will take place on 1 September, following the financial year in which the PBT target is achieved and provided the executive is still employed at the date of vesting.
		Grant of equity awards aligns shareholder and executive interests, enhances retention of key talent and focuses executives on long term sustainable business performance.

Directors' Report

Table 6: Key features of the senior executive STI plan for FY23

Overview of the senior executive STI plan							
Who participates in the Senior Executive STI plan?	Senior executives, other than the MD, participate in the senior executive STI plan.						
How much can executives earn?	STI opportunity for senior executives ranges from zero to 100% of target STI for significant out-performance.						
Thresholds and performance conditions							
Is there a threshold level of performance required?	Yes. There are threshold levels for divisional EBIT or Group NPAT, as applicable, that must be met to receive an STI payment. Achievement of the thresholds does not automatically entitle executives to an STI award.						
What are the performance conditions?	<table border="1"> <thead> <tr> <th>Measures</th><th>Senior Executives</th></tr> </thead> <tbody> <tr> <td>Financial measures (80% of STI opportunity)</td><td> Assessed against: - Budget EBIT or Budget NPAT for the individual's area of influence for the financial year. 20% payable for achievement of 80% of budget. Remaining 80% payable on a straight-line pro rata basis for performance from 80% to 130% of budget. </td></tr> <tr> <td>Non-Financial measures (20% of STI opportunity)</td><td> - Individually set Key Performance Indicators. </td></tr> </tbody> </table>	Measures	Senior Executives	Financial measures (80% of STI opportunity)	Assessed against: - Budget EBIT or Budget NPAT for the individual's area of influence for the financial year. 20% payable for achievement of 80% of budget. Remaining 80% payable on a straight-line pro rata basis for performance from 80% to 130% of budget.	Non-Financial measures (20% of STI opportunity)	Individually set Key Performance Indicators.
Measures	Senior Executives						
Financial measures (80% of STI opportunity)	Assessed against: - Budget EBIT or Budget NPAT for the individual's area of influence for the financial year. 20% payable for achievement of 80% of budget. Remaining 80% payable on a straight-line pro rata basis for performance from 80% to 130% of budget.						
Non-Financial measures (20% of STI opportunity)	Individually set Key Performance Indicators.						
Setting and assessing performance							
Who sets and assesses performance?	The MD sets and assesses performance and short-term incentive outcomes for senior executives with guidance from the Remuneration Committee.						
How is the STI delivered?	100% of any STI award is paid in cash within 30 days of finalisation of the audited Annual Report.						

Table 7: Key features of the senior executive FY23 LTI plan

Overview of the LTI plan for FY23	
Who participates in the Senior Executive LTI?	The Chairman, the Chief Financial Officer and the Chief Operating Officer. The Managing Director does not participate in the LTI plan.
What was awarded under the LTI plan in FY23?	On 22 May 2023, senior executives received an LTI award of 7,588,734 performance rights, the vesting of which is subject to the performance conditions outlined below. The number of rights awarded was approved by shareholders at an Extraordinary General Meeting held on 30 March 2023. Each performance right converts into one share of ASH if the vesting criteria are met, at no cost to the participants.
What are the performance conditions?	Senior executive LTI awards are earned only upon achievement of performance hurdles: - Tranche 1: 4,535,240 performance rights - 60% of the LTI grant - PBT target is \$24.5 million, excluding any intangible amortisation associated with acquisitions after 1 July 2022 or any accounting expense or cost relating the LTI performance Rights Plan. - Tranche 2: 3,023,494 performance rights - 40% of the LTI grant - PBT target is \$36.5 million, excluding any intangible amortisation associated with acquisitions after 1 July 2022 or any accounting expense or cost relating the LTI performance Rights Plan.

Directors' Report

Overview of the LTI plan for FY23

Over what period is performance measured?	The Board has determined that the LTI plan will be subject to the performance conditions over the following periods: - Tranche 1 – 5 years from 30 June 2022 - any financial year up to 30 June 2027; - Tranche 2 – 10 years from 30 June 2022 - any financial year up to 30 June 2032.
How are the performance conditions assessed?	The performance will be assessed by the Remuneration Committee (excluding participants) by reference to the Company's absolute profit before tax ("PBT") in a financial year based upon the Appendix 4E and Annual Report and other financial information, excluding any intangible amortisation associated with acquisitions after 1 July 2022 or any accounting expense or cost relating the LTI performance Rights Plan.
Why were the performance measures chosen?	A PBT growth hurdle: - Links executive reward to a fundamental indicator of financial performance that is directly connected to shareholders; and - Links directly to ASH's long-term objectives of improving and maintaining earnings performance. The PBT targets represents a 50% improvement on the actual PBT for FY22 (for tranche 1) and 125% increase on the FY22 base (for tranche 2).
Is performance subject to retesting?	No, retesting of performance is not permitted.
Who assesses performance against targets?	The Remuneration Committee (excluding any participants in the plan) based on audited financial information.
Does the executive receive dividends and voting rights on unvested awards?	No, there are no voting rights or entitlements to dividends on unvested awards under the LTI plan.
What happens in the event of a change of control?	Upon a change of control event, the Board may determine to vest some or all of the LTI awards. In making this determination, the Board will consider all relevant circumstances, including the performance against the PBT measure up to the date of the change of control event and the portion of the performance period that has expired.
What happens in the event of cessation of employment?	In general, unvested LTI awards are forfeited. In limited circumstances, such as upon a senior executive's death, serious injury or incapacity during the performance period or other reason approved by the Board, any unvested performance shares will vest at the end of the performance period if the relevant performance conditions have been satisfied.
When can participants dispose of shares issued?	Shares issued upon vesting of Performance Rights may not be disposed of by participants within 12 months of their issue. Additionally, all shares are always subject to the Company's Share Trading Policy.

Directors' Report

STI and LTI plans for the financial year ended 30 June 2024

The remuneration committee has approved a similar Short-Term Incentive (STI) plan for the year ended 30 June 2024, based upon budget targets for that annual period.

The remuneration committee has no intention to expand the LTI plan implemented in FY23. The participants and targets remain place for FY24 and through to the financial year ended 2032.

c. Non-executive Director remuneration and Board performance review

Non-executive Directors' remuneration are reviewed annually and are determined by the Board based on recommendations from the Remuneration Committee. In making its recommendations, the Remuneration Committee takes into account remuneration paid to other non-executive Directors of comparable companies and where necessary will seek external advice. No remuneration consultants were used during the financial year.

In accordance with the Company's Constitution, the Directors are entitled to receive an annual fee and for participation in Board sub-committees. For non-executive Directors, fees are not linked to performance.

The Company does operate an equity plan for the non-executive Director, the LTI Performance Rights Plan.

Non-executive Directors are entitled to statutory superannuation included as part of their Directors' fees. There are no other schemes for retirement benefits for non-executive Directors.

d. Details of executive remuneration

Details of remuneration of the Directors and other key management personnel of Ashley Services Group are set out in the tables on pages 17 to 22.

The key management personnel of Ashley Services Group are listed in the table below. The key management personnel have authority and responsibility for planning, directing and controlling activities of the Group.

Remuneration and other terms of employment for the Executive Directors and other Key Management Personnel are formalised in a service agreement. The major provisions of the agreements relating to remuneration are set out below:

Table 8: Executive and Key Management Personnel Service Agreements

Name	Base Salary \$ ¹	Target STI % ²	Target LTI % ^{2, 3}	Term of agreement	Notice Period
Ross Shrimpton	450,000	-	-	Ongoing	6 months
Paul Brittain, appointed 25 July 2022	475,000	30	No fixed % - see LTI plan details in this report	Ongoing	6 months
Glen Everett, appointed 7 March 2022 ⁴	475,000	30	No fixed % - see LTI plan details in this report	Ongoing	6 months

Note:

1. Base salary is on an annual basis and includes superannuation contributions.
2. Maximum annual award as a percentage of annual salary.
3. Details of the LTI plan are included in this Remuneration Report.
4. \$450,000 during FY23. Increased effective 1 August 2023 to include \$25,000 car allowance.

Directors' Report

Table 9: Statutory key performance indicators of the group over the last five years

	2023	2022	2021	2020	2019
Profit / (Loss) for the year attributable to shareholders (\$'000)	10,794	11,315	8,923	4,667	5,424
Basic earnings per share (cents)	7.50	7.86	6.20	3.24	3.77
Dividend payments (\$'000) ¹	8,639	8,639	6,047	3,887	3,887
Dividend payout ratio (%)	80.0	76.3	67.8	83.3	71.7
Increase / (decrease) in share price (%) ²	7.6	43.4	92.3	0.0	33.3
Total KMP incentives as percentage of profit/(loss) for the year (%)	0.3	(0.1)	3.9	4.1	6.1

Note:

- 2023 Final Dividend declared 28 July 2023 in relation to the 2023 financial year, with payment date of 16 September 2023.
2022 Interim Dividend declared 10 February 2023 in relation to the 2023 financial year, with payment date of 17 March 2023.
2022 Final Dividend declared 28 July 2022 in relation to the 2022 financial year, with payment date of 16 September 2022.
2022 Interim Dividend declared 2 February 2022 in relation to the 2022 financial year, with payment date of 17 March 2022.
2021 Final Dividend declared 27 July 2021 in relation to the 2021 financial year, with payment date of 17 September 2021.
2021 Interim dividend declared 28 January 2021 in relation to the 2021 financial year, with payment date of 18 March 2021.
2020 Dividend declared 27 July 2020 in relation to the 2020 financial year, with payment date of 11 September 2020.
2019 Dividend declared 9 August 2019 in relation to the 2019 financial year, with payment date of 6 September 2019.
- Increase / (decrease) in share price (%) is year-end share price relative to prior year-end.

Table 10: 2023 – Remuneration of Key Management Personnel calculated in line with Australian Accounting Standards

2023	ST ¹ employee benefits			PE ² benefits	LT ³ employee benefits	Total ⁴	Performance based Remuneration
	Cash salary & fees \$	ST Bonus ¹ \$	Other payments ⁵ \$	Super-annuation \$	\$	\$	%
Non-executive Directors							
Ian Pratt	205,479	-	-	21,575	6,170	233,224	2.6
Ron Hollands ⁶	5,000	-	-	525	-	5,525	-
Executive Director							
Ross Shrimpton	424,708	-	-	25,292	-	450,000	-
Paul Brittain ⁷	420,880	142,500	150,000	24,093	61,695	799,168	25.6
Other key management personnel							
Glen Everett ⁸	424,708	135,000	-	25,292	61,695	646,695	30.4
Total	1,480,775	277,500	150,000	96,777	129,560	2,134,612	19.1

Note:

- ST – Short-term.
- PE – Post-employment.
- LT – Long-term. Performance Rights valued using Black-Scholes modelling. Accounting expense recognised based upon probability of vesting and performance periods - separately for Tranche 1 and Tranche 2.
- Amounts included in the above table include amounts expensed within the Profit or Loss account for the year.
- Sign-on bonus paid following retention period.
- For the period from 1 July 2022 to 25 July 2022.
- Commenced 25 July 2022.
- Commenced 7 March 2022.

Directors' Report

Table 11: 2023 – Remuneration payments for Key Management Personnel

2023	ST ¹ employee benefits			PE ² benefits	LT ³ employee benefits	Total ⁴	Performance based Remuneration
Name	Cash salary & fees \$	ST Bonus ¹ \$	Other payments ⁵ \$	Super-annuation \$	\$	\$	%
Non-executive Directors							
Ian Pratt ⁹	205,479	-	-	21,575	-	227,054	-
Ron Hollands ^{6,10}	5,000	-	-	525	-	5,525	-
Executive Director							
Ross Shrimpton ¹¹	424,708	-	-	25,292	-	450,000	-
Paul Brittain ⁷	420,880	-	150,000	24,093	-	594,973	-
Other key management personnel							
Glen Everett ⁸	424,708	33,750	-	25,292	-	483,750	6.9
Total	1,480,775	33,750	150,000	96,777	-	1,761,302	1.9

Note:

1. ST – Short-term.
2. PE – Post-employment.
3. LT – Long-term.
4. Amounts included in the above table include amounts paid during the financial year.
5. Sign-on bonus paid following retention period.
6. For the period from 1 July 2022 to 25 July 2022.
7. Commenced 25 July 2022.
8. Commenced 7 March 2022.
9. During the year taxation fees of \$53,232 have also been paid to Pratt Partners (in which Ian Pratt is a partner).
10. During the year company secretarial fees of \$26,025 have also been paid to the Ron Hollands Family Trust (in which Ron Hollands Pty Ltd is a Trustee).
11. During the year rent and outgoings for the office at Arndell Park of \$147,316 have been paid to Shrimpton Holdings Pty Limited as trustee for the Shrimpton Family Trust (an entity controlled by Ross Shrimpton).

Directors' Report

Table 12: 2022 – Remuneration of Key Management Personnel calculated in line with Australian Accounting Standards

2022	ST ¹ employee benefits			PE ² benefits	LT ³ employee benefits	Total ⁴	Performance based Remuneration
	Cash salary & fees	Termination payments ⁵	ST ¹ employee bonus	Super-annuation			
Name	\$	\$	\$	\$	\$	\$	%
Non-executive Directors							
Ian Pratt	205,479	-	-	20,548	-	226,027	-
Ron Hollands	10,000	-	-	1,025	-	11,025	-
Executive Director							
Ross Shrimpton	426,432	-	-	23,568	10,624	460,624	-
Chris McFadden ⁵	426,432	38,665	(5,461)	23,568	-	483,204	(1.12)
Other key management personnel							
Paul Rixon ⁶	210,256	-	(1,459)	18,121	4,452	231,370	(0.63)
Glen Everett ⁷	130,846	-	-	7,856	-	138,702	-
Total	1,409,445	38,665	(6,920)	94,686	15,076	1,550,952	(0.45)

Note:

1. ST – Short-term. The amount shown for bonus expense represents the under or over-accrual for bonus payments in relation to the year ending 4 July 2021.
2. PE – Post-employment.
3. LT – Long-term. All previous LTI performance hurdles were not met and LTI plans have been suspended since 2017. No expense has been recognised in the profit or loss account for the year ended 3 July 2022.
4. Amounts included in the above table include amounts expensed within the Profit or Loss account for the year.
5. Resigned, effective 22 June 2022, with a mutually agreed termination payment of \$38,665.
6. Resigned, effective 1 April 2022.
7. Commenced 7 March 2022.

Table 13: 2022 – Remuneration payments for Key Management Personnel

2022	ST ¹ employee benefits			PE ² benefits	LT ³ employee benefits	Total ⁴	Performance based Remuneration
	Cash salary & fees	Termination payments ⁸	ST ¹ employee bonus	Super-annuation			
Name	\$	\$	\$	\$	\$	\$	%
Non-executive Directors							
Ian Pratt	205,479	-	-	20,548	-	226,027	-
Ron Hollands ⁵	10,000	-	-	1,025	-	11,025	-
Executive Director							
Ross Shrimpton ⁶	426,432	-	-	23,568	-	450,000	-
Chris McFadden ⁷	426,432	38,665	214,616	23,568	-	703,281	30.5
Other key management personnel							
Paul Rixon ⁸	230,580	-	144,415	18,121	59,160	452,276	31.9
Glen Everett ⁹	130,846	-	-	7,856	-	138,702	-
Total	1,429,769	38,665	359,031	94,686	59,160	1,981,311	18.1

Directors' Report

Note:

1. ST – Short-term.
2. PE – Post-employment.
3. LT – Long-term. All previous LTI performance hurdles were not met and LTI plans have been suspended since 2017. No expense has been recognised in the profit or loss account for the year ended 3 July 2022.
4. Amounts included in the above table include amounts paid in the year to key management from all entities.
5. Appointed 22 June 2022, resigned 25 July 2022. During the year company secretarial fees of \$20,000 have also been paid to the Ron Holland Family Trust (in which R Hollands Pty Ltd is a Trustee).
6. During the year rent and outgoings for the office at Arndell Park of \$141,286 have been paid to Shrimpton Holdings Pty Limited as trustee for the Shrimpton Family Trust (an entity controlled by Mr Ross Shrimpton).
7. Resigned, effective 22 June 2022, with a mutually agreed termination payment of \$38,665.
8. Resigned, effective 1 April 2022.
9. Commenced 7 March 2022.

Other transactions with key management personnel

Information on share-based payments and other transactions with key management personnel is set out on the previous pages. Related party transactions are disclosed in Note 35.

e. Shares held by key management personnel

The number of ordinary shares in the Company during the 2023 reporting period held by each of the Group's key management personnel, including their related parties are set out below:

Table 14: Shares held by Key Management Personnel

Name	Balance at start of the period	Shares Disposed	Shares acquired	Balance at end of the period
Ian Pratt	15,060	-	-	15,060
Ross Shrimpton	80,279,030	-	-	80,279,030
Ron Hollands	439,497	-	10,000	449,497
Paul Brittain	-	-	-	-
Glen Everett	-	-	-	-
Total	80,733,587	-	10,000	80,743,587

f. Performance Rights held by key management personnel

The number of performance rights in the Company during the 2023 reporting period held by each of the Group's key management personnel, including their related parties are set out below:

Table 15: Performance Rights held by Key Management Personnel

Name	Balance at start of the period	Rights acquired	Rights Vesting	Balance at end of the period	Grant date	Fair value of grant \$'000	Expected conversion date
Ian Pratt - Tranche 1	-	215,964	-	215,964	30/3/23	109,062	1/9/2027
Ian Pratt - Tranche 2	-	143,976	-	143,976	30/3/23	48,808	1/9/2032
Ian Pratt - Total	-	359,940	-	359,940		157,870	
Ross Shrimpton	-	-	-	-			
Ron Hollands	-	-	-	-			
Paul Brittain – Tranche 1	-	2,159,638	-	2,159,638	30/3/23	1,090,620	1/9/2027
Paul Brittain – Tranche 2	-	1,439,759	-	1,439,759	30/3/23	488,080	1/9/2032
Paul Brittain - Total	-	3,599,397	-	3,599,397		1,578,700	
Glen Everett – Tranche 1	-	2,159,638	-	2,159,638	30/3/23	1,090,620	1/9/2027
Glen Everett – Tranche 2	-	1,439,759	-	1,439,759	30/3/23	488,080	1/9/2032
Glen Everett - Total	-	3,599,397	-	3,599,397		1,578,700	
Total	-	7,558,734	-	7,558,734		3,315,270	

Directors' Report

g. Executive service agreements

On appointment to the Board, all non-executive Directors sign a letter of appointment with the Company. The letter summarises the terms including compensation, relevant to the office of Director.

All contracts with executives may be terminated by either party with a notice period as outlined in Table 8. Executives are typically restricted for twelve months after termination from conducting or engaging in competing businesses and from solicitation of customers and employees of the Company.

End of audited Remuneration Report.

FUTURE PROSPECTS AND MATERIAL BUSINESS RISKS

The Group anticipates competitive conditions in the labour hire market in the financial year ended 30 June 2024. Government initiatives available during the pandemic have assisted the Group to service our clients and as these programmes wind down, we will continue to leverage the credibility generated through our impressive ability to deliver to our customers during the pandemic and aim to increase share of wallet with existing customers as well as securing and integrating new clients.

Our construction-exposed labour hire brands should see continuing growth in FY24 with solid order books in infrastructure and commercial projects in Victoria.

Margins will remain under pressure due to the competitive nature of the labour hire markets and inflationary pressures. We are focused on growing revenues in the recently acquired OPW, Linc and Indigenous associated entity businesses, which will assist underlying margin improvement. Further, our diversification strategy is identifying and targeting higher margin niches within those portfolios.

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

As with any organisation, our future prospects may be impacted by risks. 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, as well as changes to the Seasonal Worker Programme. With the majority of this legislation being foreshadowed in advance of any implementation, we continue to closely monitor any such changes and their likely implications for our business. 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 and deliver high quality candidates to our clients.

Directors' Report

Signed in accordance with a resolution of the Board of Directors made pursuant to section 298(2) of the Corporations Act 2001.



Ian Pratt

Chairman

Sydney, 29 August 2023

Auditor's Independence Declaration

To the directors of Ashley Services Group Limited:

As lead auditor for the audit of the consolidated financial report of Ashley Services Group Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

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

Sydney, NSW
29 August 2023



K L Luong
Director

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Corporate Governance Statement

A Corporate Governance Statement has been adopted by the Board on 29 August 2023 and can be found at

<http://www.ashleyservicesgroup.com.au/investor-centre/corporate-governance/>

The Board has adopted a suite of governance materials which are available in the Corporate Governance section of the Company's website (www.ashleyservicesgroup.com.au), under "Investor Centre". The governance materials have been prepared and adopted on the basis that corporate governance procedures can add to the performance of the Company and the creation of shareholder value, and help to engender the confidence of the investment market.

Diversity

To date, the board have actively pursued diversity standards across the Group and in FY24 will set measureable objectives for further enhancing gender diversity and assess annually the company's progress in achieving them.

The Company provides the following information on the proportion of women employees in the whole organisation, women in Senior Executive positions and women on the Board of the Company.

	Female	Male
Directors & Senior Management	48%	52%
Corporate & Administration	76%	24%
Labour Hire	62%	38%
Recruitment	85%	15%
Training	56%	44%
Total	61%	39%

During the financial year ended 30 June 2023 the Company submitted its annual report to the Workplace Gender Equality Agency and is again compliant with the *Workplace Gender Equality Act 2012* (Act).

The performance of the Board and Senior Executives in the 2023 financial year has been reviewed against both quantitative and qualitative measures and Directors and Senior Executives provided feedback on the discharge of their responsibilities.

Directors' Declaration

1. In the opinion of the Directors of Ashley Services Group Limited:
 - a. The consolidated financial statements and notes of Ashley Services Group Limited are in accordance with the *Corporations Act 2001*, including:
 - i. Giving a true and fair view of its financial position as at 30 June 2023 and of its performance for the financial year ended on that date; and
 - ii. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*;
 - b. There are reasonable grounds to believe that Ashley Services Group Limited will be able to pay its debts as and when they become due and payable; and
 - c. At the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 34 to the financial statements.
2. The Directors have been given the declarations required by Section 295A of the *Corporations Act 2001* from the Managing Director and Chief Financial Officer for the financial year ended 30 June 2023.
3. Note 1 confirms that the consolidated financial statements also comply with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors.



Ian Pratt
Chairman

Sydney, 29 August 2023

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

REPORT ON THE AUDIT OF THE FINANCIAL REPORT

Opinion

We have audited the financial report of Ashley Services Group Limited ("the Company") and its controlled entities ("the Group"), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended; and
- (b) 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 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 of 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 our audit addressed the key audit matter
Revenue Recognition Refer to Note 1 (Accounting policies) and Note 2 (Revenue and other income)	
Labour hire revenue is the most significant account balance in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. Total revenue and other income of \$549.2 million comprises a number of streams including: - labour hire revenue (\$533.2 million); - training revenue (\$16.0 million); and - other income (\$0.01 million).	Our audit procedures included the following: - Documenting the design of the key revenue systems and processes and testing of the key controls. - Assessing whether the Group's accounting policies were in compliance with Australian Accounting Standards and specifically whether revenue had been recognised in accordance with

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Key Audit Matter	How our audit addressed the key audit matter
We focussed on this matter due to the size and magnitude of labour hire revenue, as well as the higher level of inherent risk due to the manual processes for inputting, calculating, reviewing, and recording of the labour hire revenue.	accounting standard AASB 15 Revenue from Contracts with Customers. • Testing a sample of revenue transactions to assess appropriate revenue recognition under the Group's accounting policy and Australian Accounting Standards. • Performing analytical review over recognised revenue and costs of sales. • Analysis of revenue transactions using data analysis techniques. • Comparing the accuracy of hours on-billed as labour hire revenue to amounts paid to employees. • Testing the correct cut-off and accrual of labour hire revenue at year end.
Employment Costs Refer to Note 1 (Accounting policies)	Our audit procedures included the following: • Documenting the design of the key revenue systems and processes and testing of the key controls (for Labour Hire employees). • Testing a sample of employment costs recognised in the period by agreeing to timesheets, payroll reports, and amounts subsequently paid. • Performing analytical review over the labour hire margins. • Analysis of payroll transactions using data analysis techniques. • Testing the correct cut-off and accrual of employment costs at year end. • Testing superannuation amounts paid by assessing the validity of the data in the contribution reports.
Business combination Refer to Note 29 (Business combination)	Our audit procedures included but were not limited to the following: • Assessed the Group's determination and application of Australian Accounting Standards to the acquisition transaction. • Assessed the reasonableness of the adopted acquisition date and the fair value of purchase consideration by agreeing to the relevant purchase

Key Audit Matter	How our audit addressed the key audit matter
On 6 February 2023, the Group acquired a 100% interest in Owen Pacific Workforce Pty Ltd ("OPW") for the total consideration of \$12 million, including \$7.1 million cash consideration, and \$4.9 million of deferred consideration. The fair value of identifiable net assets at purchase date was \$5.1 million. The acquisition resulted in recognition of goodwill of \$6.9 million. The purchase price allocation performed requires the Directors to make discretionary decisions, estimates and assumptions. Changes in these assumptions may have a material impact on the fair values. Due to the matter described, we considered the business combination and in particular the purchase price allocation as a key audit matter in our audit.	agreements and other supporting documents. - Performed audit procedures to evaluate the reasonableness of the fair value of the acquisition date assets acquired and liabilities assumed. - Reviewed management's calculation and management's expert's report, including key assumptions used, in determining the fair value of acquired intangible assets, excluding goodwill. - Assessed the adequacy of the Group's disclosures in the financial statements.
Carrying Value of Goodwill Refer to Note 16 (Intangible assets) and Note 17 (Impairment)	
The Group has a Goodwill balance of \$20.2 million as at 30 June 2023 in relation to the Labour Hire, Training, OPW and Linc's cash generating units ("CGU"). The Goodwill arose on acquisition of subsidiary companies in prior years for Labour Hire and Training, and current year for OPW and Linc. As required by Australian Accounting Standards the Group tested this Goodwill for impairment, at 30 June 2023. The Group determined the recoverable amount using value in use calculations for the relevant CGU listed above, which involved a significant level of judgement in respect of factors such as: - Estimated future revenues and costs; - Discount rates; and - Terminal values. We considered this to be a key audit matter due to the significant judgement involved in estimating the recoverable amount of the Goodwill and the potentially material impact on the financial report.	Our audit procedures included but were not limited to the following: - Assessed the identification and determination of the Group's CGUs based on our understanding of the nature of the Group's business. - Tested the integrity and mathematical accuracy of the discounted cash flow models used by management for value in use assessments. - Evaluated and assessed key assumptions and methodologies applied to the underlying cashflow forecasts with reference to representations from management, documented business plans and historical results of the business operations. - Assessed the Group's assumptions in developing the discount and terminal growth rates with reference to external sources. - Performed sensitivity analysis and evaluated whether a reasonably possible change in assumptions could cause the carrying amount of a CGU to exceed its recoverable amount. - Assessed the adequacy of disclosures included in Note 17 to the financial statements.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Group's Annual Report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly 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 have 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 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 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 22 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Ashley Services Group Limited for the year ended 30 June 2023 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.



HLB Mann Judd Assurance (NSW) Pty Ltd
Chartered Accountants

Sydney, NSW
29 August 2023



K L Luong
Director

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the financial year ended 30 June 2023

	Note	30 June 2023 \$'000	3 Jul 2022 \$'000
Revenue	2	549,219	449,776
Other income	2	87	2
Share of profits from associated entities	13,14	198	-
Employment costs		(517,981)	(421,683)
Depreciation and amortisation expense	3	(3,159)	(1,772)
Finance costs	3	(1,646)	(831)
Other expenses		(10,793)	(9,135)
Profit before income tax		15,925	16,357
Income tax expense	5	4,523	5,001
Profit for the year		11,402	11,356
Other comprehensive income		-	-
Total comprehensive income for the year		11,402	11,356
Total comprehensive income for the year is attributable to:			
Shareholders of Ashley Services Group Limited		10,794	11,315
Non-controlling interests		608	41
		11,402	11,356
Basic earnings per share (cents)	26	7.50	7.86
Diluted earnings per share (cents)	26	7.40	7.86

The accompanying notes form part of these financial statements.

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	30 Jun 2023 \$'000	3 Jul 2022 \$'000
Assets			
Current assets			
Cash and cash equivalents	7	2,520	1,739
Trade and other receivables	8	57,150	54,968
Current tax receivable	18	14	1,627
Contract assets	9	1,417	777
Loans to associated entities	12	1,744	-
Other assets	10	1,317	2,255
Total current assets		64,162	61,366
Non-current assets			
Property, plant and equipment	11	4,256	2,050
Investments in associated entities	14	398	-
Loans to associated entities	12	999	157
Right-of-use assets	15	3,361	3,361
Deferred tax assets	18	9,844	3,887
Intangible assets	16, 17	28,970	10,976
Other assets		306	81
Total non-current assets		48,134	20,512
Total assets		112,296	81,878
Liabilities			
Current liabilities			
Trade and other payables	19	42,043	30,843
Borrowings	22	8,189	5,305
Current tax payable	18	4,660	-
Lease liabilities	20	1,188	1,050
Other liabilities	21	2,674	-
Provisions	23	5,042	3,991
Total current liabilities		63,796	41,189
Non-current liabilities			
Deferred tax liabilities	18	6,220	4,028
Lease liabilities	20	2,362	2,474
Other liabilities	21	4,836	1,973
Provisions	23	814	675
Total non-current liabilities		14,232	9,150
Total liabilities		78,028	50,339
Net assets		34,268	31,539

Consolidated Statement of Financial Position

As at 30 June 2023

	Note	30 Jun 2023 \$000	3 Jul 2022 \$000
Share capital	24	148,815	148,815
Common control & other reserves	25	(59,131)	(59,261)
Accumulated losses		(55,844)	(57,999)
Non-controlling interest		428	(16)
Total equity		34,268	31,539

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2023

	Share Capital \$000	Common control & other reserves \$000	Accumulated losses \$000	Non- controlling Interest \$000	Total \$000
For the year ended 30 June 2023					
Balance at 4 July 2022	148,815	(59,261)	(57,999)	(16)	31,539
Profit for the year	-	-	10,794	608	11,402
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	10,794	608	11,402
Dividends paid	-	-	(8,639)	(278)	(8,917)
Share based payment reserve	-	130	-	-	130
Non-controlling interest on acquisition of Linc	-	-	-	114	114
Balance at 30 June 2023	148,815	(59,131)	(55,844)	428	34,268
For the year ended 3 July 2022					
Balance at 5 July 2021 (Restated)	148,815	(59,261)	(61,540)	(57)	27,957
Profit for the year	-	-	11,315	41	11,356
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	11,315	41	11,356
Dividends paid	-	-	(7,774)	-	(7,774)
Balance at 3 July 2022	148,815	(59,261)	(57,999)	(16)	31,539

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2023

	Note	30 Jun 2023 \$000	3 Jul 2022 \$000
Operating activities			
Receipts from customers		608,658	482,918
Payments to suppliers and employees		(580,152)	(471,272)
Interest received		31	2
Interest paid		(1,640)	(745)
Income taxes paid		(4,099)	(4,201)
Net cash from operating activities	28	22,798	6,702
Investing activities			
Payments for property, plant and equipment		(3,167)	(1,375)
Payments for intangibles		(142)	(351)
Proceeds from sale of property, plant and equipment		95	131
Investment in and loans to associated entities		(2,781)	(825)
TIC earn-out payment		-	(375)
Payments for businesses, net of cash acquired	29	(8,688)	-
Net cash used in investing activities		(14,683)	(2,795)
Financing activities			
Net proceeds from external borrowings		2,884	4,215
Repayment of leasing liabilities		(1,302)	(1,117)
Dividends paid		(8,916)	(8,235)
Net cash used in financing activities		(7,334)	(5,137)
Net increase/(decrease) in cash and cash equivalents		781	(1,230)
Cash and cash equivalents at beginning of the financial year		1,739	2,969
Cash and cash equivalents at end of the financial year	7	2,520	1,739

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

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Notes to the Financial Statements

1. ACCOUNTING POLICIES

a. General information

The financial statements for the financial year ended 30 June 2023 cover Ashley Services Group Limited and its controlled entities ("**Ashley Services**" or the "**Group**"). Ashley Services Group is a public Company listed on the Australian Securities Exchange (trading under the symbol "**ASH**"), incorporated and domiciled in Australia.

The following is a summary of the material accounting policies adopted by the Group in the preparation of the consolidated financial statements. The accounting policies have been consistently applied unless otherwise stated.

b. Statement of compliance

The consolidated financial statements are general purpose financial statements which have been prepared in accordance with the *Corporations Act 2001* and Australian Accounting Standards adopted by the Australian Accounting Standards Board. The consolidated financial statements of the Group also comply with International Financial Reporting Standards ('IFRS') adopted by the International Accounting Standards Board. The Group is a for-profit entity for the purposes of preparing the financial statements.

The consolidated financial statements were authorised for issue by the Board of Directors on 29 August 2023.

c. Basis of preparation

Historical cost

The consolidated financial statements have been prepared on an accruals basis and are based on historical costs, except for the measurement at fair value of selected non-current assets, financial assets and financial liabilities as disclosed in this note. Cost is based on the fair values of the consideration given in exchange for assets. All amounts are presented in Australian dollars, unless otherwise noted.

Rounding

In accordance with ASIC Corporations (Rounding in Financial / Directors' Reports) Instrument 2016/191, amounts in the financial report are rounded off to the nearest thousand dollars unless otherwise indicated.

d. Going concern

The consolidated financial statements have been prepared on a going concern basis.

e. Adoption of new, revised or amending Accounting Standards and Interpretations

The Group adopted all of the new, revised or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ("AASB") that are mandatory for the current reporting period.

The new, revised or amending Accounting Standards and Interpretations adopted did not have a significant impact on the Group's financial statements.

f. New, revised or amending Accounting Standards and Interpretations issued but not yet mandatory

Any new, revised or amending Accounting Standards and Interpretations that have been published and are not mandatory for 30 June 2023 reporting periods and have not been early adopted by the Group.

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.

g. Business combinations

Business combinations occur where an acquirer obtains control over one or more businesses and result in the consolidation of its assets and liabilities.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair

Notes to the Financial Statements

value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed are recognised (subject to certain limited exceptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent consideration arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to the business combination are recognised as expenses in the statement of profit or loss and other comprehensive income when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

h. Basis of consolidation

The Group financial statements consolidate those of Ashley Services Group Limited and all of its subsidiaries as of 30 June 2023. Ashley Services Group Limited controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary. All subsidiaries have a reporting date of 30 June 2023.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains or losses on transactions between Group companies. Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

i. Revenue and other income

Revenue for both labour hire and training services is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring services to a customer. For each contract with a customer, the Group undertakes the following:

- i. Identifies the contract with a customer
- ii. Identifies the performance obligations in the contract
- iii. Determines the transaction price which considers estimates of variable consideration and time value of money
- iv. Allocates the transaction price to the separate performance obligations based on the relative stand-alone selling price of each distinct service to be delivered
- v. Recognises revenue when, or as, each performance obligation is satisfied in a manner that depicts the transfer to the customer of the services promised.

Notes to the Financial Statements

All revenue is stated net of the amount of GST.

Labour hire revenue

Labour hire revenue comprises the sourcing, engagement and placing of both temporary and permanent contractors. The sourcing, identification, submission and acceptance of contractors for specified roles at the customer are not considered to be distinct performance obligations from the contractor being engaged by ASH for an agreed period of time and deployed at the customer sites and are therefore, accounted for as a single performance obligation. As explained in accounting policy Note x. "Significant management judgement in Applying Accounting Policies", management has made a significant judgement to determine that the Group acts as principal in providing labour hire services to customers over the duration of contracts.

Labour hire revenue is recognised upon delivery of the service to the customers or in the instance of placement fees at the time the employee has been placed. Revenue from a contract to provide labour hire services is recognised over time as services are rendered based predominantly on an hourly rate.

Training revenue

Revenue from a contract to provide training services is recognised over time as the services are rendered using the percentage of completion method that depicts the transfer to the customer of the services rendered.

Interest revenue

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established, usually on declaration of the dividend / distribution.

Other income

Other income primarily includes State funding employer rebates earned in relation to specified categories of individuals.

j. Government grants and subsidies

Government grants and subsidies relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants and subsidies are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The Group has adopted the net method of accounting for government subsidies. Therefore, the government subsidies are recognised against Employment costs.

The most significant receipt during the period was for various Government Stimuli as a result of the Covid-19 pandemic, including Boosting Apprenticeship Commencements Program and Completing Apprenticeship Commencements Program.

Cashflows are reflected in receipts from customers for the monies received from the various government departments and payments to suppliers and employees for the payments to employees.

k. Income tax

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit or loss when the tax

Notes to the Financial Statements

relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Where temporary differences exist in relation to investments in subsidiaries, branches, associates, and joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary differences can be controlled and it is not probable that the reversal will occur in the foreseeable future.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

Tax consolidation

Ashley Services Group Limited and its wholly owned Australian subsidiaries have formed an income tax consolidated group under tax consolidation legislation. The CCL Group companies being 80% owned and Linc being 75% owned are not part of this income tax consolidated group. Each entity in the group recognises its own current and deferred tax assets and liabilities. Such taxes are measured using the 'standalone taxpayer' approach to allocation. Current tax liabilities (assets) and deferred tax assets arising from unused tax losses and tax credits in the subsidiaries are immediately transferred to head entity. The group notified the Australian Taxation Office that it has formed an income tax consolidation group to apply from 1 July 2003. The income tax consolidated group has entered a tax funding arrangement whereby each company in the Group contributes to the income tax payable by the Group in proportion to their contributions to the Group's taxable income.

Differences between the amounts of net tax assets and liabilities derecognised and the net amounts recognised pursuant to the funding arrangement are recognised as either a contribution by, or distribution, to the head entity.

l. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown with short term borrowings in current liabilities on the consolidated statement of financial position.

m. Trade and other receivables

Trade and other receivables include amounts due from customers for services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently

Notes to the Financial Statements

measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

The recoverability of trade receivables is reviewed on an ongoing basis. Amounts which are determined not to be recoverable are written off by reducing the carrying amount to its recoverable amount, the difference is charged to profit or loss in that period.

Expected credit losses are measured by the Group by applying a simplified approach which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

n. Contract assets

Contract assets are recognised when the Group has transferred goods or services to the customer but where the Group is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes.

o. Property, plant and equipment

Each class of property, plant and equipment is carried at cost, less where applicable, any accumulated depreciation and impairment losses.

Property, plant and equipment is stated at historical cost less accumulated depreciation and any accumulated impairment losses.

The depreciable amount of fixed assets is depreciated on a straight line basis, over the useful asset's life to the Group commencing from the time the assets are held ready for use.

The annual depreciation rates used for each class of depreciable assets are:

Class of fixed assets	Depreciation rate
Computer equipment	20 - 33%
Office equipment	20 - 33%
Furniture and fittings	10%
Motor vehicles	18.75 - 25%

Training equipment	33%
Leasehold improvements	20 - 50%

In the case of leasehold improvements, expected useful lives are determined by reference to comparable owned assets or over the term of the lease, if shorter.

The carrying amount of property, plant and equipment is reviewed annually at the end of the reporting period by the Directors to ensure it is not in excess of the recoverable amount of these assets.

The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing proceeds with carrying amount. These gains or losses are recognised immediately in profit or loss.

p. Intangible assets

Goodwill

Goodwill is initially recognised as the difference between the fair value of consideration, and the fair value of net assets acquired less any accumulated impairment losses.

The value of goodwill is recognised on acquisition of the business.

The Group adopts the full goodwill method. The fair value of the interests in the business is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the interests of the business is recognised in the financial statements.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or group of cash-generating units, which

Notes to the Financial Statements

represent the lowest level at which goodwill is monitored but where such level is not larger than an operating segment. Gains or losses on the disposal of equity include the carrying amount of goodwill related to the entity sold.

Changes in the ownership interest in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

Other intangibles

Intangibles acquired by the Group are stated at cost less accumulated amortisation and impairment losses. Amortisation is charged to the profit or loss on a straight line basis over the estimated useful life.

Estimated useful life of intangibles is as follows:

Customer relationships	5-10 years
Licenses	5 years
Intellectual property	
- Course material	5-7 years

Intangible assets, such as Brands, which are deemed to have an indefinite useful life are not amortised, but are assessed for impairment annually, within the CGU to which they are attributed. Where impairment is recognised, it is recorded in the profit or loss in the period the impairment is identified.

q. Impairment of assets

At the end of each reporting period, the Group assesses whether there is any indication that an asset may be impaired.

The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell, and its value in use, to the asset's carrying amount. Any excess of the asset's carrying value over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued

amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Impairment testing is performed at least annually for goodwill and intangible assets with indefinite lives.

r. Trade and other payables

Trade and other payables represent the liabilities for goods and services received by the Group that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

s. Employee benefits

Provision is made for the Group's liability for the employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may not satisfy vesting requirements. Those cash flows are discounted using market yields on HQ corporate bonds with terms to maturity that match the expected timing of cash flows.

t. Provisions

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Notes to the Financial Statements

that outflow can be reliably measured. Provisions are measured at the best estimate of the amounts required to settle the obligation at the end of the reporting period.

u. Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down.

v. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

w. GST

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the ATO.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

x. Significant management judgement in applying accounting policies

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

Significant management judgement

The following are significant management judgements in applying the accounting policies of the Group that have the most significant effect on the financial statements.

Revenue recognition

The main area of judgement in revenue recognition relates to the recognition of labour hire arrangements where the Group acts on a principal (gross) basis rather than an agent (net) basis. The factors considered by the Directors, on a contract-by-contract basis, when concluding that the Group is acting as principal rather than agent are as follows:

- The customer has a direct relationship with the Group;
- The Group has the primary responsibility for providing the services to the customer and engages and contracts directly with the contractor; and
- The Group has latitude in establishing rates directly or indirectly with all parties.

Determination of Cash Generating Units for purpose of impairment reviews

Determination of the Cash Generating Units ("CGUs") for purpose of impairment reviews is a key judgement made by management. Management has undertaken a formal assessment of what constitutes the CGUs, by identifying the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets, being Training, Labour Hire, Linc and OPW.

Recognition of deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group's future taxable income against which the deferred tax assets can be utilised.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Notes to the Financial Statements

As discussed in note 1(g), business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the Group taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Impairment

In assessing impairment, management estimates the recoverable amount of each asset or cash-generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate. Both future operating results and discount rates are discussed in Note 17.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical obsolescence that may change the utility of certain software and IT equipment.

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Long service leave provisions

In determining the provision for employees' long service leave, consideration is given to the probability an employee may not satisfy vesting requirements. In doing this, management considers the likelihood of employees reaching a qualifying period of service and adjust the valuation for these estimated probabilities.

Long term incentive plan

In determining the provision and annual accounting expense for senior management's long term incentive plan, the Performance Rights issued were valued using the share price on 30 March 2023 (the date upon which Shareholders approved the LTI plan and the issuance of Performance Rights by ASG), discounted using Black Scholes modelling, which essentially discounts value for future dividends receivable by ordinary shareholders, but not attributable to the unvested Performance Rights.

Workers Compensation Provisions

In certain states premiums payable in relation to workers compensation insurance can vary and be retrospectively adjusted, up to a period of five years, by the insurer based on the annual wages, number of claims made and a range of other factors. In determining the worker compensation insurance provision (included in trade and other payables) at balance date consideration is given to the previous years' premium rates, retrospective adjustments and the current year gross wages.

y. Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine

Notes to the Financial Statements

volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions is recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the

modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

z. Dividends

A liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

aa. Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company, after deducting any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Notes to the Financial Statements

Diluted earnings per share

Diluted earnings per share adjusts the figures used in determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Notes to the Financial Statements

2. REVENUE AND OTHER INCOME

	2023 \$000	2022 \$000
Operating activities:		
Labour hire revenue	533,228	438,246
Training revenue	15,991	11,530
	549,219	449,776
Other income:		
Interest received	31	2
Sundry income	56	-
	87	2

a. Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

2023	Labour Hire \$000	Training \$000	Total \$000
Revenue			
From external customers	533,228	15,991	549,219
Timing of revenue recognition			
Services transferred over time	519,146	15,991	535,137
Services transferred at a point in time	14,082	-	14,082
	533,228	15,991	549,219

2022	Labour Hire \$000	Training \$000	Total \$000
Revenue			
From external customers	438,246	11,530	449,776
Timing of revenue recognition			
Services transferred over time	422,590	11,530	434,120
Services transferred at a point in time	15,656	-	15,656
	438,246	11,530	449,776

Notes to the Financial Statements

3. EXPENSES

Profit before income tax from continuing operations includes the following specific expenses:

	2023 \$000	2022 \$000
Share-based payment expense		
Share-based payment expense	130	-
Depreciation		
Motor vehicles	452	133
Office equipment	413	314
Leasehold improvements	156	52
Land and buildings right-of-use assets	1,232	1,068
	2,253	1,567
Amortisation		
Customer contracts and relationships	812	-
Course material	94	205
	906	205
Finance costs		
Interest and finance charges paid/payable on borrowings	958	505
Interest and finance charges paid/payable on lease liabilities	97	67
Bank fees	591	259
	1,646	831

4. AUDITOR'S REMUNERATION

	2023 \$	2022 \$
Auditor of the parent entity		
Audit and review of financial reports under the <i>Corporations Act 2001</i> - HLB Mann Judd Assurance (NSW) Pty Ltd	229,500	189,500
Total Remuneration	229,500	189,500
Other entities		
In addition to the above, the related entities detailed in Note 31 have also paid fees to the auditor(s) as follows:		
Audit of financial reports - HLB Mann Judd Assurance (NSW) Pty Ltd	103,000	53,000
	103,000	53,000

5. INCOME TAX EXPENSE

a. Components of tax expense

	2023 \$000	2022 \$000
Current tax expense	10,624	3,499
Deferred tax – origination and reversal of temporary differences	(5,863)	1,405
Under / (over) provision of tax in prior year	(238)	97
Income tax expense	4,523	5,001

Notes to the Financial Statements

b. Reconciliation of prima facie tax on profit from ordinary activities to income tax expense

	2023 \$000	2022 \$000
Net profit before tax from continuing operations	15,925	16,357
Prima facie tax expense on net profit from ordinary activities before income tax at 30% (FY22: 30%)	4,777	4,907
Add / (less) Tax effect of:		
– Entertainment	20	14
– Other	22	1
– Intangible assets	(58)	(18)
– (Over)/under provision of tax in prior year	(238)	97
Income tax expense	4,523	5,001

The tax rate used in the above reconciliation is the corporate tax rate of 30% payable by Australian corporate entities on taxable profits under Australian tax law. There has been no change in the corporate tax rate when compared with the previous reporting period.

6. KEY MANAGEMENT PERSONNEL DISCLOSURES

a. Key management personnel compensation for the year was as follows:

	2023 \$	2022 \$
Short-term employee benefits	1,908,275	1,441,190
Post-employment benefits	96,777	94,686
Long-term employee benefits	129,560	15,076
Total	2,134,612	1,550,952

b. Individual director and key management personnel disclosures

Detailed remuneration disclosures are included in the Directors' Report. The relevant information can be found in the Remuneration section of the Directors' Report on pages 13 to 22, Tables 5 to 15.

Notes to the Financial Statements

7. CASH AND CASH EQUIVALENTS

	2023 \$000	2022 \$000
Cash on hand	2	2
Cash at bank	2,518	1,737
	2,520	1,739

8. TRADE AND OTHER RECEIVABLES

	2023 \$000	2022 \$000
Current		
Trade receivables	45,060	42,907
Allowance for expected credit losses	(346)	(599)
Other receivables	12,436	12,660
	57,150	54,968

a. Ageing of trade receivables (before allowing for impairment of receivables) at year end is detailed below

	2023 \$000	2022 \$000
Current	37,774	33,411
Past due 0 – 30 days (not considered impaired)	3,830	7,044
Past due 31 – 60 days (not considered impaired)	1,901	1,042
Past due 60+ days (not considered impaired)	1,209	811
Past due 60+ days (considered impaired (b))	346	599
	45,060	42,907

b. The movement in the allowance for expected credit losses in respect of trade receivables is detailed below

	2023 \$000	2022 \$000
Balance at beginning of year	599	193
Increase in allowance recognised in profit or loss	199	463
Amounts written-off	(452)	(57)
Balance at end of year	346	599

9. CONTRACT ASSETS

	2023 \$000	2022 \$000
Current		
Contract assets	1,417	777
	1,417	777

Notes to the Financial Statements

a. Reconciliation of contract assets

	2023 \$000	2022 \$000
Opening balance	777	791
Payments received	(10,560)	(8,285)
Accruals	11,200	8,271
Closing balance	1,417	777

10. OTHER ASSETS

	2023 \$000	2022 \$000
Current		
Prepayments	1,233	1,022
Bank deposits	-	725
Bank guarantee ¹	84	508
	1,317	2,255

Note:

- As at balance date the Group had bank guarantees of \$66,219 (2022: \$79,969) relating to property leases. The \$84,004 (2022: \$508,067) represents a restricted bank account to cover the Group's total available guarantee facility with BankWest of \$84,004 (2022: \$508,067).

11. PROPERTY, PLANT AND EQUIPMENT

	2023 \$000	2022 \$000
Motor vehicles		
Cost	3,783	1,190
Accumulated depreciation	(1,179)	(504)
	2,604	686
Office equipment		
Cost	5,651	5,069
Accumulated depreciation	(4,451)	(4,051)
	1,200	1,018
Leasehold improvements		
Cost	2,070	1,816
Accumulated depreciation	(1,635)	(1,509)
	435	307
Capital works in progress		
Cost	17	39
	17	39
Total property, plant and equipment	4,256	2,050

Notes to the Financial Statements

a. Movement in carrying amounts of property, plant and equipment

	Motor vehicles \$000	Office equipment \$000	Leasehold improvements \$000	Capital work in progress \$000	Total \$000
2023					
Balance at 4 July 2022	686	1,018	307	39	2,050
Additions/(transfers)	2,267	629	293	(22)	3,167
Additions through business combinations (note 29)	135	20	-	-	155
Disposals	(33)	(54)	(8)	-	(95)
Depreciation expense	(451)	(413)	(157)	-	(1,021)
Balance at 30 June 2023	2,604	1,200	435	17	4,256

	Motor vehicles \$000	Office equipment \$000	Leasehold improvements \$000	Capital work in progress \$000	Total \$000
2022					
Balance at 4 July 2021	359	569	86	233	1,247
Additions/(transfers)	484	812	273	(194)	1,375
Disposals	(24)	(49)	-	-	(73)
Depreciation expense	(133)	(314)	(52)	-	(499)
Balance at 3 July 2022	686	1,018	307	39	2,050

The Group's property, plant and equipment are encumbered by a General Security Agreement as security for the group's Invoice Financing capital facility (Refer Note 21).

12. LOANS TO ASSOCIATED ENTITIES

	2023 \$000	2022 \$000
Current	1,744	-
Non-current	999	157
	2,743	157

Note:

- On 19 April 2022 the Group acquired a non-controlling interest of 49% in Dardi Munwurro Labour and Traffic Management Pty Limited, a company providing indigenous labour hire in Victoria, for \$49. The loan represents lending to fund the working capital requirements of the associated entity to 30 June 2023. The loan has no set maturity date, is not secured and is interest bearing at ASG's borrowing rate, as disclosed in Note 37. \$1.744 million was repaid in July 2023.

13. DETAILS OF ASSOCIATED ENTITIES

	Reporting entity's % holding		Contribution to profit/(loss)	
	As at 30 June 2023 %	As at 3 July 2022 %	2023 \$000	2022 \$000
Group's aggregate share of associated entities profit/loss before tax:				
Dardi Munwurro Labour & Traffic Management Pty Limited	49%	49%	283	-
Yalagan Infrastructure Pty Ltd	49%	-	(67)	-
EWP Services Pty Ltd (formerly EWP Yalagan Pty Ltd)	49%	-	30	-
Profit/(loss) from ordinary activities before income tax			246	-
Income tax on operating activities			(48)	-
Profit/(loss) from ordinary activities after tax			198	-

Notes to the Financial Statements

14. INVESTMENT IN ASSOCIATED ENTITIES

	2023 \$000	2022 \$000
Carrying value of investment in associate	398	-
	398	-

2023	EWP Services Pty Ltd \$000	Dardi Munwurro Labour and Traffic Management Pty Ltd \$000	Yalagan Infrastructure Pty Ltd \$000	Total \$000
Balance at 4 July 2022	-	-	-	-
Acquisition	200	-	-	200
Share of profit after income tax	(14)	259	(47)	198
Disposals	-	-	-	-
Impairment	-	-	-	-
Balance at 30 June 2023	186	259	(47)	398

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

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

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

15. RIGHT-OF-USE ASSETS

	2023 \$000	2022 \$000
Land and buildings	6,007	5,402
Accumulated depreciation	(2,646)	(2,041)
	3,361	3,361

Note:

- Additions to the right-of-use assets during the year were \$1,283,558 (2022: \$1,248,338).
- The Group leases land and buildings for its offices under agreements of between 1 to 5 years with, in some cases options to extend.

Notes to the Financial Statements

16. INTANGIBLE ASSETS

	2023 \$000	2022 \$000
Goodwill		
Cost	73,212	71,558
Acquisition OPW and Linc	9,462	1,654
Accumulated impairment (note 17)	(62,474)	(62,474)
Net carrying value	20,200	10,738
Customer relationships/Licences		
Cost	2,062	2,062
Acquisition OPW and Linc	7,896	-
Accumulated impairment (note 17)	(918)	(918)
Accumulated amortisation	(1,956)	(1,144)
Net carrying value	7,084	-
Brand names		
Cost	4,640	4,640
Acquisition OPW	1,400	-
Accumulated impairment (note 17)	(4,640)	(4,640)
Net carrying value	1,400	-
Intellectual property – course materials		
Cost	8,701	8,560
Accumulated impairment (note 17)	(3,896)	(3,896)
Accumulated amortisation	(4,519)	(4,426)
Net carrying value	286	238
Total intangible assets	28,970	10,976

a. Intangible assets – detailed reconciliation

	Goodwill \$000	Customer Relationships and Licences \$000	Brand Names \$000	Intellectual Property \$000	Total \$000
2023					
Balance at 4 July 2022	10,738	-	-	238	10,976
Additions	-	-	-	142	142
Additions through business combinations (note 29)	9,462	7,896	1,400	-	18,758
Amortisation	-	(812)	-	(94)	(906)
Balance at 30 June 2023	20,200	7,084	1,400	286	28,970

	Goodwill \$000	Customer Relationships and Licences \$000	Brand Names \$000	Intellectual Property \$000	Total \$000
2022					
Balance at 4 July 2021	10,738	-	-	110	10,848
Additions	-	-	-	333	333
Amortisation	-	-	-	(205)	(205)
Balance at 3 July 2022	10,738	-	-	238	10,976

Notes to the Financial Statements

17. IMPAIRMENT

a. Impairment

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 division (excluding Linc and OPW), Linc, OPW or the Training division at 30 June 2023.

Labour Hire division (excluding Linc and OPW)

The recoverable amount of the Labour Hire division (excluding Linc and OPW) has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial forecasts approved by management for FY24 and covering detailed forecasts for a further four 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 after-tax cash flows has been determined by applying a suitable after-tax discount rate of 12.7 per cent. Cash flows after year 5 have been held constant, reflecting the competitive nature of the industry.

Management's key assumption is that revenue for the Labour Hire division (excluding any acquisitions post 30 June 2023) will increase by approximately 14% in FY24. EBITDA margin (before corporate overhead allocations) is forecast to decline by approximately 0.6 percentage point from 3.7% to 3.1% as government support programmes wind down and the Group works through contract renewals and business mix to sustain margin in the current competitive and inflationary environment.

Linc

The recoverable amount of Linc has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial forecasts approved by management for FY24 and covering detailed forecasts for a further four 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 after-tax cash flows has been determined by applying a suitable after-tax discount rate of 16.2 per cent. Cash flows after year 5 have been held constant, reflecting the competitive nature of the industry.

Management's key assumption is that revenue for Linc in FY24 will increase only by underlying wage inflation of 5% and EBITDA margin (before corporate overhead allocations) will remain constant at 10.7%.

Further, Linc's principal customer contract expires on 31 December 2023. As at the statement date, the company is actively engaged in a proposal process to renew the contract. In determining the value in use for impairment purposes, judgement was applied in estimating the probability of successful contract renewal and the potential acquisition of new customer contracts in the future.

OPW

The recoverable amount of OPW has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial forecasts approved by management for FY24 and covering detailed forecasts for a further four 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 after-tax cash flows has been determined by applying a suitable after-tax discount rate of 15.1 per cent. Cash flows after year 5 have been held constant, reflecting the competitive nature of the industry.

Management's key assumption is that revenue for OPW in FY24 will increase by 2% compared with the full year revenue for the year ended 30 June 2023, representing expected inflationary increases in underlying cost passed onto customers and a minor reduction in volumes. EBITDA margin (before corporate overhead allocations) is forecast to return to historic levels of close to 5%.

Notes to the Financial Statements

Training division

The recoverable amount of the Training division has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial forecasts approved by management for FY24 and covering detailed forecasts for a further four 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 after-tax cash flows has been determined by applying a suitable after-tax discount rate of 12.7 per cent. Cash flows after year 5 have been held constant, reflecting the competitive nature of the industry.

Management's key assumption is that revenue for the Training division will increase by approximately 27% in FY24, with additional courses being added to scope and additional funding received for those courses. EBITDA margin (before corporate overhead allocations) is forecast to be close to historic levels of 20%.

Long term growth rates after the forecast period and discount rates used were as follows:

	Terminal Growth rates		Post-tax discount rates	
	30 Jun 2023	3 July 2022	30 June 2023	3 July 2022
Labour Hire (excluding Linc and OPW)	0%	0%	12.7%	11.7%
Linc	0%	0%	16.2%	n/a
OPW	0%	0%	15.1%	n/a
Training	0%	0%	12.7%	11.7%

The growth rate reflects management's view of longer-term average growth rates for the respective sectors. The discount rate reflects appropriate adjustments relating to market risk and specific risk factors of each unit.

b. Impairment charges

As a result of the analysis, there is no need for any impairment charges in the FY23 results. The same analysis in the prior year resulted in no impairment charge being recorded in the FY22 results.

Movements in the net carrying amount of goodwill and other intangibles are presented in note 16.

The amount of goodwill, brand names and other intangibles remaining by CGU and subject to future impairment testing is as follows:

2023	Customer Relationships/ Licences		Brand Names	Intellectual Property	Total
	Goodwill \$'000	Licences \$'000			
Training	1,654	-	-	286	1,940
Labour Hire (excluding Linc and OPW)	9,084	-	-	-	9,084
Linc	2,576	2,056	-	-	4,632
OPW	6,886	5,028	1,400	-	13,314
Total	20,200	7,084	1,400	286	28,970

2022	Customer Relationships/ Licences		Brand Names	Intellectual Property	Total
	Goodwill \$'000	Licences \$'000			
Training	1,654	-	-	238	1,892
Labour Hire	9,084	-	-	-	9,084
Total	10,738	-	-	238	10,976

Notes to the Financial Statements

c. Sensitivity analysis

Management has also run various sensitivity scenarios, primarily reviewing sensitivity of outcomes to FY24 EBITDA forecasts, long term growth rates and discount rates. In respect of reasonably possible changes in the key assumptions, with all other assumptions remaining constant, major sensitivities are summarised as follows:

Change in VIU	Labour hire CGU \$'M	Impairment \$'000	Training CGU \$'M	Impairment \$'000
Sustainable EBITDA margin; +/- \$0.5 million each CGU	+/-2.6	-	+/-3.0	-
1% increase or decrease in long term growth rate	+/-2.7	-	+/-0.8	-
1% increase or decrease in post-tax discount rate	+/-5.7	-	+/-1.1	-

Change in VIU	Linc CGU \$'M	Impairment \$'000	OPW CGU \$'M	Impairment \$'000
Sustainable EBITDA margin; +/- \$0.5 million each CGU	+/-2.4	-	+/-2.6	-
1% increase or decrease in long term growth rate	+/-0.2	-	+/-0.7	-
1% increase or decrease in post-tax discount rate	+/-0.4	-	+/-1.1	-

Notes to the Financial Statements

18. TAX BALANCES

	2023 \$000	2022 \$000
Current assets		
Income tax receivable	14	1,627
Non-current assets		
Deferred tax assets (a)	9,844	3,887
Current tax liabilities		
Income tax payable	4,660	-
Non-current liabilities		
Deferred tax liabilities (a)	6,220	4,028

a. Deferred tax assets and liabilities

Deferred taxes arising from temporary differences and unused tax losses can be summarised as follows:

	Balance at Beginning of the Year \$000	Recognised in Other Comprehensive Income \$000	Recognised in Business Combination \$000	Recognised in Profit & Loss \$000	Balance at End of the Year \$000
2023					
Current assets					
Trade, other receivables and other assets	(3,600)	-	(628)	736	(3,492)
Contract assets	(233)	-	-	(192)	(425)
Non-current assets					
Intangible assets	-	-	(2,369)	244	(2,125)
Property, plant and equipment	(142)	-	(47)	(670)	(859)
Right-of-use assets ¹	40	-	-	(40)	-
Current liabilities					
Trade and other payables	2,384	-	825	5,058	8,267
Provisions	1,399	-	121	271	1,791
2023 Tax loss carried forward					
Tax losses	11	-	-	456	467
Total	(141)	-	(2,098)	5,863	3,624

Note:

1. This amount is net of lease liabilities.

Notes to the Financial Statements

	Balance at Beginning of the Year	Recognised in Other Comprehensive Income	Recognised in Business Combination	Recognised in Profit & Loss	Balance at End of the Year
2022	\$000	\$000	\$000	\$000	\$000
Current assets					
Trade, other receivables and other assets	(2,041)	-	-	(1,559)	(3,600)
Contract assets	(237)	-	-	4	(233)
Non-current assets					
Intangible assets	-	-	-	-	-
Property, plant and equipment	238	-	-	(380)	(142)
Right-of-use assets ¹	51	-	-	(11)	40
Current liabilities					
Trade and other payables	3,212	-	-	(828)	2,384
Provisions	2,145	-	-	(746)	1,399
2022 Tax loss carried forward					
Tax losses	-	-	-	11	11
Total	3,368	-	-	(3,509)	(141)

19. TRADE AND OTHER PAYABLES

	2023 \$000	2022 \$000
Current		
Trade payables	5,550	8,314
Accrued expenses	9,570	6,534
GST payable	5,846	4,044
Workers' compensation	4,211	2,042
Sundry creditors	16,866	9,909
	42,043	30,843

Average credit period on purchases of products and services is 30 days. No interest is charged on trade payables. The Group has financial risk management policies in place to ensure payables are paid within credit time frame.

20. LEASE LIABILITIES

	2023 \$000	2022 \$000
Current	1,188	1,050
Non-current	2,362	2,474
	3,550	3,524

Notes to the Financial Statements

21. OTHER LIABILITIES

	2023 \$000	2022 \$000
Current		
OPW Deferred Consideration payable October 2023	1,838	-
Redemption Liability CCL	836	-
Other liabilities (Current)	2,674	-
Non-current		
Redemption Liability CCL	1,137	1,973
Redemption liability Linc	636	-
OPW Deferred consideration payable October 2024	3,063	-
Other liabilities (Non-current)	4,836	1,973

Redemption Liability CCL

The redemption liability CCL is a Put Option which represents a contractual obligation to purchase the remaining non-controlling interests in the CCL Group and originated from a previous business combination to acquire the CCL Group. The 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 to 10 years.

The Put Option was exercised on 30 June 2023, with ASH acquiring the remaining 20% of the CCL Group on 14 July 2023. The purchase consideration for the 20% interest is payable in two instalments, the first in October 23 (based upon the actual audited FY23 EBITDA) and the final instalment in October 24 (based upon the actual audited FY24 EBITDA). Based upon the FY23 actual result and the most likely FY24 forecast result, the original redemption liability of \$1.973 million still represents the present value of the likely consideration.

Redemption Liability Linc

The redemption liability Linc is a Put Option which represents a contractual obligation to purchase the remaining non-controlling interest and originates from the current year business combination to acquire Linc. 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 Linc Share Sale and Purchase Agreement.

The Put Option can be exercised by the Remaining Shareholder:

- at any time upon the occurrence of a Control Event in respect of Ashley Services Group Limited;
- or after 7 July 2025, provided the key customer contract is renewed or equivalent customer contracts are secured.

Notes to the Financial Statements

OPW Deferred Consideration

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

- i) The initial completion payment of \$7,113,750;
- ii) A second payment payable in October 2023, bringing cumulative payments to 75% of total purchase price; and
- iii) A third payment payable in October 2024, representing the final 25% of the purchase price. The third payment may be reduced if revenue for OPW for FY24 falls below \$60 million.

22. BORROWINGS

2023	Available facility \$000	Facility used \$000	Remaining facility \$000
Invoice Financing	25,000	3,349	21,651
Acquisition facility	18,000	4,840	13,160
Balance at 30 June 2023	43,000	8,189	34,811

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
Balance at 3 July 2022	35,000	5,305	29,695

Facilities

On 28th 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:

- 1st ranking General Security Agreement over the assets and undertakings of the Borrower and its Guarantors (Ashley Services Group Limited and its trading-controlled entities); and
- Flawed Asset Arrangement – Deposit of Action Workforce Pty Ltd, Construction Contract Labour (VIC) Pty Ltd, Concept Engineering (AUST) Pty Ltd and CCLTS Group Pty Ltd for Invoice Finance Facility collections.

As at 30 June 2023, the combined facilities were drawn to \$8.189 million (3 July 2022: \$5.305 million).

Notes to the Financial Statements

23. PROVISIONS

	2023 \$000	2022 \$000
Current		
Employee benefits (a)	5,004	3,952
Make good provisions for leases	38	39
Total	5,042	3,991
Non-current		
Employee benefits (a)	685	479
Make good provisions for leases	129	196
Total	814	675

a. Reconciliation of employee provisions

	2023 \$000	2022 \$000
Opening balance	4,431	4,296
Acquired through business combination - Linc (note 29)	251	-
Acquired through business combination - OPW (note 29)	402	-
Less: leave taken during the year	(5,014)	(3,395)
Add: leave provided for during the year	5,619	3,530
Closing balance	5,689	4,431

24. SHARE CAPITAL

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

	2023 \$000	2022 \$000
143,975,904 (FY22: 143,975,904) fully paid ordinary shares	154,234	154,234
Share issue costs	(5,419)	(5,419)
Share capital	148,815	148,815
7,558,734 (FY22: nil) performance rights	-	-
Performance Rights	-	-

a. Ordinary shares

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

b. Performance Rights

During the year, the Group had issued 7,558,734 Performance rights to employees as detailed in the Remuneration Note within the Directors' Report – tables 5 and 7. These Performance Rights were granted on 30th March 2023. Tranche 1, representing 4,535,240 Performance Rights were granted with a fair value of 50.5 cents per Right. Tranche 2, representing 3,023,494 Performance Rights were granted with a fair value of 33.9 cents per Right.

Notes to the Financial Statements

Management have assessed the probability of the performance hurdles for Tranche 1 and Tranche 2 being met and an accounting expense of \$129,560 has been recognised in the profit and loss account for the year ended 30 June 2023.

c. Capital Risk Management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.

25. COMMON CONTROL AND OTHER RESERVES

	2023 \$000	2022 \$000
Common control reserve	(59,261)	(59,261)
Share-based payments reserve	130	-
Share capital	(59,131)	(59,261)

Common control reserve

The common control reserve has arisen following the adoption of the pooling of interests method used to account for the acquisition of the following entities since 1 July 2014:

- ADV Services Pty Limited;
- Ashley Institute Holdings Pty Limited;
- TBRC Holdings Pty Limited;
- Tracmin Pty Limited; and
- Australian Institute of Vocational Development Pty Limited; and
- CCL Group (Construction Contract Labour (VIC) Pty Ltd, Complete Traffic Services (VIC) Pty Ltd and VIC Traffic and Labour Solutions Pty Ltd)

Share-based payments reserve

A Long-Term Incentive plan has been established by the Group and approved by shareholders at a general meeting, whereby the Group may, at the discretion of the Board of Directors, grant performance rights over ordinary shares in the company to certain key management personnel of the Group. The performance rights are issued for nil consideration and are granted in accordance with performance guidelines established by the Board of Directors.

On 22 May 2023, senior executives received an LTI award of 7,588,734 performance rights, the vesting of which is subject to the performance conditions outlined below. The number of rights awarded was approved by shareholders at an Extraordinary General Meeting held on 30 March 2023.

Notes to the Financial Statements

Each performance right converts into one share of ASH if the vesting criteria are met, at no cost to the participants. Those performance rights have been split into 2 tranches:

- Tranche 1: 4,535,240 performance rights - 60% of the LTI grant - PBT target is \$24.5 million, excluding any intangible amortisation associated with acquisitions after 1 July 2022 or any accounting expense or cost relating the LTI performance Rights Plan.
- Tranche 2: 3,023,494 performance rights - 40% of the LTI grant - PBT target is \$36.5 million, excluding any intangible amortisation associated with acquisitions after 1 July 2022 or any accounting expense or cost relating the LTI performance Rights Plan.

Those performance rights have been valued by using a Black-Scholes methodology, with inputs as follows:

	Grant date	Share price at grant date	Exercise price	Expected life	Dividend yield	Risk-free interest rate	Fair value at grant date
Tranche 1	30/03/2023	\$0.72	\$nil	4.3	8.3%	3.1%	\$0.505
Tranche 2	30/03/2023	\$0.72	\$nil	9.3	8.3%	3.4%	\$0.339

Total share-based payments expense recorded in the profit or loss for the year ended 30 June 2023 amounted to \$129,560 (2022: \$nil).

26. EARNINGS PER SHARE

	2023	2022
Profit after tax for the year attributable to shareholders (\$'000)	10,794	11,315
Weighted number of ordinary shares outstanding during the year used in calculating basic earnings per share (EPS)	143,975,904	143,975,904
Weighted number of ordinary shares outstanding during the year used in calculating diluted earnings per share (EPS)	145,896,908	143,975,904
Basic earnings per share (cents)	7.50	7.86
Diluted earnings per share (cents)	7.40	7.86

Notes to the Financial Statements

27. SEGMENT INFORMATION

The Group's management identifies two operating segments, Labour Hire and Training, representing the main products and services provided by the Group. During the financial year ended 30 June 2023, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit or loss. The revenues and profit generated by each of the Group's operating segments are summarised as follows:

2023	Labour Hire \$000	Training \$000	Total \$000
Revenue			
From external customers	533,228	15,991	549,219
Segment revenue	533,228	15,991	549,219
Other income	82	2	84
Employment costs	(504,455)	(10,579)	(515,034)
Depreciation and amortisation expense	(1,256)	(978)	(2,234)
Finance costs	(615)	(31)	(646)
Other expenses	(6,985)	(1,693)	(8,678)
Segment Profit	19,999	2,712	22,711
Unallocated items			(6,786)
Profit before income tax			15,925
Income tax expense			(4,523)
Profit after income tax			11,402
Other comprehensive income			-
Total comprehensive income for the year			11,402
2022	Labour Hire \$000	Training \$000	Total \$000
Revenue			
From external customers	438,246	11,530	449,776
Segment revenue	438,246	11,530	449,776
Other income	(5)	7	2
Employment costs	(410,477)	(8,626)	(419,103)
Depreciation and amortisation expense	(744)	(913)	(1,657)
Finance costs – interest and finance charges	(174)	(24)	(198)
Other expenses	(5,979)	(1,385)	(7,364)
Segment Profit	20,867	589	21,456
Unallocated items			(5,099)
Profit before income tax			16,357
Income tax expense			(5,001)
Profit after income tax			11,356
Other comprehensive income			-
Total comprehensive income for the year			11,356

No segments assets or liabilities are disclosed because there is no measure of segments assets or liabilities regularly reported to Management and to the Board.

Notes to the Financial Statements

a. Information about major customers

Included in revenues from external customers are revenues of \$155.6 million (2022: \$185.1 million) which arose from sales to 2 (2022: 3) of the Group's customers whose individual revenue exceeds 10% of total revenue in the Labour Hire segment. Sales to these 2 customers were \$92.1 million and \$63.5 million respectively (2022: \$74.5 million, \$56.5 million and \$54.1 million respectively).

There are no customers whose individual revenue exceeded 10% of total revenue in the Training segment in either financial year.

28. CASH FLOW INFORMATION

Reconciliation of cash flow from operations to profit after income tax

	2023 \$000	2022 \$000
Profit for the year	11,402	11,356
Cash flows excluded from profit attributable to operating activities		
Adjustments for non-cash items:		
- Depreciation and amortisation expense	3,159	1,772
- Expected credit losses	199	463
- (Profit)/loss on disposal of fixed assets	-	(30)
- Lease liability non-cash expense	97	67
- LTI non-cash expense, share based payment reserve	130	-
- Share of associated company profits	(198)	-
- Changes in assets and liabilities		
- Decrease/(increase) in trade and other receivables	4,190	(10,547)
- Decrease/(increase) in contract assets	(641)	14
- Decrease/(increase) in other assets	1,429	(190)
- Decrease/(increase) in deferred tax assets	(5,686)	1,822
- Decrease/(increase) in current tax receivable	1,627	(2,105)
- (Decrease)/increase in trade and other payables	1,952	3,453
- (Decrease)/increase in provisions	535	765
- (Decrease)/increase in other liabilities	121	(1,220)
- (Decrease)/increase in current tax liabilities	4,660	(606)
- (Decrease)/increase in deferred tax liabilities	(178)	1,688
Net cash from operating activities	22,798	6,702

Notes to the Financial Statements

29. BUSINESS COMBINATION

On 5th 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. Final accounting for the business combination was completed during the year ended 30 June 2023, as detailed in the table below.

Linc 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 \$2.4 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 redemption liability has been assessed and accounted for in the year ended 30 June 2023.

On 6th February 2023, the Group acquired a 100% interest in Owen Pacific Workforce Pty Limited ("OPW").

The acquisition price for the purchase will be \$11.9 million, with \$7.1 million paid upon completion and \$4.8 million remaining to be paid. The remaining payments will be made in October 23 (\$1.8 million) and October 24 (\$3 million) following completion of the audited accounts for the year's ending 30 June 2023 and 30 June 2024 respectively. Final accounting for the business combination was completed during the year ending 30 June 2023, as detailed in the table below.

OPW provides seasonal labour to the horticultural industry throughout Australia, with labour sourced from Tonga and Vanuatu. It was acquired to diversify the Group's labour hire capabilities, gaining access to a new source of labour and expanding the Group's presence in horticulture and geographically into Tasmania. The goodwill of \$5.3 million represents the expected synergies from merging this business with Ashley Services and expanding OPW's customer base both within the horticultural sector and into new industry segments.

There were no acquisitions during the year ended 3 July 2022.

Contribution of acquisitions to the Group's result

The contribution to Group revenues and net profits (after tax) for each of the above business combinations is as follows:

Year ended 30 June 2023	Revenue \$000	Profits \$000
Linc	14,543	1,112
OPW	25,243	434

Had the acquisitions occurred on 4 July 2022, the Group's revenue and net profit after tax for the year ended 30 June 2023 would have increased by the following (rather than the actual increases above):

Year ended 30 June 2023	Revenue \$000	Profits \$000
Linc	14,543	1,112
OPW	69,548	1,706

Notes to the Financial Statements

	Linc \$'000	OPW \$'000	Total \$'000
Purchase consideration			
Cash consideration	4,206	7,114	11,320
Deferred and contingent consideration	636	4,900	5,536
Total consideration	4,842	12,014	16,856
Assets and liabilities acquired:			
Cash and cash equivalents	566	2,066	2,632
Trade and other receivables	2,164	5,131	7,295
Current tax receivable	-	14	14
Property, plant & equipment	-	155	155
Brand names	-	1,400	1,400
Customer contracts	2,570	5,326	7,896
Deferred tax assets	-	271	271
Trade and other payables	(2,012)	(7,235)	(9,247)
Leave entitlements	(251)	(402)	(653)
Deferred tax liabilities	(771)	(1,598)	(2,369)
Fair value of assets and liabilities acquired	2,266	5,128	7,394
Goodwill on acquisition	2,576	6,886	9,462
Cashflows on acquisition			
Cash consideration	4,206	7,114	11,320
Cash acquired	(566)	(2,066)	(2,632)
Total cashflow outflows on acquisition to 30 June 2023	3,640	5,048	8,688

Notes to the Financial Statements

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

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

There were no transfers between levels during the year.

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

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

Valuation techniques for fair value measurements categorised within level 3

The redemption liability has arisen:

- as a result of a previous business combination for the CCL Group. The liability has been valued at the present value of the redemption amount for the put option consideration amount in accordance with the underlying CCL Group Share Sale and Purchase Agreement;
- as a result of the business combination in the current year for Linc. The liability has been valued at the present value of the redemption amount for the put option consideration amount in accordance with the underlying Linc Share Sale and Purchase Agreement, also taking into account the likelihood that put option conditions may or may not be met.

The deferred consideration has arisen:

- The OPW purchase price was determined based upon the higher of actual EBITDA for FY23 or \$3.4 million normalised annual EBITDA. Payment takes place in three instalments:
 - The initial completion payment of \$7,113,750;

Notes to the Financial Statements

- b. A second payment payable in October 2023, bringing cumulative payments to 75% of total purchase price; and
- c. A third payment payable in October 24, representing the final 25% of the purchase price. The third payment may be reduced if revenue for OPW for FY24 falls below \$60 million. The value of this third payment has not been discounted, since any discount applied is immaterial.

Level 3 assets and liabilities

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

Consolidated 30 June 2023	Redemption Liability \$000	Deferred Consideration \$000	Total \$000
Balance at 4 July 2022	1,973	-	1,973
Settlements during the year	-	-	-
Acquisition Linc	636	-	636
Acquisition OPW	-	4,901	4,901
Balance at 30 June 2023	2,609	4,901	7,510

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

Description	Unobservable inputs	EBITDA Range (weighted average)	Sensitivity
Redemption liability CCL	The put option was exercised in FY23. 50% of the redemption liability is payable based upon the actual FY23 result and 50% based upon the actual FY24 result.	3,040,753	10% change would increase/decrease fair value by \$210,238
Redemption liability Linc	EBITDA for the financial year during which the put option is exercised and EBITDA for the FY immediately following the financial year during which the put option is exercised, along with a 50% probability that the put option conditions are met to allow exercise of the put option.	1,600,000	10% change would increase/decrease fair value by \$63,379
Deferred Consideration OPW	\$3.4 million normalised annual EBITDA. 75% of purchase price payable by October 23, remaining 25% by October 24 (reduced if FY24 revenues fall below \$60 million.	3,400,000	A 10% reduction in FY24 revenues below \$60 million would decrease fair value by \$525,000.

31. CONTROLLED GAINED OVER ENTITIES

On 5th July 2022, the Group acquired a 75% interest in Linc Personnel Pty Limited ("Linc") – see Note 29.

On 6th Feb 2023, the Group acquired a 100% interest in Owen Pacific Workforce Pty Limited ("OPW") – see Note 29.

Notes to the Financial Statements

32. CONTROLLED ENTITIES AND ASSOCIATES

Set out below are the controlled entities and associates of Ashley Services Group Limited:

	Country of incorporation	2023 percentage owned %	2022 percentage owned %
Action Arndell Park Pty Limited	Australia	100	100
Action Botany Pty Limited	Australia	100	100
Action James (Qld) Pty Limited	Australia	100	100
Action James NSW Pty Limited	Australia	100	100
Action James Parramatta Pty Limited	Australia	100	100
Action James WA Pty Limited	Australia	100	100
Action James Western Suburbs Pty Limited	Australia	100	100
Action Job Support Pty Limited	Australia	100	100
Action MMX Pty Limited	Australia	100	100
Action Workforce ACT Pty Limited	Australia	100	100
Action Workforce COL1 Pty Limited	Australia	100	100
Action Workforce COS1 Pty Limited	Australia	100	100
Action Workforce COT Pty Limited	Australia	100	100
Action Workforce IMT Pty Limited	Australia	100	100
Action Workforce NSW Pty Limited	Australia	100	100
Action Workforce OS Pty Limited	Australia	100	100
Action Workforce OST Pty Limited	Australia	100	100
Action Workforce Pty Limited	Australia	100	100
Action Workforce T1 Pty Limited	Australia	100	100
Action Workforce T2 Pty Limited	Australia	100	100
Action Workforce VER1 Pty Limited	Australia	100	100
Action Workforce Victoria Pty Limited	Australia	100	100
Action Workforce VM Pty Limited	Australia	100	100
Action Workforce VPS Pty Limited	Australia	100	100
ADV Services Pty Limited	Australia	100	100
ADV2 Pty Limited	Australia	100	100
ADV3 Pty Limited	Australia	100	100
ADV6 Pty Limited	Australia	100	100
Advance Exchange Pty Limited	Australia	100	100
Advance GW Pty Limited	Australia	100	100
Advance MIX Pty Limited	Australia	100	100
Advance Recruitments Pty Limited	Australia	100	100
AIVD Holdings Pty Limited	Australia	100	100
ASG Electrical Contracting Pty Ltd	Australia	100	100
Ash Pty Limited	Australia	100	100
Ashley Institute Holdings Pty Limited	Australia	100	100
Australian Institute of Vocational Development Pty Limited	Australia	100	100
AWF Training 3 Pty Limited	Australia	100	100
BCC Labour Solutions Pty Ltd	Australia	100	100
Cantillon Holdings Pty Limited	Australia	100	100

Notes to the Financial Statements

	Country of incorporation	2023 percentage owned %	2022 percentage owned %
CCL Group Holdings Pty Ltd	Australia	100	100
CCLTS Group Pty Limited (formerly CP Action Workforce Pty Limited)	Australia	100	100
College of Innovation and Industry Skills Pty Limited	Australia	100	100
Complete Traffic Services (VIC) Pty Ltd	Australia	80	80
Concept AWF Pty Limited	Australia	100	100
Concept Electrical Resources Pty Ltd	Australia	100	100
Concept Employment (Aust) Pty Limited	Australia	100	100
Concept Engineering (Aust) Pty Limited	Australia	100	100
Concept Engineering Contracting Holdings Pty Ltd	Australia	100	100
Concept Engineering Contracting Pty Ltd	Australia	100	100
Concept Power Pty Ltd	Australia	100	100
Concept Project Resources Pty Limited	Australia	100	100
Concept Rail Pty Ltd	Australia	100	100
Concept Recruitment Specialists Pty Ltd	Australia	100	100
Concept Retail Solutions Pty Ltd	Australia	100	100
Construction Contract Labour (VIC) Pty Ltd	Australia	80	80
Dardi Munwarro Labour and Traffic Management Pty Limited	Australia	49	49
DMLT Holdings Pty Limited	Australia	100	100
EWPY Holdings Pty Ltd ¹	Australia	100	0
EWPY Pty Ltd ²	Australia	100	0
EWP Services Pty Ltd (formerly EWP Yalagan Pty Ltd) ³	Australia	49	0
Executive Careers Australia Pty Limited	Australia	100	100
Global Education and Training Group Pty Limited	Australia	100	100
Integracom Holdings Pty Limited	Australia	100	100
James Personnel Pty Limited	Australia	100	100
James Warehousing Pty Limited	Australia	100	100
Linc Personnel Pty Ltd ⁴	Australia	75	0
Logistics People Pty Limited	Australia	100	100
OGR Holdings Pty Limited	Australia	100	100
Owen Pacific Workforce Pty Ltd ⁷	Australia	100	0
Qualitas Education Pty Limited	Australia	100	100
Silk Group Holdings Pty Limited	Australia	100	100
TBRC Holdings Pty Limited	Australia	100	100
The Blackadder Recruitment Company Pty Limited	Australia	100	100
The Instruction Company Holdings Pty Ltd	Australia	100	100
The Instruction Company Pty Ltd	Australia	100	100
Track Safety Australia Pty Ltd	Australia	100	100
Tracmin Holdings Pty Limited	Australia	100	100
Tracmin Pty Limited	Australia	100	100
VIC Traffic and Labour Solutions Pty Ltd	Australia	80	80
Vocational Training Australia Pty Limited	Australia	100	100
Y I Group Holdings Pty Ltd ⁵	Australia	100	0
Yalagan Infrastructure Pty Ltd ⁶	Australia	49	0

¹Incorporated 5 October 2022

⁵Incorporated 8th July 2022

²Incorporated 7 October 2022

⁶Acquired 25th July 2022

³Acquired 3rd January 2023

⁷Acquired 6th February 2023

⁴Acquired 5th July 2022

Notes to the Financial Statements

33. PARENT ENTITY DISCLOSURES

a. Financial position

	2023 \$000	2022 \$000
Assets		
Current assets	8,764	92
Non-current assets	43,870	16,808
Total assets	52,634	16,900
Liabilities		
Current liabilities	(5,122)	-
Non-current liabilities	(10,492)	(23,092)
Total liabilities	(15,614)	(23,092)
Net assets	37,020	(6,192)
Equity		
Share capital	148,815	148,815
Accumulated losses	(111,795)	(155,007)
Total equity	37,020	(6,192)

b. Statement of profit or loss and other comprehensive income

	2023 \$000	2022 \$000
Profit/(Loss) for the year	51,851	-
Total comprehensive income	51,851	-

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

The Parent entity and some of its subsidiaries are party to a deed of cross guarantee under which each company guarantees the debts of the others. No deficiencies of assets exist in any of these subsidiaries.

d. Contingent liabilities of the Parent Entity

The Parent entity had no other known material contingent liabilities as at 30 June 2023 (3 July 2022: Nil).

e. Commitments for expenditure for the Parent entity

The Parent entity had Nil committed expenditure as at 30 June 2023 (3 July 2022: Nil).

Notes to the Financial Statements

34. DEED OF CROSS GUARANTEE

The following entities have entered into a deed of cross guarantee dated 22 February 2018 under which each company guarantees the debts of the others:

- Ashley Services Group Limited
- Action Workforce Pty Limited
- ADV6 Pty Limited
- Ashley Institute Holdings Pty Ltd
- Concept Engineering (Aust) Pty Ltd

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' reports under Corporations Instrument 2016/785 issued by the Australian Securities and Investments Commission.

The above companies represent a 'Closed Group' for the purposes of the Corporations Instrument, and as there are no other parties to the deed of cross guarantee that are controlled by Ashley Services Group Limited, they also represent the 'Extended Closed Group'.

a. Statement of profit or loss and other comprehensive income

Extended Closed Group	2023 \$000	2022 \$000
Revenue	369,378	345,920
Other Income	36	-
Employment costs	(349,470)	(322,949)
Depreciation and amortisation expense	(551)	(514)
Finance costs	(235)	(80)
Other expenses	(4,002)	(3,058)
Profit before income tax	15,156	19,319
Income tax expense	(2,986)	(5,795)
Profit after income tax	12,170	13,524
Other comprehensive Income	-	-
Total comprehensive income for the year	12,170	13,524

Notes to the Financial Statements

b. Statement of Financial position

Extended Closed Group	2023 \$000	2022 \$000
Assets		
Current assets		
Cash and cash equivalents	51	439
Trade and other receivables	29,821	31,122
Other assets	316	9,286
Loans to associate entities	1,744	-
Total current assets	31,932	40,847
Non-current assets		
Intercompany loan receivables	125,173	132,600
Loans to associate entities	11	-
Property, plant and equipment	402	459
Deferred tax assets	3,599	3,599
Right-of-use assets	1,376	465
Other assets	17	16,811
Total non-current assets	130,578	153,934
Total assets	162,510	194,781
Liabilities		
Current liabilities		
Trade and other payables	26,728	41,933
Borrowings	-	3,198
Dividends payable	-	21,123
Current tax payable	24,112	19,181
Lease liabilities	769	185
Provisions	1,979	2,044
Total current liabilities	53,588	87,664
Non-current liabilities		
Lease liabilities	724	322
Other liabilities	-	1,973
Provisions	392	270
Total non-current liabilities	1,116	2,565
Total liabilities	54,704	90,229
Net assets	107,806	104,552
Equity		
Share capital	148,815	148,815
Accumulated losses	(41,009)	(44,263)
Total Equity	107,806	104,552

Notes to the Financial Statements

c. Equity – accumulated losses

Extended Closed Group	2023 \$000	2022 \$000
Accumulated losses at the beginning of the financial year	(44,263)	(50,013)
Profit after income tax expense	12,170	13,524
Dividends paid	(8,916)	(7,774)
Accumulated losses at the end of the financial year	(41,009)	(44,263)

d. Contingent liabilities of the Extended Closed Group

The Extended Closed Group had no other known material contingent liabilities as at 30 June 2023 (3 July 2022: Nil).

e. Commitments for expenditure for the Extended Closed Group

The Extended Closed Group had Nil committed expenditure as at 30 June 2023 (3 July 2022: Nil).

f. Going Concern and Financial Support

The directors have provided a letter of financial support confirming that each of the below listed companies within the Ashley Services Group Limited and controlled entities agrees to provide whatever financial support is necessary to ensure each entity will be able to continue as a going concern and pays its debts as and when they fall due and payable.

The financial support covers the following entities:

- Ashley Services Group Limited;
- Action Workforce Pty Limited;
- Concept Engineering (Aust.) Pty Ltd;
- ASH Pty Ltd;
- Vocational Training Australia Pty Ltd;
- Australian Institute of Vocational Development Pty Ltd;
- Tracmin Pty Ltd;
- The Instruction Company Pty Ltd;
- Concept Retail Solutions Pty Ltd;
- Adv Services Pty Limited;
- Complete Traffic Services (VIC) Pty Ltd;
- Concept Recruitment Specialists Pty Limited;
- Construction Contract Labour (VIC) Pty Ltd;
- The Blackadder Recruitment Company Pty Limited;
- Track Safety Australia Pty Ltd;
- VIC Traffic and Labour Solutions Pty Ltd;
- Linc Personnel Pty Ltd; and
- Owen Pacific Workforce Pty Ltd.

The financial support includes but is not limited to the actions as noted below:

- not calling on related party loans;
- agreeing to any cost re-allocations or management fee re-charges; and
- agreeing to debt forgiveness with any related entity.

The undertaking remains current until the date on which the directors approve the financial statements of the Group for the financial year ended 30 June 2023. The directors are satisfied that collectively the Group has the financial ability to provide this support.

g. Security Offered

The Westpac facility (see Note 22) is subject to a Security which includes:

- 1st ranking General Security Agreement over the assets and undertakings of the Borrower and its Guarantors (Ashley Services Group Limited and its trading-controlled entities); and
- Flawed Asset Arrangement – Deposit of Action Workforce Pty Ltd, Construction Contract Labour (VIC) Pty Ltd, Concept Engineering (AUST) Pty Ltd and CCLTS Group Pty Ltd for Invoice Finance Facility collections.

Notes to the Financial Statements

35. RELATED PARTY TRANSACTIONS

a. Parent company

There is no ultimate parent company for Ashley Services Group Limited.

b. Transactions with related entities

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties are as follows:

	2023 ¹ \$	2022 ¹ \$
Rent and outgoings paid or payable to Shrimpton Holdings Pty Limited as trustee for the Shrimpton Family Trust, an entity which is controlled by Mr Ross Shrimpton for an office at Arndell Park, New South Wales	147,316	141,286
Fees payable to Pratt Partners (of which Ian Pratt is a partner) for taxation services	53,232	-
Fees payable to Ron Holland Family Trust (of which Ron Hollands is Trustee) for Company Secretarial Services	26,025	20,000

Note:

1. All amounts as shown are exclusive of GST

36. SECURED AND CONTINGENT LIABILITIES

For assets pledged as security for borrowing facilities see Note 22.

The Group had no other known contingent liabilities at 30 June 2023 (3 July 2022: Nil).

37. FINANCIAL INSTRUMENTS

a. Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in Note 1 to the financial statements.

b. Financial risk management objectives

The Board of Directors has overall responsibility for the establishment and oversight of the Group's financial management framework. The Board has an established Audit and Risk Management Committee which is responsible for developing and monitoring the Group's financial management policies.

The Audit and Risk Management Committee oversees how management monitors compliance with risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks.

The main risks arising from the Group's financial instruments are market risk (including interest rate risk), credit risk and liquidity risk. The Board reviews and approves policies for managing each of these risks.

The Audit and Risk Management Committee oversees how management monitors compliance with risk management policies and procedures and review the adequacy of the risk management framework in relation to the risks. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purpose.

Notes to the Financial Statements

c. Market risk

Interest rate risk

The Group is exposed to interest rate risk associated with borrowed funds at floating interest rates. During the financial year, risks associated with interest rate movements were monitored by the Board; however, no hedging instruments were considered necessary to manage the risk.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity

The sensitivity analyses below have been determined based on the exposure to interest rates at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period. A 100 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

At the reporting date, if interest rates had been 100 basis points higher or lower and all other variables were held constant, the effect on the Group would be as follows:

	2023 \$000	2022 \$000
Change in profit		
Increase in interest rates of 1%	(54)	(53)
Decrease in interest rates of 1%	54	53
Change in equity		
Increase in interest rates of 1%	(54)	(53)
Decrease in interest rates of 1%	54	53

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. 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.

Trade receivables consist of a large number of customers. Ongoing credit evaluation is performed on the financial condition of accounts receivable.

The carrying value of trade receivables recorded in the financial statements, net of any expected credit losses, represents the Group's maximum exposure to credit risks.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counter parties are a reputable bank with high quality external credit ratings.

The maximum credit risk exposure of financial assets is their carrying amount in the financial statements.

d. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Managing Director and Board of Directors, who have built an appropriate liquidity risk management framework for the management of the Group's short, medium 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 comparing actual cash flows with forecasts and matching the maturity profiles of

Notes to the Financial Statements

financial assets and liabilities. Included in Note 22 is a listing 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 the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been presented based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group may be required to pay. The table includes both interest and principal cash flows.

Financial assets

2023	Weighted average effective interest rate %	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Cash and cash equivalents	n/a	2,520	-	-	2,520
Trade and other receivables	n/a	57,150	-	-	57,150
Contract assets	n/a	1,417	-	-	1,417
Loans to associated entities	5.48%	2,743	-	-	2,743
Total		63,830	-	-	63,830

2022	Weighted average effective interest rate %	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Cash and cash equivalents	n/a	1,739	-	-	1,739
Trade and other receivables	n/a	54,968	-	-	54,968
Contract assets	n/a	777	-	-	777
Total		57,484	-	-	57,484

Financial liabilities

2023	Weighted average effective interest rate %	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Trade and other payables	n/a	40,798	-	-	40,798
Borrowings	5.96%	8,189	-	-	8,189
Lease liabilities	3.00%	1,188	2,362	-	3,550
Other liabilities	n/a	2,674	4,836	-	7,510
Total		52,849	7,198	-	60,047

2022	Weighted average effective interest rate %	Within 1 year \$000	1 to 5 years \$000	Over 5 years \$000	Total \$000
Trade and other payables	n/a	30,844	-	-	30,844
Borrowings	4.01%	5,305	-	-	5,305
Lease liabilities	3.00%	1,050	2,474	-	3,524
Other liabilities	n/a	-	-	1,973	1,973
Total		37,199	2,474	1,973	41,646

Fair value of financial instruments

Refer to Note 30 for details on the fair value of financial instruments.

Notes to the Financial Statements

38. EVENTS AFTER THE REPORTING DATE

No matters or circumstances have arisen since the end of the financial year 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 financial years, except for the following:

On 14 July 2023, the Group acquired the remaining 20% of the CCL Group, following the exercise of put options on 30th June 2023 by minority shareholders. The purchase consideration for the 20% interest is payable in two instalments, the first in October 23 (based upon the actual audited FY23 EBITDA) and the final instalment in October 24 (based upon the actual audited FY24 EBITDA). Based upon the FY23 actual result and the most likely FY24 forecast result, the original redemption liability of \$1.973 million still represents the present value of the likely consideration.

On 28 July 2023, the Group declared a fully franked final dividend of 3.0 cents in relation to the financial year ended 30 June 2023.

39. DIVIDENDS

a. Ordinary shares

On 28 July 2023 the Group declared a fully franked final dividend of 3.0 cents in relation to the financial year ended 30 June 2023. With a fully franked interim dividend of 3.0 cents previously declared on 10 February 2023, this brings the full year dividend for the financial year ended 30 June 2023 to a total of 6.0 cents, in line with the dividend for the prior financial year (FY22: 6.0 cents).

b. Franking credits

	2023 \$000	2022 \$000
Franking credits available for subsequent financial years based on a tax rate of 30% (2022: 30%)	4,823	928

The balance of the franking accounts includes:

- franking credits that will arise from the payment of the amount of the provision for income tax;
- franking debits that will arise from the refund of the amount of the provision for income tax;
- franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
- franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

ASX Additional Information

Set out below is additional information as required by the ASX Limited Listing Rules and not disclosed elsewhere in this report. This information is effective as at 24 August 2023.

Number of security holders and securities on issue

Quoted equity securities

Ashley Services has on issue 143,975,904 fully paid ordinary shares which are held by 1,261 shareholders.

Voting rights

Quoted equity securities

The voting rights attached to fully paid ordinary shares are that on a show of hands, every member present, in person or proxy, has one vote and upon a poll, each share shall have one vote.

Distribution of security holders

Quoted equity securities

Ordinary fully paid ordinary shares

Holding	Number of shareholders	Number of shares	%
1 – 1,000	239	169,836	0.12
1,001 – 5,000	376	984,988	0.68
5,001 – 10,000	171	1,355,920	0.94
10,001 – 100,000	400	13,206,534	9.17
100,001 and over	75	128,258,626	89.08
Total	1,261	143,975,904	100.00

Unmarketable parcel of shares

The number of shareholders holding less than a marketable parcel of Fully Paid Ordinary shares is 86 with a total number of shares held is 21,221.

Substantial Shareholders

The number of securities held by substantial shareholders and their associates are set out below:

Fully Paid Ordinary Shares

Name	Number	%
Ross Shrimpton	80,279,030	55.76%
JP Morgan Nominees Australia Limited ATF Richmond Hill Capital Pty Ltd	14,631,151	10.16%

Unquoted equity securities

There are no unquoted shares.

On-market buy-back

There is no current on-market buy-back.

ASX Additional Information

Largest shareholders

Fully paid ordinary shares

Details of the 20 largest shareholders of quoted securities (grouped) by registered shareholding are:

Name	Number of shares	%
Mr Ross Shrimpton	80,279,030	55.76%
JP Morgan Nominees Australia Limited	18,171,245	12.62%
Citicorp Nominees Pty Ltd	3,887,565	2.70%
BNP Paribas Nominees Pty Ltd	1,997,690	1.39%
Mr Marc Shrimpton	1,500,000	1.04%
Moat Investments Pty Ltd	1,391,490	0.97%
Super Wide Pty Ltd	1,140,326	0.79%
Mr Andrew Douglas Shrimpton	1,115,000	0.77%
Stirling Superannuation Pty Ltd	770,000	0.53%
Bond Street Custodians Pty Ltd	750,000	0.52%
Mr Peter John Stirling and Mrs Rosalind Verena Sterling	740,000	0.51%
Velkov Funds Management Pty Ltd	675,000	0.47%
Mast Financial Pty Ltd	637,231	0.44%
Garry Anthony John Butler	604,243	0.42%
Mr Brenton Fletcher	593,668	0.41%
Mrs Kerry Elizabeth Draffin	588,029	0.41%
Dr Anthony Francis Chan	552,659	0.38%
HBD Services Pty Ltd	500,000	0.35%
Gailforce Marketing & PR Pty Ltd	458,049	0.32%
New Hollands Services Pty Ltd	449,497	0.31%
Total	116,800,722	81.13%

Annual General Meeting

The annual general meeting of the Company will be held at the company's offices at Level 10, 92 Pitt Street Sydney NSW 2000 at 11.00am on Monday 6 November 2023. Shareholders who are unable to attend the meeting are encouraged to complete and return their proxy form that will accompany the notice of meeting.

Corporate Directory

Non-Executive Directors

Mr Ian Pratt (Chairman)

Executive Directors

Mr Ross Shrimpton – Managing Director

Mr Paul Brittain – Chief Financial Officer

Company Secretary

Mr Ron Hollands

Registered Office

Level 10

92 Pitt Street

Sydney NSW 2000

Australian Company Number

094 747 510

Australian Business Number

92 094 747 510

Auditors

HLB Mann Judd Assurance (NSW) Pty Ltd

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Bankers

Westpac

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Share Registry

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Website: www.linkmarketservices.com.au

Website

www.ashleyservicesgroup.com.au

ASX Code

ASH