

Appendix 4D
The PAS Group Limited ABN 74 115 061 375

Half Year Report

Results for announcement to the market for the half year ended 31 December 2014

Current reporting period	Half year ended 31 December 2014
Previous corresponding period	Half year ended 31 December 2013

				<i>Amount \$'000</i>
Revenue	Down	3.5%	to	117,350
Statutory Net (Loss)/Profit After Tax attributable to members	Down	799.2%	to	(34,778)
Underlying Net Profit After Tax attributable to members	Down	33.5%	to	3,308

Dividends – ordinary shares	Amount per ordinary share (cents)	Franked amount per ordinary share (%)
Current period:		
2015 Interim dividend	1.9 cents	100%
Previous corresponding period:		
2014 Interim dividend	-	-
Record date for determining entitlements to the dividend: 20 March 2015		

Brief explanation of results for the period and Underlying Profit:

Statutory Net Profit After Tax is prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards.

Statutory Net Loss After Tax of \$34.8m includes a \$38.1m non-cash impairment charge in respect of the Metalicus goodwill and the Metalicus brand name as significant items. Excluding this item, the Underlying Net Profit After Tax was \$3.3m, down 33.5% on the prior corresponding period.

Half year ended 31 Dec	Net Sales		EBITDA		EBIT		NPAT	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Statutory results	117,350	121,651	8,672	16,280	(32,623)	13,343	(34,778)	4,974
Add back/(deduct) significant items:								
- Impairment of Metalicus goodwill and brand name	-	-	-	-	38,086	-	38,086	-
Underlying results	117,350	121,651	8,672	16,280	5,463	13,343	3,308	4,974

Underlying Net Profit After Tax is reported to give information to shareholders that provides a greater understanding of the performance of The PAS Group Limited and its controlled entities' ('PAS') operations. PAS believes Underlying Net Profit After Tax is useful as it removes significant, one off items thereby facilitating a more representative comparison of financial performance between financial periods.

Additional Appendix 4D disclosure requirements can be found in the notes to the Interim Financial Report attached.

Net tangible asset backing	31 Dec 2014	31 Dec 2013
Net tangible asset backing per ordinary security	\$0.44	(\$2.97)

The PAS Group Limited and its controlled entities

Interim Financial Report

For the half-year ended 31 December 2014

Index

	Page
Directors' Report	1
Consolidated statement of profit or loss and other comprehensive income	3
Consolidated statement of financial position	4
Consolidated statement of changes in equity	5
Consolidated statement of cash flows	6
Notes to the financial statements	7-16
Directors' declaration	17
Auditor's independence declaration	18
Auditor's review report	19
Corporate Directory	20

Directors' report

In accordance with a resolution of the Board, the Directors present their report on the consolidated entity ('PAS') consisting of The PAS Group Limited and the entities it controlled, either during or at the end of the half-year ended 31 December 2014 (the period).

Financial comparisons used in this report are of results for the half-year ended 31 December 2013 for the statement of profit or loss analysis, and 30 June 2014 for statement of financial position analysis.

Corporate reorganisation and comparatives

On 16 June 2014 the shareholders of The PAS Group Limited and PASCO Group Pty Limited (formerly The PAS Group Pty Limited) undertook a corporate reorganisation, through which The PAS Group Limited acquired PASCO Group Pty Limited. Under the principles of corporate reorganisations in accordance with Australian Accounting Standards, the financial information in respect of the financial performance for the half year ended 31 December 2013 represents the financial performance of PASCO Group Pty Limited and its controlled entities for the half year ended 31 December 2013.

Directors

The directors of The PAS Group Limited who held office during or since the end of the half-year were:

Rod Walker	Chairman
Eric Morris	Chief Executive Officer
Jacque Naylor	Non-Executive Director
David Fenlon	Non-Executive Director
Jon Brett	Non-Executive Director

Principal activities

PAS' principal activities are those of an apparel and accessories wholesaler and retailer.

Review of operations

Statutory consolidated net loss after tax attributable to the owners of PAS ('Statutory Profit') for the half year ended 31 December 2014 was a loss of \$34.8m (2013: \$5.0m profit).

PAS' performance during the year is summarised on an underlying basis, reflecting the ongoing consolidated operations for the half year ended 31 December 2014. The underlying results represent the statutory profit adjusted for items that are material items of revenue or expense that are unrelated to the underlying performance of the business ('significant items'). PAS believes that presenting underlying profit provides a better understanding of its financial performance by facilitating a more representative comparison of financial performance between financial periods. The underlying results are presented with reference to the Australian Securities and Investment Commission Regulatory Guide 230 "Disclosing non-IFRS financial information".

A comparison between the underlying result for the half years ended 31 December 2014 and 2013 is shown in the table below.

	Underlying⁽ⁱ⁾ 31 Dec 2014 \$'000	Underlying⁽ⁱ⁾ 31 Dec 2013 \$'000
Net sales	117,350	121,651
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	8,672	16,280
Earnings Before Interest and Tax (EBIT)	5,463	13,343

(i) Refer to the reconciliation of statutory to underlying results below.

Commentary on the operations and results of the consolidated entity is contained in the PAS half year results announcement dated 27 February 2015.

PAS had cash on hand of \$7.3m at 31 December 2014. PAS has a working capital facility of \$25.0m and an acquisition and growth facility of \$30.0m, which were undrawn.

The PAS Group Limited
Directors' report
For the half year ended 31 December 2014

Reconciliation of underlying results to statutory results

The following table reconciles the statutory to underlying results for the half year ended 31 December 2014:

Half year ended 31 Dec	Net Sales		EBITDA		EBIT		NPAT	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Statutory results	117,350	121,651	8,672	16,280	(32,623)	13,343	(34,778)	4,974
Add back/(deduct) significant items:								
- Impairment of Metalicus goodwill and brand name (i)	-	-	-	-	38,086	-	38,086	-
Underlying results	117,350	121,651	8,672	16,280	5,463	13,343	3,308	4,974

- (i) Included in the statutory results for the half year ended 31 December 2014 is a one-off non-cash impairment charge in respect of the carrying value of Metalicus goodwill (\$32.0m) and the Metalicus brand name (\$6.1m) following a review of the recoverable amount of these assets during the current period.

Earnings per share ('EPS')

	Half Year ended 31 Dec 2014	Half Year ended 31 Dec 2013
Basic earnings per share	(25.44) cents	50.76 cents
Diluted earnings per share	(25.44) cents	50.76 cents
Underlying earnings per share	2.42 cents	50.76 cents

Basic and diluted earnings per share are calculated as set out in Note 4 to the financial statements. Underlying EPS has been calculated based on an underlying net profit after tax of \$3.3m divided by the number of shares on issue (2014: 136,690,860, 2013: 9,799,354).

Dividends

On 27 February 2015 the Directors have declared an interim dividend of 1.9 cents per share. The interim dividend will be paid on 10 April 2015. The record date to determine shareholders' entitlements to the interim dividend is 20 March 2015.

Subsequent events

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

Rounding of amounts

The Company is an entity to which ASIC Class Order 98/100 applies and in accordance with that Class Order, amounts in the Financial Report and this Directors' Report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Auditor's independence declaration

The auditor's independence declaration is on page 18.



Mr Rod Walker
Chairman
Melbourne, 27 February 2015

The PAS Group Limited

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Half Year ended 31 Dec 2014 \$'000	Half Year ended 31 Dec 2013 \$'000
Revenue	2	117,350	121,651
Cost of sales		(50,133)	(51,055)
Gross profit		67,217	70,596
Other revenue	2	340	277
Other gains and losses		316	11
Employee benefit expenses	2	(30,739)	(27,962)
Selling and distribution expenses		(7,228)	(6,510)
Occupancy expenses	2	(15,074)	(14,051)
Marketing expenses		(2,224)	(2,445)
Administration expenses		(3,936)	(3,636)
Depreciation and amortisation expense	2	(3,209)	(2,937)
Impairment of Metalicus goodwill and brand name		(38,086)	-
Net finance costs	2	(473)	(6,420)
(Loss)/Profit before income tax expense		(33,096)	6,923
Income tax expense		(1,682)	(1,949)
(Loss)/Profit after income tax attributable to equity holders of the parent entity		(34,778)	4,974
Other comprehensive income, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(334)	53
Net gain / (loss) on cash flow hedges		2,985	(286)
Other comprehensive income / (loss) for the period, net of income tax		2,651	(234)
Total comprehensive (loss) / income for the period		(32,127)	4,741
(Loss)/Profit for the year attributable to:			
Owners of the Company		(32,127)	4,373
Non-controlling interests		-	601
		(32,127)	4,974
Total comprehensive (loss) / income attributable to:			
Owners of the Company		(32,127)	4,191
Non-controlling interests		-	550
		(32,127)	4,741
Earnings per share for profit attributable to the equity holders of the parent entity			
Basic (cents per share)	4	(25.44)	50.76
Diluted (cents per share)	4	(25.44)	50.76

Notes to the condensed consolidated financial statements are included on pages 7 to 16.

The PAS Group Limited
Condensed consolidated statement of financial position

	Note	31 Dec 2014 \$'000	30 June 2014 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents		7,297	492
Trade and other receivables	5	18,151	24,619
Other financial assets		2,787	-
Inventories	6	24,365	22,754
Current tax assets		1,227	131
Other current assets		5,400	6,559
Total current assets		59,227	54,555
<i>Non-current assets</i>			
Trade and other receivables		139	187
Property, plant and equipment		13,985	11,991
Deferred tax assets		11,333	13,301
Goodwill	7	46,533	78,539
Intangible assets	8	18,762	24,955
Total non-current assets		90,752	128,973
Total assets		149,979	183,528
Liabilities			
<i>Current liabilities</i>			
Trade and other payables	9	11,252	11,865
Other financial liabilities		-	1,478
Current tax liabilities		10	813
Provisions		4,617	5,281
Other liabilities		1,556	1,587
Total current liabilities		17,435	21,024
<i>Non-current liabilities</i>			
Deferred tax liabilities		2,164	1,225
Provisions		601	584
Other liabilities		4,316	3,105
Total non-current liabilities		7,081	4,914
Total liabilities		24,516	25,938
Net assets		125,463	157,590
Equity			
Issued capital	10	153,963	153,963
Reserves	11	(2,168)	(4,819)
Retained (losses)/earnings	12	(26,332)	8,446
Total equity		125,463	157,590

Notes to the condensed consolidated financial statements are included on pages 7 to 16.

The PAS Group Limited
Condensed consolidated statement of changes in equity

Consolidated	Share capital \$'000	Retained (losses) / earnings \$'000	Foreign currency translation reserve \$'000	Share based payment reserve \$'000	Non-controlling interest purchase reserve \$'000	Corporate reorganisa-tion reserve \$'000	Cash flow hedge reserve \$'000	Total equity \$'000
Balance at 1 July 2014	153,963	8,446	28	12	-	(3,825)	(1,034)	157,590
Loss for the half year	-	(34,778)	-	-	-	-	-	(34,778)
Other comprehensive income for the half year, net of income tax	-	-	(334)	-	-	-	2,985	2,651
Total comprehensive income for the half year	-	(34,778)	(334)	-	-	-	2,985	(32,127)
Transaction with owners recorded directly in equity:								
Dividends provided for or paid	-	-	-	-	-	-	-	-
Balance at 31 December 2014	153,963	(26,332)	(306)	12	-	(3,825)	1,951	125,463
Balance at 1 July 2013	31,786	17,941	(47)	-	8,681	-	468	58,829
Profit for the half year	-	4,974	-	-	-	-	-	4,974
Other comprehensive income for the half year, net of income tax	-	-	53	-	-	-	(235)	(182)
Total comprehensive income for the half year	-	4,974	53	-	-	-	(235)	4,792
Transaction with owners recorded directly in equity:								
Dividends provided for or paid	-	-	-	-	-	-	-	-
Balance at 31 December 2013	31,786	22,915	6	-	8,681	-	233	63,621

Notes to the condensed consolidated financial statements are included on pages 7 to 16.

The PAS Group Limited
Condensed consolidated statement of cash flows

	Half Year ended 31 Dec 2014 \$'000	Half Year ended 31 Dec 2013 \$'000
Cash flows from operating activities		
Receipts from customers	135,808	134,422
Payments to suppliers and employees	(122,215)	(121,343)
Cash flows from operations	13,593	13,079
Interest received	30	154
Interest and other costs of finance paid	(399)	(4,458)
Income tax paid	(1,954)	(1,497)
Net cash flows from operating activities	11,270	7,278
Cash flows from investing activities		
Payment for property, plant and equipment	(3,882)	(1,163)
Payment for intangible assets	(589)	(1,941)
Proceeds from sale of equipment	-	2
Net cash flows used in investing activities	(4,471)	(3,102)
Cash flows from financing activities		
Repayment of borrowings	-	(2,862)
Net cash flows used in financing activities	-	(2,862)
Net increase in cash and cash equivalents	6,799	1,314
Cash and cash equivalents at the beginning of the half year	492	19,905
Effect of exchange rate changes on the balance of cash held in foreign currencies	5	86
Cash and cash equivalents at the end of the half year	7,297	21,305

Notes to the condensed consolidated financial statements are included on pages 7 to 16.

1. Significant accounting policies

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

The half year financial report includes the condensed consolidated financial statements which comprise the Company and its subsidiaries (together referred to as the consolidated entity).

(a) Statement of compliance

This interim financial report is a general purpose financial report which has been prepared in accordance with the Corporations Act 2001 and Accounting Standard, AASB 134 *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*.

This interim financial report does not include all the notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report and any public announcements made by the Company during the half year reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

(b) Basis of preparation

The condensed consolidated financial statements have been prepared on the basis of historical cost, except for the revaluation of certain derivative financial instruments to fair value. 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.

The Company is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the interim financial report are rounded off to the nearest thousand dollars, unless otherwise indicated.

The accounting policies and methods of computation adopted in the preparation of the interim financial report are consistent with those adopted and disclosed in the consolidated entity's 2014 annual financial report for the year ended 30 June 2014, except for the adoption of new and revised Standards and Interpretations described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

Comparatives

On 16 June 2014 the shareholders of The PAS Group Limited and PASCO Group Pty Limited (formerly The PAS Group Pty Limited) undertook a corporate reorganisation, through which The PAS Group Limited acquired PASCO Group Pty Limited. Under the principles of corporate reorganisations in accordance with Australian Accounting Standards, the financial information in respect of the financial performance for the half year ended 31 December 2013 represents the financial performance of PASCO Group Pty Limited and its controlled entities.

Adoption of new and revised Standards and Interpretations

The consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current half year as follows:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 135 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-9 'Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments'
- Interpretation 21 'Levies'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
 - Part A: 'Annual Improvements to IFRSs 2010 - 2012 Cycle and 2011 - 2013 Cycle'
 - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
 - Part C: 'Materiality'

These new and revised Standards and Interpretations have not had a material impact on the financial report.

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

At the date of authorisation of the financial report, the following Australian Accounting Standards and Interpretations listed below have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the interim reporting period ended 31 December 2014.

Standard/Interpretation	Effective for the annual reporting period beginning on	Expected to be initially applied in the financial year ending
AASB 9 'Financial Instruments', and the relevant amending standards	1 January 2018	30 June 2019
AASB 2014-3 'Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations'	1 January 2016	30 June 2017
AASB 2014-4 'Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation'	1 January 2016	30 June 2017

The Directors' anticipate that the above amendments and Interpretations will not have a material impact on the financial report of the Group in the year of initial application.

At the date of authorisation of the financial statements, the following IASB Standards and IFRIC Interpretations were also in issue but not yet effective, although Australian equivalent Standards and Interpretations have not yet been issued.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
IFRS 15 'Revenue from contracts with customers'	1 January 2017	30 June 2018
IFRS 9 'Financial Instruments'	1 January 2018	30 June 2019
Equity Method in Separate Financial Statements (Amendments to IAS 27)	1 January 2016	30 June 2017
Annual Improvements to IFRS 2012 – 2014 Cycle	1 July 2016	30 June 2017

The Directors' anticipate that the above amendments and Interpretations will not have a material impact on the financial report of the Group in the year of initial application.

2. Revenues and expenses

(a) Revenue

	CONSOLIDATED	
	Half Year ended 31 Dec 2014 \$'000	Half Year ended 31 Dec 2013 \$'000
Sales revenue		
Sale of goods	117,350	121,651
Other revenue		
Royalty income	232	180
Other	108	97
	340	277
Total revenue	117,690	121,928

(b) Expenses

(Loss)/Profit before income tax includes the following items:

Occupancy expense:		
Minimum lease payments on operating leases	14,817	13,441
Other occupancy expenses	257	610
Total occupancy expense	15,074	14,051
Employee benefits expense:		
Post-employment benefits – Defined contribution plans	2,343	2,050
Other employee benefits	28,396	25,912
Total employee benefits expense	30,739	27,962
Depreciation and amortisation:		
Depreciation	2,504	2,157
Amortisation	705	780
Total depreciation and amortisation	3,209	2,937
Net finance costs:		
Interest paid to related parties	-	3,316
Interest and finance charges paid to banks and other financial institutions	485	2,585
Amortisation of deferred borrowing costs	18	667
Interest revenue	(30)	(148)
Total net finance costs	473	6,420
Significant items:		
Impairment of Metalicus goodwill and brand name	38,086	-
Total significant items	38,086	-

3. Segment information

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

Retail

The Retail segment includes revenues and profits generated by PAS' retail and online footprint associated with women's, men's and children's apparel and related products, which included 235 retail sites as of 30 June 2014. The number of retail sites excludes the online channel.

Wholesale

The Wholesale segment includes revenues and profits associated with the wholesaling of womens, mens and childrens apparel and related products. The Wholesale segment includes revenues and profits generated by Designworks, Black Pepper, Metalicus, Marco Polo and Yarra Trail.

Unallocated

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

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

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

CONSOLIDATED								
Half year ended 31 December	Retail		Wholesale		Unallocated		Total	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue from sale of goods	69,907	63,739	47,443	57,912	-	-	117,350	121,651
Other revenue	66	20	43	78	231	179	340	277
Total revenue	69,973	63,759	47,486	57,990	231	179	117,690	121,928
Reportable segment EBITDA	8,325	9,731	3,701	8,584	(3,354)	(2,036)	8,672	16,280
Depreciation and amortisation	(2,393)	(2,122)	(64)	(138)	(752)	(677)	(3,209)	(2,937)
Impairment of Metalicus goodwill and brand name	(28,953)	-	(9,133)	-	-	-	(38,086)	-
Reportable segment EBIT	(23,021)	7,609	(5,496)	8,446	(4,106)	(2,712)	(32,623)	13,343
Net financing costs	-	-	-	-	(473)	(6,420)	(473)	(6,420)
Statutory profit before tax	(23,021)	7,609	(5,496)	8,446	(4,579)	(9,132)	(33,096)	6,923
	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014	31 Dec 2014	30 Jun 2014
Segment assets ⁽ⁱ⁾	58,144	95,112	53,825	62,336	38,010	26,080	149,979	183,528
Segment liabilities	7,456	13,116	6,859	8,810	10,201	4,012	24,516	25,938

(i) The comparative information has been restated for certain items previously classified as 'unallocated' now allocated to the Retail Segment, on the same basis as in the current period to ensure comparability.

Segment revenue reported above represents revenue generated from external customers. Inter-segment sales are immaterial. For the purposes of monitoring segment performance and allocating resources between segments:

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

3. Segment information (continued)

Major customers

No single customer contributed 10% or more to the Group's revenue for the half year ended 31 December 2014. Included in Wholesale Segment revenue for the half year ended 31 December 2013 is sales revenue of approximately \$24.4m which arose from sales to the Group's largest customer.

4. Earnings per share

	Half Year ended 31 Dec 2014	Half Year ended 31 Dec 2013
Basic earnings per share (cents per share)	(25.44)	50.76
Diluted earnings per share (cents per share)	(25.44)	50.76
Net (loss)/profit after tax (\$'000)	(34,778)	4,974

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

- Basic earnings per share (no. shares)	136,690,860	9,799,354
- Diluted earnings per share (no. shares)	136,690,860	9,799,354

Weighted average number of ordinary shares outstanding during the current period has been calculated using:

- (i) the number of ordinary shares outstanding from the beginning of the current period to the acquisition date computed on the basis of the weighted average number of ordinary shares of PASCO Group Pty Limited (accounting acquirer) outstanding during the period multiplied by the exchange ratio established in the reorganisation agreement; and
- (ii) the number of ordinary shares outstanding from the acquisition date to the end of the period being the actual number of ordinary shares of The PAS Group Limited (the accounting acquiree) outstanding during that period.

The basic and diluted earnings per share for the comparative period before the acquisition date presented in the consolidated financial statements has been calculated using PASCO Group Pty Limited's historical weighted average number of shares outstanding multiplied by the exchange ratio established in the reorganisation agreement. Potential ordinary shares from options are not dilutive as the exercise price exceeds the current market price.

5. Trade and other receivables

	CONSOLIDATED	
	31 Dec 2014 \$'000	30 June 2014 \$'000
Trade receivables	17,927	24,423
Allowance for doubtful debts	(95)	(83)
	17,832	24,340
Trade discounts and rebates	(618)	(655)
Other receivables	937	934
Total trade and other receivables	18,151	24,619

6. Inventories

At lower of cost and net realisable value:

Raw materials	1,494	1,540
Stock in transit	5,638	3,395
Work in progress	969	1,137
Finished goods	16,264	16,682
	24,365	22,754

The cost of inventories recognised as an expense during the half year in respect of continuing operations was \$50.1m (2013: \$51.1m).

	CONSOLIDATED	
	31 Dec 2014 \$'000	30 June 2014 \$'000
7. Goodwill		
Cost		
Balance at beginning of year	111,067	111,067
Additional amounts recognised from business combinations	-	-
Balance at end of year	111,067	111,067
Accumulated impairment losses		
Balance at beginning of year	(32,528)	(32,528)
Impairment losses recognised in the period (i)	(32,006)	-
Balance at end of year	(64,533)	(32,528)
Net book value	46,533	78,539
8. Intangible assets		
Brand names	21,080	21,080
Impairment losses recognised in the period (i)	(6,080)	-
	15,000	-
Trademarks	380	380
Software	2,829	3,061
Website development costs	553	434
	18,762	24,955

(i) Impairment of Metalicus goodwill and brand name

Following a review of the recoverable amount, the carrying value of the Metalicus goodwill was impaired by \$32.0m and the carrying value of the Metalicus brand name was impaired by \$6.1m in the current period (2013: nil).

	CONSOLIDATED	
	31 Dec 2014 \$'000	30 June 2014 \$'000
9. Trade and other payables		
Trade payables	5,170	2,446
Accruals	4,842	7,472
Goods and services tax payable	940	1,049
Other payables and accruals	300	898
	11,252	11,865

	CONSOLIDATED	
	31 Dec 2014 \$'000	30 June 2014 \$'000
10. Issued capital		
136,690,860 fully paid ordinary shares (30 June 2014: 136,690,860)	153,963	153,963

Movements in ordinary share capital

	31 December 2014		30 June 2014	
	Number of shares	Share capital \$'000	Number of shares	Share capital \$'000
Balance at beginning of the period	136,690,860	153,963	9,799,354	31,786
Adjustment to issued capital on corporate reorganisation	-	-	-	3,825
Share split on corporate reorganisation	-	-	13,019,323	-
Capital return on corporate reorganisation	-	-	-	(9,370)
Share issue costs (i)	-	-	-	(4,603)
Related income tax	-	-	-	1,372
Issue of shares under IPO (i)	-	-	104,810,748	120,532
Issue of shares for non-controlling interest buy-back (ii)	-	-	9,061,435	10,421
Balance at the end of the period	136,690,860	153,963	136,690,860	153,963

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the Company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the Company does not have a limited amount of authorised capital. Fully paid ordinary shares carry one vote per share and carry a right to dividends.

No shares were issued during the half year ended 31 December 2014. In the year ended 30 June 2014 the following share issues took place:

- (i) 104.9m shares were issued at \$1.15 per share in connection with the IPO on 16 June 2014, equating to \$120.5m. Transaction costs directly attributable to the new equity raised of \$4.6m (\$3.2m tax affected) have been offset against the equity raised.
- (ii) 9.1m shares were issued at \$1.15 per share in connection with the buy-back of the non-controlling interests in certain controlled entities of the PAS in connection with the IPO.

11. Reserves

	CONSOLIDATED	
	31 Dec 2014 \$'000	30 June 2014 \$'000
Share based payments reserve	12	12
Cash flow hedge reserve	1,951	(1,034)
Foreign currency translation reserve	(306)	28
Corporate reorganisation reserve (i)	(3,825)	(3,825)
	(2,168)	(4,819)

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

	CONSOLIDATED	
	31 Dec 2014	30 June 2014
	\$'000	\$'000
12. Retained earnings		
Balance at beginning of year	8,446	17,941
(Loss)/Profit attributable to owners of the Company	(34,778)	11,965
Transfer from non-controlling interest purchase reserve	-	540
Payment of dividends	-	(22,000)
Balance at end of year	26,332	8,446

13. Dividends

	Half Year ended 31 Dec 2014		Half Year ended 31 Dec 2013	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Recognised amounts				
2015 Interim dividend	-	-	-	-
2014 Interim dividend	-	-	-	-

On 27 February 2015 the Directors declared an interim dividend of 1.9 cents per share. The interim dividend will be paid on 10 April 2015. The record date to determine shareholders' entitlements to the interim dividend is 20 March 2015.

14. Subsidiaries

Details of PAS' subsidiaries at the end of the reporting period are as follows.

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by PAS	
			2014	2013
<u>Parent entity</u>				
The PAS Group Limited ^(a)	Holding company	Australia	100%	-
<u>Subsidiaries</u>				
PASCO Group Pty Ltd ^{(b) (f)}	Holding company	Australia	100%	100%
Chestnut Apparel Pty Ltd ^(f)	Holding company	Australia	100%	100%
PASCO Operations Pty Ltd ^{(c) (f)}	Holding company	Australia	100%	100%
PAS Finance Pty Ltd ^(d)	Holding company	Australia	100%	-
Yarra Trail Holdings Pty Ltd	Holding company	Australia	100%	100%
Yarra Trail Pty Ltd	Apparel; retail/wholesale	Australia	100%	100%
Breakaway Apparel Pty Ltd ^{(e) (f)}	Apparel; retail/wholesale	Australia	100%	83%
Breakaway NZ Clothing Ltd	Apparel; retail/wholesale	New Zealand	100%	83%
Designworks Holdings Pty Ltd ^(f)	Holding company	Australia	100%	100%
Designworks Clothing Company Pty Ltd ^(f)	Apparel; retail/wholesale	Australia	100%	100%
World Brands Pty Ltd	Apparel; retail/wholesale	Australia	100%	100%
Designworks Clothing Hong Kong Ltd	Apparel; retail/wholesale	Australia	100%	100%
Designworks Management Consulting (Shanghai) Co Ltd	Apparel; retail/wholesale	Australia	100%	100%
The Hopkins Group Aust Pty Ltd ^{(e) (f)}	Apparel; retail/wholesale	Australia	100%	75%
Review Australia Pty Ltd ^(f)	Apparel; retail/wholesale	Australia	100%	100%

14. Subsidiaries (continued)

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held by PAS	
			2014	2013
Fiorelli Licensing Pty Ltd	Apparel; retail/wholesale	Australia	100%	100%
The Capelle Group Pty Ltd	Apparel; retail/wholesale	Australia	100%	100%
Metalicus Pty Ltd ^(f)	Apparel; retail/wholesale	Australia	100%	100%

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

(b) Formerly The PAS Group Pty Ltd. The name change occurred on 29 May 2014.

(c) Formerly PAS Finance Pty Ltd. The name change occurred on 29 May 2014.

(d) Incorporated on 9 May 2014.

(e) Member of the tax consolidated group from date of becoming wholly owned

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

Change in the Group's ownership interest in a subsidiary

The non-controlling interests in Breakaway Apparel Pty Ltd and The Hopkins Group Aust Pty Ltd were acquired from the non-controlling shareholders using proceeds from the IPO on 16 June 2014.

15. Financing facilities	CONSOLIDATED	
	31 Dec 2014 \$'000	30 June 2014 \$'000
Secured working capital facility:		
-amount used	-	-
-amount unused	25,000	25,000
	25,000	25,000
Secured bank loan facility:		
- amount used	-	-
- amount unused	30,000	30,000
	30,000	30,000

16. Fair value measurements

The only financial assets or liabilities carried at fair value are forward exchange contracts. The directors consider the forward exchange contracts to be Level 2 financial instruments because, unlike Level 1 financial instruments their measurement is derived from inputs other than quoted prices that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices). There have been no transfers between levels 1, 2 and 3 ^(a) for recurring fair value measurements during the half year. The forward exchange contracts fair values have been obtained from third party valuations derived from discounted cashflow forecasts or forward foreign exchange rates and contract exchange rates.

The fair value of forward exchange contracts at 31 December 2014 was an asset of \$2.8m (30 June 2014: liability of \$1.5m).

The directors consider that the carrying amount of other financial assets and financial liabilities recorded in the financial statements approximate their fair values.

(a) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3 inputs are unobservable inputs for the asset or liability.

17. Acquisition and disposals of subsidiaries

There were no acquisitions or disposals of subsidiaries in the half year ended 31 December 2014 (31 December 2013: nil).

18. Contingent liabilities

Certain entities in the Group are party to various other legal actions and claims which have arisen in the ordinary course of business. Any liabilities arising from such legal actions and claims are not expected to have a material adverse effect on the Group.

The Group has provided bank guarantees in respect to retail premises operating leases of \$0.6m (30 June 2014: \$0.6m).

19. Subsequent events

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

20. Information on audit or review

This report is based on accounts that have been subject to review.

The PAS Group Limited

Directors declaration

For the half year ended 31 December 2014

The directors of The PAS Group Limited declare that, in their opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including:

- (a) giving a true and fair view of the financial position as at 31 December 2014 and of the performance for the half-year ended on that date of the consolidated entity; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001.

The directors also declare that, in their opinion:

- (a) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors



Rod Walker
Chairman
Melbourne, 27 February 2015

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

27 February 2015

Dear Board Members

The PAS Group Limited

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

As lead audit partner for the review of the financial statements of The PAS Group Limited for the half year ended 31 December 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

Yours sincerely

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

BJ Pollock

BJ Pollock
Partner
Chartered Accountants

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of The PAS Group Limited, which comprises the condensed Consolidated Statement of Financial Position as at 31 December 2014 and the condensed Statement of Profit or Loss and Other Comprehensive Income, the condensed Consolidated Statement of Cash Flows and the condensed Consolidated Statement of Changes in Equity for the half-year ended on that date, selected explanatory notes and, the Directors' Declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 3 to 17.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of The PAS Group Limited's financial position as at 31 December 2014 and its performance for half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of The PAS Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Auditor's Independence Declaration

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of The PAS Group Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Deloitte Touche Tohmatsu

DELOITTE TOUCHE TOHMATSU

BJ Pollock

BJ Pollock
Partner
Chartered Accountants
Melbourne, 27 February 2015

Corporate Directory

Registered office and principal place of business

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

Directors

Mr. R. Walker
Mr. E. Morris
Ms. J. Naylor
Mr. D. Fenlon
Mr. J. Brett

Company secretary

Mr. S. Milicevic

Auditors

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

Bankers

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

Share registry

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

Solicitors

Minter Ellison Lawyers
Level 19, Aurora Place
88 Phillip Street
Sydney NSW 2000
Tel: (02) 9921 8888

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