

The PAS Group Limited

ABN 25 169 477 463

Appendix 4D

Half Year Report

Results for announcement to the market for the half year ended 31 December 2016

Current reporting period	Half year ended 31 December 2016
Previous corresponding period	Half year ended 31 December 2015

Half year (\$'000)	31 Dec 2016	31 Dec 2015	% Change
Total sales revenue from continuing operations	135,675	129,725	4.6
Total revenue from ordinary activities from continuing operations	136,167	129,910	4.8
Net profit for the year attributable to members	4,827	5,013	(3.7)

Dividends – ordinary shares	Amount per ordinary share	Franked amount per ordinary share	Record Date	Payment Date
2017 Interim dividend	2.6 cents	100%	17 March 2017	7 April 2017
2016 Final dividend	2.6 cents	100%	16 September 2015	7 October 2016
2016 Interim dividend	2.6 cents	100%	18 March 2016	8 April 2016

Brief explanation of results for the period:

Statutory net profit after tax is prepared in accordance with the Corporations Act 2001 and Australian Accounting Standards, which comply with International Financial Reporting Standards. Earnings Before Interest, Tax, Depreciation and Amortisation ('EBITDA'), Earnings Before Interest and Tax ('EBIT') and Net Profit After Tax are reported in order to give information to shareholders and to provide a greater understanding of the performance of The PAS Group Limited and its controlled entities' operations.

On 30 September 2016 the Group announced the successful completion of the sale of its Metalicus business. On this basis the Metalicus business continued to meet the criteria to be classified as a discontinued operation. Accordingly, the results of the Metalicus discontinued operation are presented separately in the consolidated statement of profit and loss.

Total revenue from ordinary activities from continuing operations for the half year ended 31 December 2016 was \$136.2 million, an increase of \$6.3 million on the previous corresponding period. Net profit for the year attributable to members (incorporating both continued and discontinued operations) was \$4.8 million, down \$0.2 million on the previous corresponding period.

Additional Appendix 4D disclosure requirements and other information requiring disclosure to comply with Listing Rule 4.3A is contained in the Interim Financial Report attached and The PAS Group Limited H1FY17 Results Presentation.

This report is based on accounts that have been reviewed by Deloitte Touche Tohmatsu.

Net tangible asset backing	31 Dec 2016	31 Dec 2015
Net tangible asset backing per ordinary security	\$0.37	\$0.34

The PAS Group Limited and its controlled entities
ACN 169 477 463

Interim Financial Report

For the half year ended 31 December 2016

Index

	Page
Directors' report	1
Condensed consolidated statement of profit or loss and other comprehensive income	3
Condensed consolidated statement of financial position	4
Condensed consolidated statement of changes in equity	5
Condensed consolidated statement of cash flows	6
Notes to the financial statements	7-11
Directors' declaration	12
Auditor's independence declaration	13
Independent auditor's review report	14
Corporate directory	16

Directors' report

The Directors of The PAS Group Limited ('PAS') present their report on the consolidated entity consisting of The PAS Group Limited and its subsidiaries for the half year ended 31 December 2016 (the period).

In order to comply with the Corporations Act (2001), the Directors report as follows:

Directors

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

Rod Walker	Non-Executive Chairman	
Eric Morris	Chief Executive Officer and Managing Director	
Adam Gray	Non-Executive Director	
Matthew Lavelle	Non-Executive Director	
Jon Brett	Non-Executive Director	(Resigned 14 November 2016)
Loretta Soffe	Non-Executive Director	(Appointed 22 August 2016, resigned 13 December 2016)
Craig Holland	Non-Executive Director	(Appointed 13 December 2016)

Principal activities

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

Analysis of results from continuing operations

A comparison between the continuing result for the half years ended 31 December 2016 and 2015 is shown in the table below.

	31 Dec 2016	31 Dec 2015
	\$'000	\$'000
Revenue	135,675	129,725
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	11,603	12,230
Earnings Before Interest and Tax (EBIT)	7,667	9,167
Net profit after tax (NPAT) from continuing operations	5,412	6,103

Commentary on the operations and results of the consolidated entity is contained in the PAS half-year results announcement dated 24 February 2017.

As at 31 December 2016, PAS had cash on hand of \$10.2m (30 June 2016: \$7.9m), a working capital facility of \$25.0m (30 June 2016: \$25.0m) and an acquisition and growth facility of \$30.0m (30 June 2016: \$30.0m), both of which were undrawn in the current and previous corresponding period.

Refer to Subsequent Events commentary for information regarding the new financing facilities executed on 9 January 2017.

Earnings per share ('EPS')

	Half Year ended	Half Year ended
	31 Dec 2016	31 Dec 2015
Basic earnings per share	3.53 cents	3.67 cents
Diluted earnings per share	3.53 cents	3.67 cents

Basic and diluted earnings per share are calculated as set out in Note 3 to the financial statements based on the weighted average number of ordinary shares (2016: 136,690,860, 2015: 136,690,860).

Dividends

On 24 February 2017 the Directors declared an interim dividend of 2.6 cents per share. The interim dividend will be paid on 7 April 2017. The record date to determine shareholders' entitlements to the interim dividend is 17 March 2017.

Subsequent events

On 9 January 2017 the Group secured credit approval and executed documentation with its existing banking partner CBA for three complementary facilities with a combined limit of \$45 million. The new finance package replaces the existing \$55 million facility and will provide enhanced flexibility at a lower cost whilst supporting a platform for growth. The term of the collective facility is three years.

In addition to the \$45 million of committed funding, the Group may by written notice to CBA request the establishment of an accordion facility for up to a maximum of \$60 million which may be used to support the Group's acquisitive growth strategy.

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 Instrument 2016/191 applies and in accordance with that Instrument, 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 14.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors:



Mr Rod Walker
Chairman
Melbourne, 24 February 2017

The PAS Group Limited

Condensed consolidated statement of profit or loss and other comprehensive income

	Note	Half Year ended 31 Dec 2016 \$'000	Half Year ended 31 Dec 2015 \$'000
Revenue	2	135,675	129,725
Cost of sales		(59,627)	(57,023)
Gross profit		76,048	72,702
Other revenue	2	492	185
Other gains and losses		224	19
Employee benefit expenses	2	(33,237)	(29,767)
Selling and distribution expenses		(10,137)	(10,864)
Occupancy expense	2	(14,593)	(13,598)
Marketing expenses		(3,097)	(2,408)
Administration expenses		(4,098)	(4,039)
Depreciation and amortisation	2	(3,935)	(3,063)
Net finance costs	2	(371)	(408)
Profit before income tax expense		7,296	8,759
Income tax expense		(1,884)	(2,656)
Profit after tax from continuing operations		5,412	6,103
(Loss) after tax from discontinued operations	5	(585)	(1,090)
Profit attributable to members of the parent		4,827	5,013
Other comprehensive income, net of income tax:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		(46)	57
Net gain/(loss) on cash flow hedges		2,857	(1,837)
Other comprehensive income/(loss) for the period, net of income tax		2,811	(1,780)
Total comprehensive income for the period attributable to members of the parent		7,638	3,233
Earnings per share for profit attributable to members of the parent			
Basic (cents per share)	3	3.53	3.67
Diluted (cents per share)	3	3.53	3.67

Notes to the condensed consolidated financial statements are included on pages 7 to 11.

The PAS Group Limited
Condensed consolidated statement of financial position

	Note	31 Dec 2016 \$'000	30 June 2016 \$'000
Assets			
<i>Current assets</i>			
Cash and cash equivalents		10,227	7,863
Trade and other receivables		23,297	21,067
Other financial assets		2,198	–
Inventories	6	31,480	30,131
Other current assets		4,510	4,176
Assets classified as held for sale	5	–	3,646
Total current assets		71,712	66,883
<i>Non-current assets</i>			
Trade and other receivables		125	128
Property, plant and equipment		15,516	13,743
Deferred tax asset		7,520	8,770
Goodwill		50,747	50,747
Intangible assets		28,676	28,353
Total non-current assets		102,584	101,741
Total assets		174,296	168,624
Liabilities			
<i>Current liabilities</i>			
Trade and other payables		21,724	18,299
Other financial liabilities		–	1,884
Current tax liabilities		978	2,168
Provisions		6,437	6,344
Other liabilities		2,530	2,025
Liabilities directly associated with assets classified as held for sale		–	276
Total current liabilities		31,669	30,996
<i>Non-current liabilities</i>			
Deferred tax liabilities		1,990	1,200
Provisions		1,029	1,040
Other liabilities		9,422	9,544
Total non-current liabilities		12,441	11,784
Total liabilities		44,110	42,780
Net assets		130,186	125,844
Equity			
Issued capital		153,963	153,963
Reserves		(1,735)	(4,804)
Retained losses		(22,042)	(23,315)
Total equity		130,186	125,844

Notes to the condensed consolidated financial statements are included on pages 7 to 11.

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	Corporate reorganisa- -tion reserve \$'000	Cash flow hedge reserve \$'000	Total equity \$'000
Balance at 1 July 2016	153,963	(23,315)	(159)	498	(3,824)	(1,319)	125,844
Profit for the half year	-	4,827	-	-	-	-	4,827
Other comprehensive income for the half year, net of income tax	-	-	(46)	-	-	2,857	2,811
Total comprehensive income for the half year	-	4,827	(46)	-	-	2,857	7,638
Dividends provided for or paid	-	(3,554)	-	-	-	-	(3,554)
Recognition of share-based payments	-	-	-	258	-	-	258
Balance at 31 December 2016	153,963	(22,042)	(205)	756	(3,824)	1,538	130,186
Balance at 1 July 2015	153,963	(26,085)	(339)	312	(3,825)	1,294	125,320
Profit for the half year	-	5,013	-	-	-	-	5,013
Other comprehensive income for the half year, net of income tax	-	-	57	-	-	(1,837)	(1,780)
Total comprehensive income for the half year	-	5,013	57	-	-	(1,837)	3,233
Dividends provided for or paid	-	(4,237)	-	-	-	-	(4,237)
Recognition of share-based payments	-	-	-	(11)	-	-	(11)
Balance at 31 December 2015	153,963	(25,309)	(282)	301	(3,825)	(543)	124,305

Notes to the condensed consolidated financial statements are included on pages 7 to 11.

The PAS Group Limited
Condensed consolidated statement of cash flows

	Note	Half Year ended 31 Dec 2016 \$'000	Half Year ended 31 Dec 2015 \$'000
Cash flows from operating activities			
Receipts from customers		153,376	162,928
Payments to suppliers and employees		(144,108)	(150,468)
Cash flows from operations		9,268	12,460
Interest received		31	36
Interest and other costs of finance paid		(347)	(367)
Income tax paid		(1,417)	(283)
Net cash flows from operating activities		7,535	11,846
Cash flows from investing activities			
Payment for property, plant and equipment		(3,348)	(1,696)
Payment for intangible assets		(1,300)	(1,039)
Proceeds from the sale of equipment		12	-
Net cash outflow on acquisition of subsidiaries		-	(11,541)
Net cash inflow on disposal of subsidiary		2,988	-
Net cash flows used in investing activities		(1,648)	(14,276)
Cash flows from financing activities			
Dividends paid		(3,554)	(4,237)
Net cash flows used in financing activities		(3,554)	(4,237)
Net (decrease)/increase in cash and cash equivalents		2,333	(6,667)
Cash and cash equivalents at the beginning of the period		7,863	12,525
Effect of exchange rate changes on the balance of cash held in foreign currencies		31	72
Cash and cash equivalents at the end of the period		10,227	5,930

Notes to the condensed consolidated financial statements are included on pages 7 to 11.

1. Significant accounting policies

(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 and contingent consideration 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 which ASIC Instrument 2016/191 applies and in accordance with that Instrument, 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 2016 annual financial report for the year ended 30 June 2016. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

2. Revenues and expenses

(a) Revenue

Profit/(loss) before income tax from continuing operations includes the following items:

	Half Year ended 31 Dec 2016 \$'000	Half Year ended 31 Dec 2015 \$'000
Sales revenue		
Sale of goods	135,675	129,725
Other revenue		
Royalty income	116	141
Other	376	44
	492	185
Total revenue	136,167	129,910

(b) Expenses

Profit/(loss) before income tax from continuing operations includes the following items:

	Half Year ended 31 Dec 2016 \$'000	Half Year ended 31 Dec 2015 \$'000
Occupancy expense:		
Minimum lease payments on operating leases	13,362	12,575
Other occupancy expenses	1,231	1,023
Total occupancy expense	14,593	13,598
Employee benefit expenses:		
Post-employment benefits – Defined contribution plans	2,476	2,183
Other employee benefits	30,761	27,584
Total employee benefit expenses	33,237	29,767
Depreciation and amortisation:		
Depreciation	2,959	2,200
Amortisation	976	863
Total depreciation and amortisation	3,935	3,063
Net finance costs:		
Interest and finance charges paid to banks and other financial institutions	381	424
Amortisation of deferred borrowing costs	18	18
Interest revenue	(28)	(34)
Total net finance costs	371	408

3. Earnings per share

	Half Year ended 31 Dec 2016	Half Year ended 31 Dec 2015
Basic earnings per share (cents)	3.53	3.67
Diluted earnings per share (cents)	3.53	3.67
Net profit/(loss) after tax (\$'000)	4,827	5,013

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

	Number of Shares	
– Basic earnings per share	136,690,860	136,690,860
– Diluted earnings per share	136,690,860	136,690,860

Potential ordinary shares from options are not dilutive as the exercise price exceeds the current market price.

4. Segment information

PAS' operating segments are identified with reference to the information regularly reviewed by the Chief Executive Officer, Chief Financial and Operations 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 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. This includes 257 retail sites (31 December 2015: 240) and a number of online sites as of 31 December 2016. The retail segment includes revenues and profits generated by Black Pepper, Jets Swimwear, Review, White Runway and Yarra Trail.

Wholesale

The Wholesale segment includes revenues and profits associated with the wholesaling of women's, men's and children's apparel, sporting equipment and related products. The Wholesale segment includes revenues and profits generated by Designworks, Black Pepper, Jets Swimwear, 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 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. 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.

Half year ended 31 December	Retail		Wholesale		Unallocated		Total	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Revenue from sale of goods	71,949	67,066	63,726	62,659	-	-	135,675	129,725
Other revenue	5	13	83	31	404	141	492	185
Total revenue	71,954	67,079	63,809	62,690	404	141	136,167	129,910
Segment EBITDA	9,479	9,597	6,900	7,594	(4,777)	(4,961)	11,602	12,230
Depreciation and amortisation	(2,664)	(2,065)	(272)	(69)	(999)	(929)	(3,935)	(3,063)
Segment EBIT	6,815	7,532	6,628	7,525	(5,776)	(5,890)	7,667	9,167
Net financing costs	-	-	-	-	(371)	(408)	(371)	(408)
Statutory profit/(loss) before tax	6,815	7,532	6,628	7,525	(6,147)	(6,298)	7,296	8,759
	31 Dec 2016	30 Jun 2016						
Segment assets	68,540	65,155	63,406	61,295	42,350	38,528	174,296	164,978
Segment liabilities	11,693	9,704	13,998	11,585	18,419	21,215	44,110	42,504

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

- all assets are allocated to reportable segments other than prepayments, hedge receivable, trademarks and patents and current and deferred tax assets. Assets used jointly by reportable segments are allocated on the basis of cost of sales within individual reportable segments; and
- all liabilities are allocated to reportable segments other than borrowings, hedge payable, deferred considerations and current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable are allocated on the basis of cost of sales within individual reportable segments.

5. Discontinued Operation

(a) Disposal of Metalicus

On 27 July 2016 the Group announced it had entered into a sale agreement to dispose of the loss making Metalicus business which operated in both the retail and wholesale segments. The disposal of the business which was completed on 30 September 2016 and was reported in the financial statements for the year ending 30 June 2016 as a discontinued operation did not result in any change to the parent's ownership interests in its subsidiaries.

Financial information relating to the discontinued operation for the period to the date of disposal is set out below. For further information about the discontinued operation please refer to note 5 in the group's annual financial statements for the year ended 30 June 2016.

(b) Financial performance and cash flow information

The financial performance and cash flow information presented reflects the operations for the three months ended 30 September 2016 and subsequent adjustments to the consideration received.

The combined results of the discontinued operation included in the profit and loss for the year is set out below. The comparative profit and cash flows from discontinued operations have been re-presented to include those operations classified as discontinued in the current year.

	Half Year ended 31 Dec 2016 \$'000	Half Year ended 31 Dec 2015 \$'000
(Loss) for the year from discontinued operations		
Revenue	5,327	13,686
Expenses	(6,234)	(14,876)
Trading (loss) before interest, tax, depreciation and amortisation	(907)	(1,190)
Depreciation and amortisation	(7)	(363)
Net finance costs	(3)	(3)
(Loss) before tax	(917)	(1,556)
Attributable income tax benefit	275	466
	(642)	(1,090)
Profit on disposal of discontinued operation	82	-
Attributable income tax (expense)	(25)	-
(Loss) from discontinued operations	(585)	(1,090)
Cash flows from discontinued operations		
Net cash inflows/(outflows) from operating activities	(826)	(737)
Net cash inflows/(outflows) from investing activities	(6)	(363)
Net cash inflows/(outflows) from financing activities	242	1,282
Net cash inflow/(outflow)	(590)	182

6. Inventories

At lower of cost and net realisable value:

	31 Dec 2016 \$'000	30 June 2016 \$'000
Raw materials	950	976
Stock in transit	8,296	5,868
Work in progress	734	298
Finished goods	21,500	22,989
	31,480	30,131

7. Dividends

During the half year, PAS made the following dividend payments:

	Half Year ended 31 Dec 2016		Half Year ended 31 Dec 2015	
	Cents per share	Total \$'000	Cents per share	Total \$'000
Final dividend	2.6	3,554	3.1	4,237

On 24 February 2017 the Directors declared an interim dividend of 2.6 cents per share. The interim dividend will be paid on 8 April 2017. The record date to determine shareholders' entitlements to the interim dividend is 18 March 2017. This dividend has not been included as a liability in these financial statements. The total estimated dividend to be paid is \$3.6m.

8. Subsequent events

On 9 January 2017 the Group executed documentation with its existing banking partner CBA for three complementary facilities with a combined committed limit of \$45 million. The new finance package replaces the existing \$55 million facility and will provide enhanced flexibility at a lower cost whilst supporting a platform for growth. The term of the collective facility is three years.

In addition to the \$45 million of committed funding, the Group may by written notice to CBA request the establishment of an accordion facility up to a maximum of \$60 million which may be used support the Group's acquisitive growth strategy.

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.

The PAS Group Limited

Directors' declaration

For the half year ended 31 December 2016

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 2016 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, 24 February 2017



Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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

24 February 2017

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 2016, 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

Stephen Roche
Partner
Chartered Accountants



Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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 ("Group"), which comprise the condensed consolidated statement of financial position as at 31 December 2016, and [the condensed consolidated 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, notes comprising a summary of significant accounting policies and other explanatory information, 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 12.

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 gives a true and fair view and 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 consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. 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.

Deloitte.

Deloitte Touche Tohmatsu
ABN 74 490 121 060

550 Bourke Street
Melbourne VIC 3000
GPO Box 78
Melbourne VIC 3001 Australia

Tel: +61 (0) 3 9671 7000
Fax: +61 (0) 3 9671 7001
www.deloitte.com.au

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 2016 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



Stephen Roche
Partner
Chartered Accountants
Melbourne, 24 February 2017

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
Mr A Gray
Mr M Lavelle
Mr C Holland

Company secretary

Mr K Yap

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'.