



14th August 2008

Dear Sir

Final Report & Accounts for the year ended 30 June 2008.

We attached the following:

1. ASX Company Announcement.
2. ASX Appendix 4E.
3. Annual Report 2008.

Sincerely yours

A handwritten signature in purple ink, appearing to read "D. Langenbach".

DEAN LANGENBACH
Company Secretary
ASG Group Ltd



ASG Group Limited
Level 1, 267 St George's Terrace
Perth, Western Australia 6000
Australia

Telephone +61 (8) 9420 5420
Facsimile +61 (8) 9420 5422
asgroup.com.au

**ASX ANNOUNCEMENT
14 AUGUST 2008**

ASG RECORDS STRONG PROFIT RESULT, CONFIRMS GROWTH TO CONTINUE THROUGH FY09

- Revenue up 46.2% to \$110.9 million
- EBITDA up 46.4% to \$16.3 million
- NPAT up 28.4% to \$9.03 million
- Earnings per share up 22% to 7.1 cents
- Full year dividend of 5 cents per share, fully franked
- Strong operating cash flow supporting record growth
- \$75 million in new contracts secured with Multiplex, Virgin Blue, Ericsson/Hutch and Inpex
- Major government contract win with Federal Department of Infrastructure, Transport, Regional Development and Local Government
- Significant revenue and earnings growth forecast for FY09.

IT services provider ASG Group (ASX: ASZ) today announced a full year net profit of \$9.03 million for the year ended June 30, 2008, a 28.4% increase on the previous year.

The record net profit was achieved on revenue of \$110.9 million, an increase of 46.2% over the previous financial year.

EBITDA also rose strongly, up to \$16.3 million from \$11.1 million previously – a rise of 46.4%. Second half EBITDA was particularly strong at \$9.1 million, representing 56% of the full year total.

Basic earnings per share were 7.1 cents, 22% higher than last year and Directors have declared a full year dividend of 5 cents per share, fully franked.

ASG Managing Director Geoff Lewis said the robust result reflected a strong performance across the group, including success in securing a number of significant new government and corporate contracts.

“These results reflect a very positive year for ASG with records again achieved for revenue, EBITDA, net profit, earnings per share and dividends,” said Mr Lewis.

“The result again showed strong operating cash flow and the strength of our balance sheet, a big advantage when pursuing further growth in more uncertain economic times.

“The result also demonstrates the value of ASG’s large base of ongoing multi-year agreements.

“After revising our profit guidance upwards and posting a strong result in the first half, we were pleased to have been able to back it up in the second half of the year with a number of major contract wins.”

In April, ASG announced that it had secured approximately \$75 million in new multi-year, multi-million dollar contracts.

The contracts were with a range of existing and new customers including Multiplex, Virgin Blue, Ericsson/Hutch and Inpex.

Of the \$75 million, about one third related to additional services and extensions to existing contracts confirming ASG’s ability to build upon long-term relationships with its established, blue chip client base.

During the second half of the year, ASG also secured a four year contract with the Federal Department of Infrastructure, Transport, Regional Development and Local Government valued at \$30 million.

The contract was ASG’s largest Federal Government contract to date and a significant milestone for the group.

With further significant Federal tenders expected in the coming year, the contract win positions ASG well to further build its position in the market.

Mr Lewis said that the nature of the IT services industry means that despite the uncertain economic environment inherent growth was certain in the mid-term.

“Our chosen market segments have not shown signs of slowdown in activity with record levels of new bids due for decision in the medium term,” he said.

“These client organisations have already committed to and are relying on major implementations and outsourcing arrangements for efficiency and productivity improvements to their businesses.

“In addition, our balanced exposure to the corporate and government sectors is almost a natural hedge to any potential downturn in either market.”

Mr Lewis added that ASG’s cumulative revenue model provided added comfort in a volatile market.

“With approximately 70% of each year’s revenue coming from rolling, multi-year contracts, we essentially have a large chunk of earnings ‘locked-in’ year on year,” he said.

“This provides us with added security and also enables us to plan for activity levels and maintain economies of scale in our business to sustain longer term growth. It is quite different from a business model based on repetitive short term sales.”

Given a solid business base from a pipeline of current contracts, each at varying rates of maturity, Mr Lewis said growth was sustainable and forecast to continue.

“The investment we’ve made in building a national management and delivery platform has taken the Company to a new level,” said Mr Lewis.

“We now have the network, scale and experience behind us to bid for larger contracts in both the corporate and government sectors. This means that ASG is achieving an increasing share of a growing market.

“We believe we’re well placed to secure further contracts in the coming year and feel very confident of continuing revenue and earnings growth in FY09,” he said.

– ENDS –

Further information:

Mr Geoff Lewis
Chief Executive Officer
ASG Group Limited
(08) 9420 5420

Katherine Knox
Porter Novelli, Perth
(08) 9386 1233
0421 186 129

Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	ASG Group Ltd
ABN	57 070 045 117
Financial Year Ended	30 June 2008
Previous Corresponding Reporting Period	30 June 2007

Results for Announcement to the Market

	\$'000	Percentage increase /(decrease) over previous corresponding period
Revenue from ordinary activities	110,927	46%
Profit / (loss) from ordinary activities after tax attributable to members	9,036	28%
Net profit / (loss) for the period attributable to members	9,036	28%
Dividends (distributions)	Amount per security	Franked amount per security
Final Dividend	3.0 cents	100%
Interim Dividend (paid)	2.0 cents	100%
Record date for determining entitlements to the dividends (if any)	3 rd October 2008	
Total issued and paid up ordinary shares	129,047,560	
Brief explanation of any of the figures reported above necessary to enable the figures to be understood:		
For explanation see Commentary on results		

Dividends

Date the dividend is payable	15 th October 2008
Record date to determine entitlement to the dividend	3 rd October 2008
Amount per security	3.0 cents
Total dividend	3,871,427

**ASG Group Limited and its Controlled Entities
ACN 070 045 117**

Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	Dividend fully eligible DRP discount of 5% will apply
The last date for receipt of an election notice for participation in any dividend reinvestment plans	3 rd October 2008

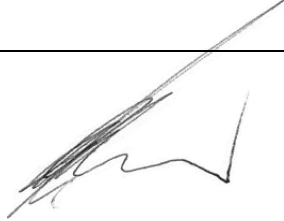
NTA Backing		
	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	2.8	4.2

Other Significant Information Needed by an Investor to Make an Informed Assessment of the Entity's Financial Performance and Financial Position
See Commentary on results

Commentary on the Results for the Period
Refer attached Company Announcement and Chairman letter/Operational review & outlook included in the annual report.

Audit/Review Status			
This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	<input checked="" type="checkbox"/>	The accounts have been subject to review	<input type="checkbox"/>
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:			

Attachments Forming Part of Appendix 4E	
Attachment #	Details
1	Company Announcement
2	Annual Report 2008

Signed By (Director/Company Secretary)	
Print Name	Mr Geoff Lewis
Date	14 th August 2008



Annual Report 2008

Company Secretary

Mr Peter Ironside

Principal Registered Office

ASG Group Ltd
Level 1, 267 St Georges Terrace
Perth, Western Australia 6000

Telephone +61 (8) 9420 5420
Facsimile +61 (8)9420 5422

Locations of Share Registries

Computershare Registry Services Pty Limited
Level 2, 45 St Georges Terrace
Perth, Western Australia 6000

Telephone +61 (8) 9323 2000
Facsimile +61 (8) 9323 2033

Stock Exchange

The company is listed on the Australian Stock Exchange.
The Home Exchange is Perth.

Other Information

ASG Group Limited, incorporated and domiciled in
Australia, is a public listed Company limited by shares.



contents

1.0	Chairmans Letter	2
2.0	Operational Review & Outlook	4
3.0	Overview of the ASG Business	8
4.0	The IT Outsourcing Industry	10
5.0	Corporate Governance	13
6.0	Directors Report	22
7.0	Income Statements	40
8.0	Balance Sheet	41
9.0	Statement of Changes in Equity	42
10.0	Cash Flow Statements	44
11.0	Notes to the Financial Statements	45
12.0	Directors Declaration	100
13.0	Auditor's Declaration of Independence	101
14.0	Audit Report	102
15.0	ASX Additional Information	104

1.0 chairmans letter

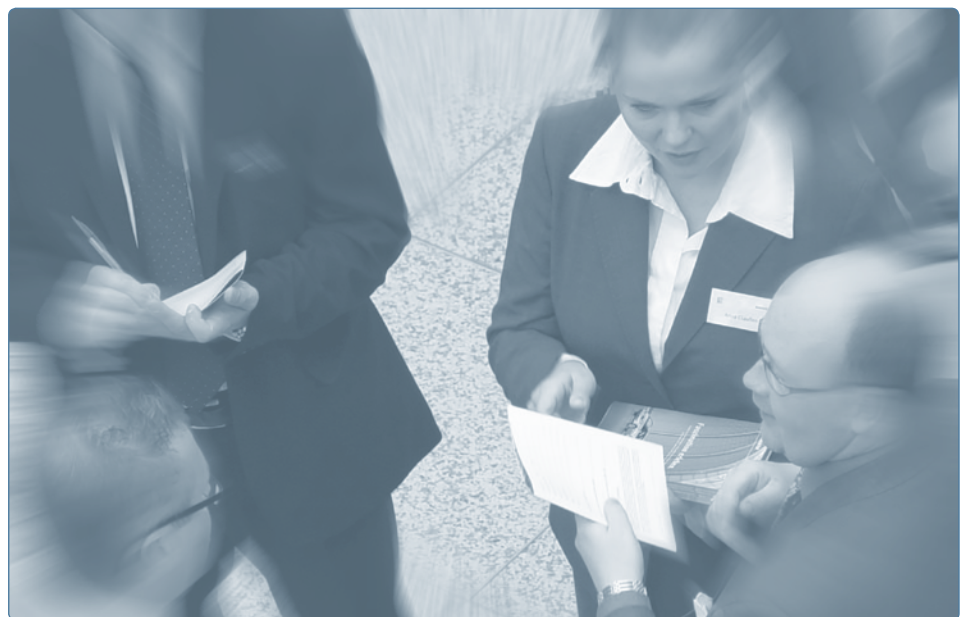
Dear Shareholder...

ASG has again produced a record result, with revenue increasing very strongly, producing record profits and continuing to enhance our profile and position in our chosen markets. On behalf of the Board, I am very pleased to present your company's annual report for FY2008.

The financial year to 30th June 2008 has demonstrated the strength of the ASG Group business model. On the one hand the Company has generated healthy operating cash flow whilst setting new records for revenue, profit and dividends paid. During this process, ASG has established its highest ever levels of contracted revenue and we have before us a record value of prospects for new bids and business opportunities in our selected markets.

Our goals at the beginning of the year included the further development of our capabilities in a series of application specialties. From a strategic point of view, this was intended to enhance the value that we can add to our clients as well as protecting our customer base from direct competition. As confirmed at the Annual General Meeting last year our selected specialties are Education, Health and Shared Services. During the course of the year, significant investment has been made in these areas, in terms of both time and capital. This effort has been rewarded with a strong performance in each of them, backed up by a healthy list of prospective bids and sales prospects for the short to medium term.

Also key in our objectives was the need to capitalise on our strong performance in the federal government arena. Driven by the strong team on the ground in Canberra, ASG has achieved significant success with some major wins. Our profile is now such that we may expect to capture a share of what is estimated to be a significant amount of new business to be awarded in this very important market. All of our sales groups have made good strategic progress in their geographic regions, creating record revenues for FY2008 and providing excellent prospects for a strong FY2009.



1.0 chairmans letter

EBITDA was again increased by a record amount, and was 46% higher than last year's record level. All of our financial measures were again records. All of this was achieved whilst the business supported itself and delivered solid operating cash flow. The board is particularly focussed on the health of the balance sheet and the ability of the business to sustain itself through any economic downturn which may occur in the FY2009 period and beyond. Although directors elected to take on debt in preference to raising equity over the past twelve months, our debt remains modest and well within the company's support capability with interest covered 21 times by EBITDA.

This year the Company has also been able to increase its dividend in line with the increase in profitability. Consistent with last year, the fully franked dividend is up 25% to a total of 5 cents for the year.

However, regardless of the robust state of our trading and our balance sheet, directors remain alert to financial pressures which have the potential to develop within any market in an uncertain economic period. Balancing that, we are also aware that opportunities may exist for ASG to take advantage of weakness in some of our competitors with the chance to capture additional business or even to achieve a well priced strategic acquisition.

Looking forward to FY2009 and beyond, the ASG Group and its competition face a more difficult economy and a business environment that is more uncertain than has been seen in recent years. As we move forward, we can be confident and pleased that our counter-cyclical business model is fully developed and functioning, and that we have the benefit of a very significant business base of contracted revenue to be delivered over the next few years. Further our chosen markets appear to be remaining strong with demand for productivity and efficiency in IT systems continuing to hold up, particularly in large government and corporate clients.

I would now like to take the opportunity to acknowledge on behalf of the shareholders and the directors, the contribution made to the development of ASG Group by my predecessor as Chairman, Stan Lewis, who retired from the Board in February this year. During more than four years as the Chairman of the listed entity, Stan provided the guidance and strong leadership which was vital in the achievement of the growth that was accomplished in both the business and in shareholder value.

Finally, your Company is well positioned to take advantage of its strong and growing reputation as a leading services and solutions provider throughout the Australian market and we are confident in ASG's ability to continue its long term growth in business and profitability in FY2009.

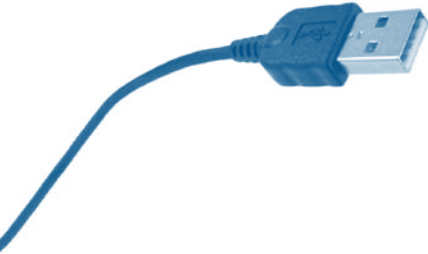
Yours sincerely



Ron Baxter

CHAIRMAN

2.0 operational view & outlook



Results, Performance and Major Events for FY2008

ASG Group has invested and enhanced its organisation and capabilities whilst producing a record financial result. It has also continued to build the contracted business volume available to be implemented over the next several years. During the past year the Company has again pursued its strategy of building and protecting its business base using strong client relationships, superior application expertise and detailed internal intellectual property to drive its implementation and support of business systems, both generally and specific to individual clients.

As economic and market conditions become more uncertain, ASG has remained well positioned to protect its market share and win a significant portion of the large volume of major bids which continue to be available in its chosen market segments.

FY2008 Results

ASG again experienced record growth, with its key markets within business areas that remain substantially unaffected by the general weakening of economic conditions in Australia. Revenue finished the year 46.2% higher, eclipsing both the result and the growth rate of the previous record year. Performance was strong throughout the year with accelerating revenue driving a record final quarter. Main influences continue to be the strength of selective outsourcing in both government and corporate markets and the growth of application based outsourcing and services, both building upon the existing base of multi-year contracts on the company's books. ASG's performance in winning well targeted bids has again been excellent, notwithstanding delays in the outcomes of some large key bids which will now be awarded in FY2009.

Earnings Before Interest, Depreciation and Amortisation (EBITDA) was again a record, rising by 46.4% to \$16.3 million, the largest absolute dollar increase in ASG's history. Importantly EBITDA again increased as a percentage of revenue, showing a strengthening profile towards the year-end.

Net Profit after Tax (NPAT) was again up strongly to \$9.0 million, a rise of 28.4% on last year. The main influence on this result was the increase in interest expense after the raising of additional debt during the year to support the rapid growth of the business. Modest debt was favoured in this case to avoid undue reliance on capital. The Company has significant unused debt facilities in place and will continue to conservatively manage its working capital during what is expected to be a continuing growth phase in difficult debt and capital markets. Also influencing profitability during the subject period has been the significant effort and expense being put into large bids which have not yet reached their decision point. This has somewhat constrained profits during the FY2008 year, but the Company is optimistic that a corresponding uplift will be available, assuming that ASG is ultimately successful in the delayed decisions. It is expected that a strong flow of large contracts will continue to be available for competitive bid and decision during the next twelve months and ASG is confident of winning a significant share of the business for which it is competing.

Cash flow for the period has again been strong, supporting the business through its fifth successive year of strong revenue expansion with a compound annual growth rate of more than 40% over that period. During the course of the year the raising of capital was limited to the support of the dividend reinvestment plan, a small issue to complete a final instalment of a prior year acquisition and the exercise of some staff options. Debt was favoured to support the working capital needs of the business and to provide a balance between debt and equity. Cash generation comfortably supported growth, debt servicing costs and dividend requirements. During the economic uncertainty which has prevailed during the latter portion of the year, directors have taken conservative view of cash flow and management of working capital as well as the availability of investment capital to the businesses.

2.0 operational view & outlook



Dividend

Directors have again increased the final dividend in line with the record profit result. The final distribution of 3 cents takes the full year dividend to 5 cents per share, fully franked, again an increase of 25% over the previous year. As they did in previous periods, the directors are maintaining the Dividend Reinvestment Plan. It remains the intention of the directors that future dividend streams will increase in line with profitability.

Key Activities during FY2008

During the period, ASG has continued to invest strongly in its strategy to establish itself as experts in major application areas. A major benefit of leadership in application-based and infrastructure outsourcing is to continue to occupy those roles which represent positions of influence with clients and which allow engagement with other suppliers as consortium partners. To avoid competing purely on price in areas which present as generic or commodity in nature, it is necessary to achieve a level of application or business knowledge sufficient to add value to a client relationship and to differentiate the Company from other suppliers generally.

The key application areas selected are Health and Education together with the Shared Services initiatives that are designed to standardise and rationalise the technology and methods employed across major computing organisations, creating efficiencies and economies on a very large scale. ASG has built its capabilities and reputation during the course of the year, increasing its revenue from key clients, consolidating its performance in new contracts and building internal intellectual property to assist in bidding, winning and implementing new contracts.

These activities are important from a market development viewpoint, but as the economy weakens, these specialties become even more vital to our ability to continue to grow in a tighter environment.

ASG continues to penetrate the important government markets at both state and federal levels. In particular, major wins and renewals in federal government departments have boosted our installed business reference base and increased the important reservoir of business to be delivered over the next several years.

A major push into the Education application area during FY2008 has seen a significant build up of capability and Intellectual Property and the strengthening of our alliance with Oracle. Although deferrals in the awarding of large and important blocks of new work have delayed revenue and profit flows to ASG, these investments are key to winning not only the current bids but the ability to address identified additional future work in education organisations throughout Australia.

Health is also the subject of a build up of capability to assist clients who are increasingly being driven by efficiency and client coverage objectives. Again, ASG has spent considerable time building on its client relationships and its intellectual capital in this area. The client base recognises the strategic focus that the Company is placing on this area.

In Shared Services, ASG continues to build its reputation and knowledge. With economic conditions becoming tighter, corporations will be increasingly turning to this type of activity to optimise their efficiency and economies of scale. Governments have signalled their intention to create better service and greater efficiencies using shared facilities and standardised technology products. As a result of our investment, ASG is best placed amongst Australian suppliers to benefit from this trend.

2.0 operational view & outlook



Cost structure and staffing

ASG has continued to manage its cost structure consistent with the need to build its strategic capability in various application areas whilst reducing unit costs measured against revenues. The major cost grouping, staff and associated expenditure, has reduced by more than 2 cents per revenue dollar. This is in the context of most of the year being characterised by a very competitive salary market. This category of costs remains more than three quarters of our cost base and is therefore the key to profitability. This reduction follows a cost increase in FY2006 and achievement of cost neutrality in FY2007. This area remains one which is the major priority for the company and which will be strongly scrutinised regardless of any demand fluctuations which may result from changes in the economic landscape.

Positioning, Outlook and Strategy

At this time last year, ASG was positioning itself to take advantage of a strongly growing market and heavy demand for both information technology services and for suitably qualified management and staff. Market conditions have significantly changed since then and the Company has analysed the forces which are at work and the implications for our markets generally and our chosen segments in particular.

In the past, ASG has emphasised its strategic focus on long term, multiyear contracts with large corporations and all levels of Government. ASG calls this the Cumulative Revenue Model. We have continued to address ourselves to areas which provide support and development to those aspects of clients' businesses which drive day to day operations and are funded primarily from recurrent rather than capital budgets. Further, much of our project work is in support of existing long term contract activities and it is unusual for ASG to seek isolated contracts without a strategic attachment to the long term business of our clients. The final part of our business model is the construction of strong mutually beneficial client relationships where we build a detailed knowledge of the client business and its requirements. Because this is done over the long term, our role as prime contractor, our business knowledge and our ability to offer a complete solution through our own resources and through access to our subcontractors, ASG adopts a strong incumbency position. This position protects our business on an ongoing basis and also at the point where contracts are available for renewal or re-bid.

In assessing the next 12 to 24 months, ASG perceives that there will be a weakening of demand for traditional short term computer services work and particularly for capital project activity. This could impact on suppliers which rely upon recurrent, but uncontracted, work from traditional long term clients, where these clients cut back on project activities, system upgrades and non-critical activities that are capable of deferral.

On the other hand, ASG has seen no change in the prospect backlog in the area of major outsourcing opportunities, nor cutbacks in the project activities which are integral to the optimisation of long term application managed services or technology based outsourcing. Our prospect backlog continues at record levels, standing at more than \$700 million, throughout our Australian markets. A significant

2.0 operational view & outlook

reason for the continuing strength in demand comes from the continuing search for efficiencies and optimisation, which are still driving both Government and commercial initiatives in application-oriented and shared services projects and contracts.

For that reason, we see continuing growth in our business levels in our particular service offerings. Our business model positions us with very large volumes of business contracted for delivery, together with the opportunity of additional project work surrounding our long term outsourced management activities.

In our segments, access to well qualified technical and management staff remains a challenge as has been the case over the past few years of strong growth. Weakening of the economy may provide some relief in the staffing area, but access to staff remains very competitive in our area.

As well as the continuing strong demand in our services segments, our positioning driven by reference clients, track record as a prime contractor and increased collateral as a specialist in key

ASG remains well positioned for growth. We expect to have continued access to an active customer base of very large organisations which will continue to pursue their strategic information technology objectives regardless of economic conditions

application areas, should stand us in good stead for the opportunities that become available in the short and medium term. ASG is involved in a number of very large bid cycles, and given our long term track record, would expect to win a substantial amount of new business in the short to medium term.

Our management, organisation and balance sheet are all well established and capable of supporting ASG through a period of general economic weakness which may be

expected to last throughout the FY2009 financial year and beyond. Although taking a conservative view of economic conditions generally, the Company remains alert to opportunities to gain increased growth through well-targeted acquisitions, which may be available to ASG on favourable terms. Although we will not relax our acquisition criteria, it is possible that the changing economic circumstances may generate opportunities which have not been available over the recent buoyant period.

In summary, ASG remains well positioned for growth. We expect to have continued access to an active customer base of very large organisations which will continue to pursue their strategic information technology objectives regardless of economic conditions.

3.0 overview of ASG business

ASG Group Limited is positioned as an independent provider of a broad range of IT service solutions. Unlike technology companies that are exposed to the risks of capital intensive development, technology obsolescence and worldwide competition, the IT services model thrives on change. With significant negative changes to the global economy, our clients are continuing to focus on their established long-term programs for IT development or outsourcing deals where budgets are secured, as well as transformational projects which provide improvements in productivity and business processes to create competitive advantage in this difficult economic climate.

It is important to note that most outsourcing revenue is derived from the clients' recurrent budgets rather than from capital expenditure. The functions performed are nondiscretionary management and processing functions, which need to be continued regardless of business conditions or economic cycles. The model provides insulation from economic downturns and this is borne out by the regular and consistent growth of the ASG Group revenue over the past eleven years.

Our clients also understand the need to address reporting and information requirements to support faster decision-making cycles in the changing business environment and ASG is uniquely positioned to deliver on these requirements.

The ASG business model has proven successful in both the government and corporate markets showing strong growth even through difficult economic periods. The majority of the revenue is generated by multi-year service contracts with similar timescales available as extension or renewal periods. In this way ASG can rely upon a strong base of contracted revenue that ensures a solid foundation for additional business growth.

ASG Group has proven to be consistently attractive to its clients because of:

- Our ability to form close business relationships with our clients through our uniquely pleasant and comfortable style. This has provided us with a proven track record and ability to understand each client's business environment so that we consistently deliver IT solutions that are closely aligned to the client business needs;
- Our flexible and responsive approach, which differentiates us from our multi-national competitors that are more rigid and slow moving in their approach;
- ASG is 100% Australian owned, which differentiates us from the majority of our competitors who are owned and run by overseas interests. Our ownership provides clients with access to all levels of management up to and including our Executive and Board;
- Strong references from our existing clients, every one of which will openly provide a reference for other prospective clients who require confirmation of our high levels of service, responsiveness and flexibility;
- The unique business-outcomes focus of our services, through which ASG seeks out innovative ways to proactively improve service levels and reduce costs, together with adding value through the provision of strategic advice; and
- The Company's proactive service management solutions, which drive continuous improvements in service quality and operational cost efficiency. This is achieved through the linking of clients' IT environments to our unique Service Management Centre, with its proven processes, procedures and supporting workflow and automation software.

3.0 overview of ASG business

Service Offerings and Organisational Capabilities

ASG offers a comprehensive range of Information Technology services to clients throughout Australia. ASG has a team of highly qualified technical and business IT consultants who are recognised as experts in their respective fields. They provide cost effective solutions to address clients' business requirements in the areas of:

- Infrastructure and Applications Management Outsourcing,
- Oracle eBusiness Suite Implementation and Support,
- Applications Development;
- Business Intelligence Solutions;
- Systems Integration;
- IT Service Management; and
- Specialist Technical Services.

ASG has established partnerships with a number of IT solution providers. In particular, the Company is an Oracle Certified Advantage Partner and a Microsoft Gold Certified Solution Partner.

To ensure that services can be delivered with consistent high quality and predictability, ASG has created and maintained a series of systems, procedures and technologies, which are grouped under the broad headings of the Business Management System and the Service Management Centre.

The Service Management Centre uses world class, independently certified IT service management processes, backed by powerful software tools to help manage IT systems remotely from our premises in an increasingly automated fashion. Where appropriate, this facility is bundled into our managed services offerings to allow staff to remotely monitor and manage events on a customer's IT infrastructure, databases, applications and business processes. This real-time monitoring capability allows the correction of problems at client sites before they disrupt business operations. The Centre and its facilities help ensure that a client's IT systems are proactively managed to optimise uptime and performance.

The presence of these standard systems and procedures, together with the supporting toolsets and facilities, are instrumental in ASG being accredited to the ISO 9001:2000 standard, a necessary element in accessing major government and corporate clients. More recently, ASG has also been accredited to the ISO 20,000 standard, one of only a few organisations in Australia to have achieved this level of certification. This allows ASG to independently demonstrate to our clients that we're applying industry best practices, as well as tightly integrating with our clients' internal operations. Clients are increasingly demanding this level of certification and it is now an important differentiator for ASG.

The Company has devoted significant resources to the development of this intellectual property and will continue to allot funds to its maintenance and enhancement. Such expenditure is cost effective against the continuing requirement to increase efficiency and reliability in service provision and represents a competitive advantage for the Company.

ASG has a significant client base, many involving long term outsourcing contracts to manage some or all of the IT functions of major government and corporate clients. The terms of the contracts range from 2 to 5 years and in many cases, options to renew for similar periods, providing ASG with a relatively predictable cash flow and earnings stream from this business.

4.0 the information technology outsourcing industry

Despite increasingly negative news on the global economy, IT services buying continued strongly right to the end of last year, with buyer sentiment contradicting the notion that IT budgets are under strong downward pressure. The IT services market is estimated to have grown 10.8% in 2007, well above the forecast 8.7% growth rate, propelled by solid growth from IT Services companies across the board.

Industry analysts have now had time to consider the effects of the global economic downturn on the IT Services market and have reduced their overall forecast slightly (by less than 1% each year) and are now forecasting compound annual growth rates (CAGR) of over 7% through to 2012.

Buyers are not likely to abandon established long-term programs for development or outsourcing deals where budgets are secured, but are likely to examine investments on transformational projects, discretionary consulting or project work with a view to ensuring that they are delivering significant cost-savings in a relatively short time frame.

With labour arbitrage reaching diminishing returns, improvements in productivity and business models must be enabled by IT. New investments in technology are not optional, because businesses must harness information to create competitive advantage and cannot realistically expect to leverage information without technology. Buyers understand the need to address reporting and information requirements to support faster decision-making cycles in the changing business environment.

Many past projects led by service providers, such as data centre consolidation and outsourcing, have demonstrated their ability to reliably save money and buyers will look to IT Service Providers to provide further cost savings. Considerable IT investment underpins businesses' ability to "keep the lights on" so these investments cannot be cut or even quickly changed.

During economic downturns, IT customers will appreciate proactive efforts to assure their IT systems are cost-effectively delivered and managed. Tier 2 providers such as ASG who have positioned themselves as proactive, responsive and flexible will benefit in a marketplace that was previously dominated by the likes of IBM Corp., Electronic Data Systems Corp. (EDS), and Computer Sciences Corp. (CSC). During the past few years in Australia, selective sourcing — the breaking up of outsourcing "megadeals" into smaller ones — has generally benefited the smaller local players in the IT services market.

Emerging Trends

ASG has identified a number of market trends that it believes will benefit its business in the near future. These include the following:

Software as a Service and Cloud Computing

Companies are increasingly moving away from a capital purchase and install model for the acquisition of software and hardware to a rental model encapsulating all costs including hardware, software and management. The Cloud Computing model allows users to access technology-enabled services over the Internet without the need to procure or manage the technology infrastructure that supports them. As customers generally do not own the infrastructure, they are merely accessing or renting; they can forego capital expenditure and consume resources as a service, paying instead for what they use. By leveraging economies of scale through supporting multiple customers over the Internet cloud, service providers such as ASG can not only deliver significant cost savings, but also a high degree of flexibility and responsiveness in providing these IT services to customers.

4.0 the information technology outsourcing industry



Software as a Service (SaaS) utilises the Cloud Computing model to provide network-based access to, and management of, commercially available software that is managed from central locations rather than at each customer's site, enabling customers to access applications remotely via either the Web or a dedicated network link.

SaaS providers are able to achieve better economies of scale than their clients could when operating the application themselves. The SaaS vendor provides the application, but allows end users to tailor it heavily through parameters. This results in a more standardised application across clients, and ultimately makes the economies of scale attainable.

Automation and Standardisation

Industry analysts suggest that the effects of automation of both IT Services as well as the automation of business processes (through the application of IT based automation) will have a much more dramatic effect on the IT labour market than other trends such as offshore outsourcing.

By implementing a standard model for delivery of IT services, service providers are able to introduce a high degree of automation for these standardised services, thereby dramatically reducing their internal operational costs, whilst at the same time increasing quality by reducing the opportunity for human error.

The Emergence of the ISO20000 standard for IT Service Management

The new ISO/IEC 20000 standard is rapidly becoming a cornerstone for improving the management of external service providers. It involves the processes, policies, documentation, roles and responsibilities associated with service delivery and support.

ISO/IEC 20000 is the first formal international standard specifically related to IT service management. Published on 15 December 2005, it is based on the established BS15000 British Standard, which is, in turn, based on the Information Technology Infrastructure Library (ITIL) standard.

ITIL compliance has become an important buying criteria in most IT outsourcing decisions and industry analysts expect that a significant number of future outsourcing deals will demand ISO/IEC 20000 certification in their Request For Proposals (RFPs).

Shared Services

Governments and large corporations have recently recognised that they are able to leverage the economies of scale across multiple divisions and departments within their organisations by grouping together transactional activities (human resources, payroll, accounts payable, recruitment etc.) into shared services centres.

Commercial-sector enterprises pioneered shared-service arrangements, and now government organisations are also beginning to adopt this model. By sharing an ERP platform, organisations can achieve significant economies of scale through their unified negotiating power with suppliers, along with business process improvements and improved reporting and business intelligence across the organisation.

4.0 the information technology outsourcing industry

Technological connectivity is transforming the way people work and interact

Individuals, government organisations, and businesses are learning how to make the best use of IT and Internet connectivity to better develop and exploit knowledge. Web systems are now viewed as reliable and secure enough to deliver business functions to end users. This is driving an increased diversity of IT-based solutions as employees exploit new web based tools. These new user expectations and behaviors are fueling the rise of IT consumerisation, which when combined with service-oriented architecture (SOA), dynamic processes, and a growing “functionality gap” is driving the need to embrace and manage this new level of IT diversity in the business workplace.

This new business environment is allowing smaller, fast-moving players to flourish. Corporate borders are becoming blurred as interlinked “ecosystems” of suppliers, producers, and customers emerge. Flexibility and agility are key to performing in this new world, as is the ability to partner closely and transparently with both customers and other suppliers.

Business processes are starting to evolve to support information analysis, social networks, and collaboration and teaming. These processes are constantly expanding and evolving as business teams strive to meet their own business or user requirements. For example, many users are accessing business intelligence, collaboration and social-networking technologies and are looking to integrate information, ideas and discussions using IT under a set of unified business processes.

For years, when new functionality emerged, the practice has been to replace legacy systems. With relatively small and compact systems such as manufacturing and accounts payable, that process was manageable. These systems were integrated into suites that, although larger, were often replaced as well. But as more processes become intertwined with internal and external systems, this is becoming impractical.

The only way to address the functionality gap is to reduce the time required to implement new functionality by sectioning off application components and focusing on interface standards. That way, components can be pulled offline, redeveloped and reinserted into the process through smaller, more-manageable efforts. Functionality delivered to the organisation increases more slowly, but in increments that more closely meet business needs. In this new business environment, it is critical for customers to engage with Systems Integrators such as ASG who can form long term relationships and provide a continuous integration and management service for this new level of IT diversity in the business workplace.

5.0 corporate governance statement

The Board of Directors of ASG Group is committed to maintaining and promoting the principles of good corporate governance. Each year the Board reviews and confirms all charters, codes and policies. A summary is presented in this section of the annual report. The relevant documents may be reviewed on the Company website.

This Statement reflects our Corporate Governance policies and initiatives as at the date of publication of this Report. The ASX Principles of Good Corporate Governance and Best Practice Recommendations (the "ASX Principles"), in conjunction with the ASX Listing Rules, require companies to disclose whether their corporate governance practices follow the ASX Principles. The Board is in the process of reviewing its corporate governance statement in the light of "Second edition - Revised Corporate Governance Principles and Recommendations" published by the Australian Stock Exchange Limited in August 2007. The statement published is in accordance with the original guidelines which remain in force for reports regarding the financial year ended 30th June 2008.

The Company complies with the ASX Principles except in the following instances:

Principle 2 – Structure of the Board (Recommendation 2.4 – Nomination Committee): No formal Nomination Committee has been established given that the size of the Board allows the entire Board to participate directly in these functions. The procedures of the Board in relation to matters addressed by a nomination committee are in compliance with the Principles;

Principle 4 – Safeguard Integrity of Financial Reporting (Recommendation 4.3 – Structure of the Audit Committee): The Chairman of the Board Audit Committee was appointed Chairman of the Board of Directors part way through the financial period. He remains Chairman of the Board Audit Committee until the completion of the reports for the just completed financial year. A replacement chairman will be appointed to the Board Audit committee for the Financial year ended 30th June 2009. The Audit Committee and its activities comply in all other respects.

Principle 9 – Remuneration (Recommendation 9.3 – Structure of NED Remuneration): Non-executive Directors are eligible to participate in an equity participation plan approved by a general meeting of members in FY2003. An allocation of options to a Non-Executive Director was approved at the Company's annual general meeting in November 2003.

The Roles of the Board and Management

The role of the Board is to oversee and guide the management of ASG Group to protect and enhance the rights and interests of its shareholders, and to take into account the interests of other stakeholders including clients, employees, suppliers and the community as a whole. The Board sets the strategic direction of the company, determines management objectives and targets, and monitors business performance in pursuit of the objectives. The Chief Executive Officer/Managing Director is responsible to the Board for day-to-day management of the company.

The Board Charter describes the relationship between the Board and management, and defines their functions and responsibilities.

5.0 corporate governance statement

Board Composition

Membership of the Board is guided by the following principles:

- The number of directors will be maintained at a level which will enable effective spreading of workload and efficient decision making;
- The Chairman of the Board shall be an independent non-executive director and may not have served as an executive officer of the Company;
- A majority of the Board should be independent non-executive directors;
- The Board should comprise directors with a broad range of expertise, skills and experience from a diverse range of backgrounds; and

The same individual may not hold the roles of Chairman and Chief Executive Officer.

Director Independence

Directors are expected to bring independent views and judgement to the Board's deliberations. The Board comprises a majority of non-executive independent directors, a non-executive independent Chairman and different persons filling the roles of Chairman and Chief Executive Officer.

The Board regularly assesses the independence each director according to the independence criteria in ASX Principle 2 and to relevant laws, regulations and listing rules. Directors facilitate this review by providing up-to-date information regarding their personal circumstances related to the company, their external relationships and any potential conflicts of interest. The independence of new directors is assessed upon appointment.

The Chairman, Mr Ronald Baxter, meets the independence criteria, given that he complies with all criteria set down for assessment of independence.

Mr Stephen Johnston, Mr Ian Campbell and Mr John McConnell are independent directors in accordance with the independence criteria, given that each of these directors complies with all criteria set down for assessment of independence.

Mr Geoffrey Lewis, the Managing Director is considered not to be independent.

Meetings of the Board

The full Board conducts at least ten meetings per annum, plus special purpose meetings on strategy, budget review and approval, review and adoption of reports, or other matters that require more time than a scheduled Board meeting normally permits.

Managers are invited to formal Board meetings and special purpose meetings, as required.

Appointment and Re-election of Board Members

The process for retirement by rotation and re-election of a director is set down in the Company's constitution. If a retiring director nominates for re-election, the Board will assess the performance of that director in their absence, and determine whether the Board will recommend a shareholder vote in favour of the re-election, or otherwise.

5.0 corporate governance statement

Nomination and Appointment of New Directors

For new appointments, the Board identifies candidates with the appropriate expertise and experience, having regard to the weighted list of required directors' competencies as maintained by the Company. The Board will appoint the most suitable candidate, but the shareholders at the next general meeting of the Company must ratify the appointment.

The key terms, conditions and requirements are set out in a standard letter of appointment as drafted by the Company's lawyers. New directors are provided with an induction program specifically tailored to the needs of individual appointees. The program includes meetings with major shareholders, one-on-one meetings with the members of the management team and visits to key sites.

Directors are also encouraged to participate in the company's continual improvement program and are expected to highlight areas of activity that could potentially be improved.

Board Access to Information and Independent Advice

All directors have unrestricted access to all employees of the group and, subject to the law, access to all company records and information held by group employees and external advisers. The Board receives regular detailed financial and operational reports from senior management to enable it to carry out its duties.

Each director may, with the prior written approval of the Chairman, obtain independent professional advice to assist the director in the proper exercise of powers and discharge of duties as a director or as a member of a Board Committee. The company will reimburse the director for the reasonable expense of obtaining that advice.

Committees of the Board

Two standing Board Committees have been established to assist the Board to discharge its responsibilities. Their respective Charters, as approved by the Board, govern the Remuneration Committee and the Audit Committee. They review matters on behalf of the Board and make recommendations for consideration by the entire Board.

Remuneration Committee

The Board maintains remuneration policies aimed at attracting and retaining a motivated workforce and management team. The intention is to align the reward system to the performance of the Company, and ultimately to the long-term value received by our shareholders.

The Committee's purpose is:

- To review, approve and monitor remuneration policies and practices;
- To approve the remuneration package for the Chief Executive and all Executive Directors;
- To make recommendations to the Board of Directors in relation to the remuneration of all directors;
- To consult with the Chief Executive in setting remuneration packages of any direct reports of the Chief Executive who are not directors of the Company.

5.0 corporate governance statement

The current members of the Remuneration Committee are:

- Ronald Baxter (Chairman)
- John McConnell
- Geoffrey Lewis

Audit Committee

The Audit Committee monitors internal control policies and procedures designed to safeguard Company assets and to maintain the integrity of financial reporting.

The primary role of the Committee is to assist the Board to discharge its responsibilities in relation to the Company's corporate governance objectives by fulfilment of its responsibilities relating to accounting and legal compliance by:

- Maintaining effective internal and supervisory control procedures.
- Identifying and managing business risks.
- Submitting and reviewing reports for Management, the Board and other external bodies.
- Ensuring the independence and effectiveness of the external auditor and in particular related to the production of quarterly, half-yearly and annual reports to shareholders and to the ASX. In addition, the Committee reviews the nomination and performance of the auditor.
- Overseeing compliance with relevant laws and regulations and in particular the Corporations Act and the Listing Rules.
- Ensuring the consistency and appropriateness of accounting policies and procedures and any amendments thereto.
- Adhering to ethical standards, and in particular conflict of interest matters and related party transactions.

The current members of the audit Committee are:

- Ronald Baxter (Chairman)
- Stephen Johnston
- John McConnell

The Audit Committee has direct access to management and meets periodically with the external auditors to assess and review internal controls and matters relating to corporate governance, the truthful and accurate reporting of the company's financial position.

Other Board members and other persons considered appropriate, for instance the external auditor or senior executives, are invited to attend Audit Committee meetings as required.

All members of the Audit Committee are deemed to be independent.

5.0 corporate governance statement

Integrity of Financial Reporting

The Board has a primary responsibility to ensure that:

- The Company presents and publishes accounts, which present a true and fair view of its results and financial position.
- The accounting methods adopted are appropriate to the Company and consistently applied in accordance with relevant accounting standards and the applicable laws.
- The appointment and performance of the external auditor is appropriately monitored to ensure independence and the serving of the interests of shareholders.

This requirement is addressed by:

- The requirement that the Chief Executive Officer and the Chief Financial Officer each provide a written statement that the Company's financial reports for each half year and full year present "a true and fair view, in all material respects, of the Company's financial condition and operational results and that they are in accordance with the relevant accounting standards"
- The activities of the Board Audit Committee acting in accordance with its Charter.

The continuous disclosure provisions of the Corporations Act and the listing rules require that material, price sensitive information is released to the market immediately after it becomes known, unless it falls within an exception to the rule. Penalties may be imposed upon the Company and its officers in the event of non-compliance.

The Board's policy is to comply with the letter and spirit of the relevant laws and regulations and to ensure that shareholders, and the markets generally, are informed of all material developments that impact on the Company and that all disclosures made by the Company are clear, complete, objective and not misleading. There is a detailed Disclosure Procedure in place, which is intended to maintain the market integrity of the Company's shares listed on the Australian Stock Exchange Limited (ASX). The Company has established written policies and procedures designed to manage the Company's compliance with its continuous disclosure obligations and to attribute management accountability for that compliance.

The Chief Executive Officer has ultimate authority and responsibility for approving market disclosure, which in practice is exercised in consultation with the Company Secretary. All such releases, including relevant external briefing and presentation materials will be made available on the ASG website. The independent auditor reviews adherence to these procedures and findings are reported directly to the Board Audit Committee.

5.0 corporate governance statement

Remuneration Policies

Non-executive Directors

Non-executive directors' fees are paid within an aggregate limit, which is approved by the shareholders from time to time. Each non-executive director is paid fees of \$55,000 per annum, and the Chairman receives an additional \$20,000 per annum.

Non-Executive Directors serve in accordance with a standard service contract, drafted by the Company's lawyers, which sets out remuneration arrangements. Retirement payments are determined in accordance with the rules set out in the Corporations Act as at the time of the director's retirement or termination. Non-executive directors are entitled to receive options under the rules of the ASG Group Limited Employee Option Plan as approved by the shareholders on 12th June 2003.

Executive Directors and Senior Executives

The Remuneration Committee is responsible for determining the remuneration policies for the group, including those affecting the executive directors and the senior executives. The committee may seek appropriate external advice to assist its decision-making.

Remuneration policies and practices are directed at attracting and retaining a motivated workforce and management team. Key principles in setting remuneration include shareholder value, market competitiveness and internal equity.

Senior executives, including Executive Directors, are engaged under the terms of individual employment contracts. Such contracts are based upon standard terms drafted by the Company's lawyers. Executive Directors do not receive any directors' fees in addition to their employment salary and remuneration arrangements.

The monetary package is divided between a base salary and an incentive portion. Base salary is set to reflect the market salary for a position and individual of comparable responsibility and experience. Base salary is regularly compared with the external market by participation in industry salary surveys and during recruitment activities generally. It is the policy of the Company to maintain a competitive salary structure to ensure continued availability of experienced and effective management and staff.

The incentive portion is payable based upon attainment of objectives related to the executive's job responsibilities. The objectives vary, but all are targeted to relate directly to the Company's business and financial performance and thus to shareholder value.

All employees including Executive Directors and Senior Executives are eligible to participate in the ASG Group Limited Employee Option Plan (the "Plan"). Actual participation is dependent upon the discretion of the Board Remuneration Committee exercising the powers of the Plan Committee under the terms of the approved Plan. The Committee exercises its discretion to apply vesting and hurdle conditions which are intended to ensure that rewards are available only to employees who contribute to the Company over the medium to long term and that the benefits flowing from the Plan are aligned to value achieved by shareholders.

5.0 corporate governance statement

Audit Governance and Independence

As part of ASG's commitment to safeguarding integrity in financial reporting, procedures have been put in place to ensuring the independence and effectiveness of the external auditor. This applies particularly to the production of quarterly, half-yearly and annual reports to shareholders and to ASX.

In addition, the Committee reviews the nomination and performance of the auditor. The external auditor regularly meets with members of the Audit Committee. The Audit Committee intends, for each financial reporting period, to have the external auditor meet at least twice per annum with the Audit Committee without management being present.

The external auditor will also be provided with the opportunity, at their request, to meet with the Board of directors without management being present.

The external auditors were appointed on 1st June 2003. The lead external audit engagement partner has been the audit partner since the Company was listed on ASX on 1st July 2003 and was rotated off the engagement prior to the commencement of FY 2008.

The external auditors attend, and are available to answer questions at, the company's annual general meetings.

Risk Identification and Management

ASG has developed policies and procedures to identify, manage and monitor business risks and has ensured that its management and reporting systems contain risk management controls. These include:

- a formal planning process of preparing and annually reviewing strategic plans for all parts of the group;
- annual budgeting and monthly reporting systems for all businesses, to enable progress to be evaluated against performance targets, and trends to be identified;
- guidelines and limits for capital expenditure and investment approval;
- due diligence procedures for acquisitions and divestments;
- policies and procedures to manage financial risk, including treasury operations such as exposure to movements in interest rates;
- a comprehensive insurance programme including external risk management surveys;
- a regulatory compliance programme supported by approved guidelines and standards covering such key areas as disclosure, legal and insurance;
- directors' financial due diligence questionnaires;
- risk assessment and management systems for all service delivery activities in the group.

Management is responsible to the Board for ASG's system of internal control and risk management. The Audit Committee assists the Board in monitoring this role.

5.0 corporate governance statement

Share Trading

The Constitution of the Company permits directors and officers to acquire shares in the Company.

In accordance with the provisions of the Corporations Act and the Listing Rules of the Australian Stock Exchange Limited, directors must advise the Company and the ASX of any transactions they conducted in securities in the Company.

The ASG Insider Trading Policy prohibits the buying or selling of Company securities at any time by any director, officer, executive, contractor, consultant or employee ("Insiders") who possesses price-sensitive information about the company that is not available to investors and the stock market generally.

This prohibition applies regardless of how the person learns of the information. This policy is intended to enhance investor confidence and help to minimise the suspicion of trading by company directors, executive managers or employees who may be in possession of price sensitive information which has not been publicly released.

As a broad principle, Insiders are permitted to trade Company shares in the 30-day period immediately following the release of ASG's half yearly and annual results and in the 30-day period immediately following the Company's Annual General Meeting. However, possession of price-sensitive information during these periods would negate the right of individuals to engage in trading during these periods.

Individuals who have price-sensitive information not generally available to investors and the stock market:

- Must not trade in any securities of the Company.
- Must not engage any other person or entity to trade in the Company's securities.
- Must not allow the price-sensitive information to be disclosed to another person who may use the information for improper trading purposes.
- Must not communicate inside information to any other individual who works within the ASG Group except on a "need to know" basis.

If an individual liaises with stock brokers, industry analysts or business journalists and the like regarding the business activities of ASG, they must not disclose to them any inside information about ASG, or confirm any analysis, the confirmation of which would constitute price-sensitive and non-public information.

Continuous Disclosure

The Corporations Act and the Listing Rules require that material price sensitive information be released to the market immediately it becomes known, unless it falls within an exception to the rule.

The Board's policy is to comply with the letter and spirit of the relevant laws and regulations and to ensure that shareholders, and the markets generally, are informed of all material developments that impact on the Company; and that all disclosures made by the Company are clear, complete, objective and not misleading.

A detailed Disclosure Procedure exists to maintain the market integrity of the Company's shares listed on the Australian Stock Exchange Limited (ASX). The Company has established written policies and procedures designed to manage the Company's compliance with its continuous disclosure obligations and to assign management accountability for compliance.

The Chief Executive Officer has ultimate authority and responsibility for approving market disclosure, which in practice is exercised in consultation with the Company Secretary. All releases, including relevant external briefing and presentation materials, will be made available on the ASG website. The independent auditor reviews adherence to these procedures, and findings are reported directly to the Board Audit Committee.

5.0 corporate governance statement

Communications with Shareholders

ASG recognises its duty to inform shareholders of matters that may affect their investment in the company. ASG will be open and transparent to all stakeholders, providing information in a timely, easily understandable and balanced way as follows:

- compliance to the ASX Listing Rules on disclosure;
- prompt appearance on the ASG Website of annual reports, market announcements, major press releases and the terms of reference of the Board Committees;
- a Calendar of Events advising stakeholders of key dates of reports and presentations;
- At the AGM, shareholders are encouraged to ask questions of Board members or of the external auditor;
- Notices & explanatory memoranda of AGMs and Letters of interest from the Chief Executive Officer are available to all stakeholders;
- special notices are forwarded to shareholders whenever there are major developments to report.

In addition, shareholders are encouraged to make their views known or to seek clarification on information available in the public arena by contacting the Company Secretary.

Conduct and Ethics

ASG has established and documented the standards of ethical behaviour expected of its directors, management, employees and contractors. The Code of Ethics is a practical set of principles giving direction and reflecting an open and ethical approach to business conduct. The Code supports the company's long-term goals, as adherence will demonstrate integrity and will create loyalty and trust in employees, clients, the community and other stakeholders.

The Code aims to ensure that ASG, through its officers, employees and agents, acts with high standards of honesty, integrity, fairness and equity. ASG Staff will not knowingly participate in any illegal or unethical activity. They will not enter into any arrangement or participate in any activity that would conflict with the interests of ASG or prejudice the performance of their duties to the Company. The Board and management of the Company will actively promote compliance with all relevant laws and regulations, together with the Code.

Social Responsibility

ASG recognises the need to create and maintain high environmental, social and ethical standards. Sustainable long-term shareholder growth can be delivered only with strong corporate responsibility in every aspect of business operations.

ASG's Social Responsibility Charter outlines what stakeholders can expect of ASG; fair dealing and responsible treatment for clients, staff and the community at large, with the objective of promoting positive outcomes for all parties while maximising economic value.

6.0 directors report



The Directors present their report together with the financial report of ASG Group Limited ("ASG or the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2008 and the auditors' report thereon.

1. Directors

The Directors of the Company at any time during or since the end of the financial year are:

Mr Ronald Baxter, CPA

Chairman of the Board | Chairman of the Audit Committee

Ron Baxter has 20 years experience as a company director in Australia, North America and Europe. His background in management includes significant experience in the finance, manufacturing, mining and computer services sectors in the disciplines of accounting, audit, banking, information technology and research and development, working for Australian and US multinational corporations. His experience in information technology extends over 38 years and he has held executive and board positions in IT services companies in Australia as well as with a number of local and overseas research organisations. Ron has significant experience in merger and acquisition activities and advises the Company on these matters.

He is the independent, non-executive chairman and also chairs the Board Audit Committee.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.

Interests in shares and options:

315,276 ordinary shares in ASG Group Limited

241,795 options over ordinary shares in ASG Group Limited

Ron Baxter was appointed Chairman of the Board upon the retirement of Stan Lewis in February 2008.

Director since 30 January 1996.

Mr Geoff Lewis

Managing Director and Chief Executive Officer

Geoff Lewis established ASG with co-founder Stephen Tull with the vision of providing quality technical services to users of mid range enterprise computer systems. Geoff has over 20 years experience in the delivery of Information Technology services. This experience was gained during an international career working with top tier consultants and in very large banking, insurance, commercial and government environments. He is acknowledged as a leader of the outsourcing industry in Australia and was recognised with the Entrepreneur of the Year Award in Western Australia in 2003. Geoff has been Managing Director of the ASG Group since inception in 1996.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.

Interest in shares and options

14,768,752 ordinary shares in ASG Group Limited

3,000,000 options over ordinary shares in ASG Group Limited

Director of the listed entity since 27 June 2003.

6.0 directors report

Mr John McConnell, BCom, FAICD, FAIM, FFin

Independent Non-Executive Director | Member of the Audit Committee

John McConnell has had more than 35 years experience in banking and finance with the ANZ Banking Group in Australia, New Zealand and the United Kingdom and has held various board positions within that Group. Roles at ANZ included head of both Corporate and Retail Banking and Deputy Managing Director of the Bank's finance company, Esanda Ltd. He has also consulted to a variety of organisations on corporate governance, strategic, business planning and change management issues.

John is Chairman of Guilford Investments Ltd, and a director of Equity Trustees Ltd. and Kew East Financial Services Ltd. during the three years prior to 30 June 2007.

[Interest in shares and options](#)

51,720 ordinary shares in ASG Group Limited

Director Since 21 November 2005

Mr Stephen Johnston, CA

Independent Non-Executive Director | Member of the Audit Committee

Stephen Johnston has significant international experience in investment, corporate finance, mergers and acquisitions and commercial management gained over 20 years in Australian industrial and investment organizations. Stephen is Managing Director and major shareholder of DSL Group a leading firm involved in industrial packaging with operations across Australia, New Zealand and South East Asia. He previously worked with Bell Group of companies and Heytesbury Holdings where he held senior positions in the investment and corporate finance areas of these firms.

He advises ASG in the areas of banking, merger and acquisition activities, risk management and quality systems and accreditation.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.

[Interest in shares and options](#)

922,774 ordinary shares in ASG Group Limited

Director since 27 June 2003.

Mr Ian Campbell

Independent Non-Executive Director

Ian Campbell recently concluded a distinguished 17 year career as a Senator for Western Australia in the Australian Federal Parliament, he brings to ASG a wealth of experience at the highest levels of the Australian Government and in reforming the Australian corporate legal framework.

Ian is a former Member of Federal Cabinet where he held the portfolios of Environment and Heritage and Human Services. As a Federal Minister he also served as Minister for Local Government, Territories and Roads. As Parliamentary Secretary to the Treasurer, Ian developed the Corporate Law Economic Reform Program (CLERP).

6.0 directors report

The CLERP reforms have been widely lauded by the business community for their improvements to Australia's governance regime. Ian has also acted as Parliamentary Secretary to the Minister for Communications, Information Technology and the Arts. Prior to entering parliament, Ian worked as a commercial and industrial property consultant, as well as acting as a director of a number of private groups. He is also currently a Director of Austal Limited. No other directorships of listed companies were held at anytime during the three years prior to 30 June 2008.

Interest in shares and options

NIL

Director since 12 June 2007

Mr Stanley Lewis, CPA

Chairperson of the Board | Non-Executive Director

Stan Lewis has extensive corporate, financial and management experience gained in the mining and exploration industry and from his involvement in commercial, merchant banking and government enterprises. He is a Fellow of the Australian Society of Certified Practising Accountants.

For more than 25 years, Stan was engaged in the mining and exploration industry. His career has spanned Australian and international activities in management and executive directorship roles covering corporate, commercial, and financial activities. He was Managing Director of a listed company engaged in gold production and exploration activities in Australia and Asia. Stan has been associated with the ASG Group since 1996.

No other directorships of listed companies were held at any time during the three years prior to 30 June 2008.

Interest in shares and options

922,618 ordinary shares in ASG Group Limited

Director since 27 June 2003.

Stan Lewis retired as a director of the Group in February 2008.

2. Company Secretary

Mr Peter Ironside, CA, BCOM

Company Secretary

Peter Ironside is a chartered accountant and business consultant with over 18 years experience in the exploration and mining industry. He has been a director and/or company secretary of several ASX listed companies. He is a Director of Integra Mining Limited, Ausvaal Pty Limited, a corporate services company, Atticus Resources Limited during the three years prior to 30 June 2008.

Peter brings a significant level of accounting, compliance and corporate governance experience to the Board, together with support in the areas of corporate initiatives and capital raisings.

Interest in shares and options

NIL

Company Secretary since 19 August 2003.

6.0 directors report

Directors' Meetings

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors of the Company during the financial year are:

DIRECTORS	BOARD MEETINGS		COMMITTEE MEETINGS		COMMITTEE MEETINGS	
			Audit Committee		Remuneration Committee	
	A	B	A	B	A	B
Mr Stanley Lewis	9	9	0	0	1	1
Mr Ronald Baxter	12	12	2	2	1	1
Mr Geoff Lewis	12	12	0	0	1	1
Mr John McConnell	12	12	2	2	0	0
Mr Stephen Johnston	10	12	2	2	0	0
Mr Ian Campbell	12	12	0	0	0	0

A Number of meetings attended

B Reflects the number of meetings held during the time the Director held office during the year or was a member of the respective committee.

Retirement, election and continuation in office of directors

Mr Stanley Lewis retired as a director on 21 February 2008.

Principal Activities

The principal activities of the consolidated entity during the year were the provision of information technology services.

Results

The activities of the consolidated entity for the year resulted in a net profit after income tax of \$9,035,524 (2007: \$7,038,222).

Dividends

Dividends paid or declared by the Company to members since the end of the previous year were:

Declared and paid during the year 2008	Total amount \$'000
Final ordinary dividend for the year ended 30 June 2007 of 2.5 cents per fully paid share paid on 23 October 2007	3,159
Interim ordinary dividend for the year ended 30 June 2008 of 2 cents per fully paid share on 16 April 2008	2,562

Franked dividends declared as paid during the year were franked at the rate of 30%.

6.0 directors report

Declared after end of year

After the balance sheet date the following dividends were proposed by the directors. The dividends have not been provided and there are no income tax consequences.

Declared and paid during the year 2008	Total amount \$'000
Final ordinary dividend for the year ended 30 June 2008 of 3 cents per fully paid share to be paid on 15 October 2008	3,871

The financial effect of these dividends has not been brought to account in the financial statements for the year ended 30 June 2008 and will be recognised in subsequent financial reports.

Review of operations

A review of the operations of the consolidated entity during the financial year is set out in pages 4 to 7 of this report.

State of affairs

There has been no significant changes in the state of affairs of the consolidated entity during the financial year.

Likely developments

Further information about likely developments in the operations of the consolidated entity and the expected results of those operations in future financial years has not been included in this report because disclosure of the information would be likely to result in unreasonable prejudice to the consolidated entity.

Events subsequent to balance date

The Directors on 13th August 2008 declared a final dividend of 3 cents per fully paid ordinary share, fully franked, equal to a total estimated distribution of 3,871,427 to be payable 15 October 2008 to the share holders on record as at 3 October 2008.

Environmental regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State Legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the consolidated entity.

6.0 directors report

Remuneration report - audited

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

- A Principles used to determine the nature and amount of remuneration**
- B Details of remuneration**
- C Service agreements**
- D Share-based compensation**
- E Additional information**

The information provided under headings A-D include remuneration disclosures that are required under Accounting Standard AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited. The disclosures in section E are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

A PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION (AUDITED)

The objective of the Groups executive framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders, and conforms with market best practice for delivery of reward. The Board ensures 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
- Capital management

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

Non-Executive Directors

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board. The Chairman's fees are determined independently to the fees of non-executive directors based on comparative roles in the external market. The Chairman is not present at any discussions relating to determination of his own remuneration.

6.0 directors report

Remuneration report (continued) - audited

Director Fees

The current base remuneration was last reviewed with effect from the 17 December 2007. The chairman's and other non-executive directors' remuneration is inclusive of committee fees. Non-executive directors' fees are determined within an aggregate director's fee pool limit, which is periodically recommended for approval by shareholders. The maximum currently stands at \$400,000 per annum and was approved by shareholders at the Annual General Meeting on 21 November 2007.

Base Pay

The following base fees have applied:

	From 1 January 2008	From 1 July 2006 to 31 December 2007
Base Fees		
Chairman	75,000	55,000
Other non-executive directors	55,000	35,000

Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for executives pay are reviewed annually to ensure the executives pay is competitive with the market. An executives pay is also reviewed on promotion.

There is no guaranteed base pay increases included in any executives contracts.

Executive Pay

The executive pay and reward framework has three components:

- base pay benefits.
- short-term performance incentives.
- other remuneration such as superannuation.

A combination of these comprises the executives total remuneration.

Benefits

Executives receive benefits including motor vehicle allowances.

Superannuation

Received at the statutory rate of 9%

Short-term Incentives

Should the company achieve a pre-determined profit target set by the remuneration committee then a pool of short-term incentives (STI) is available for executives for allocation during the annual review. Cash incentives (bonuses) are payable in cash on or before the 30 September each year. Using a profit target ensures variable award is only available when value has been created for shareholders and when profit is consistent with the business plan. For the 2008 reporting year the KPIs linked to STI plans are based on group, individual business objectives. The KPIs required performance in achieving specific financial and strategic targets linked to drivers of performance in current and future reporting periods.

6.0 directors report

Remuneration report (continued) - audited

Amounts of remuneration

		Short term			Post employment		Share-based Payment	Total
		Cash Salary And Fees	Cash Bonus	Non-cash Benefits *	Super annuation benefits	Retirement Benefits	Options and rights	
		\$	\$	\$	\$	\$	\$	
Directors								
Non-executive directors								
Mr R Baxter (Chairperson)	2008	433,848	-	-	-	-	-	433,848
	2007	203,305	-	-	-	-	-	203,305
Mr S Lewis (retired 21 February 2008)	2008	37,500	-	-	-	125,000	-	162,500
	2007	71,618	-	-	-	-	-	71,618
Mr S Johnston	2008	54,369	-	-	3,666	-	-	58,035
	2007	32,110	-	-	2,890	-	-	35,000
Mr J McConnell	2008	47,940	-	-	19,975	-	-	67,915
	2007	-	-	-	35,000	-	-	35,000
Mr I Campbell	2008	60,850	-	-	692	-	-	61,542
	2007	2,917	-	-	-	-	-	2,917
Total Non-Executive Directors	2008	634,507	-	-	24,333	125,000	-	783,840
	2007	309,950	-	-	37,890	-	-	347,840
Executive								
Mr G Lewis, CEO	2008	650,000	91,743	142,118	66,757	-	49,420	1,000,038
	2007	512,500	75,000	148,238	46,125	-	51,912	833,775
Total Executive Directors	2008	650,000	91,743	142,118	66,757	-	49,420	1,000,038
	2007	512,500	75,000	148,238	46,125	-	51,912	833,775
Key Management Personnel								
Mr S Tull, Chief Solutions Officer	2008	208,494	41,284	42,714	22,480	-	21,057	336,029
	2007	204,784	45,000	59,620	22,481	-	62,602	394,487
Mr D Langenbach, Chief Financial Officer	2008	220,000	41,284	42,890	23,516	-	17,803	345,493
	2007	200,000	45,000	37,178	18,000	-	51,912	352,090
Total Key Management Personnel	2008	428,494	82,568	85,604	45,996	-	38,860	681,522
	2007	404,784	90,000	96,798	40,481	-	114,514	746,577
Highest Remunerated Executives								
Mr M Rosa, Western Region General Manager	2008	275,000	-	47,698	24,750	-	42,115	389,563
	2007	275,000	-	45,698	24,750	-	124,191	469,639
Mr R Bild, Southern Region General Manager	2008	260,000	97,865	52,433	32,208	-	13,036	455,542
	2007	260,000	-	49,393	23,400	-	78,868	411,661
Total Executive Remuneration	2008	1,613,494	272,176	327,853	169,711	-	143,431	2,526,665
	2007	1,452,284	165,000	340,127	134,756	-	368,485	2,460,652

* Includes costs associated with the provision of a Motor Vehicle.

The value of the options is based on the fair value determined using the Black-Scholes option pricing model.

6.0 directors report

Remuneration report (continued) - audited

The relative proportions of remuneration that are linked to performance and those that are fixed are as follows:

Name	Fixed Remuneration		At risk - STI		At risk - LTI	
	2008	2007	2008	2007	2008	2007
Executive directors of ASG Group Limited						
Mr G Lewis	85%	85%	10%	9%	5%	6%
Other key management personnel of the Group						
Mr S Tull	81%	73%	13%	11%	6%	16%
Mr D Langenbach	82%	72%	13%	13%	5%	15%
Other company and Group executives						
Mr M Rosa	89%	74%	-	-	11%	26%
Mr R Bild	77%	80%	20%	-	3%	20%

C SERVICE AGREEMENTS (AUDITED)

Geoff Lewis – Chief Executive Officer

Term of Agreement – Commencement on the 8th October 2001 until terminated by either party.

Salary – Base \$708,500 per annum including superannuation for year ending 30th June 2008.

Early Termination - 3 months' written notice or making a payment of 3 months' Salary in lieu.

This applies to any reason other than gross misconduct.

Ron Baxter – Chairman

Term of Agreement – Commencement 28th October 2003 until terminated by either party.

Salary - \$81,750 per annum including superannuation plus any expenses incurred.

Additional monies are paid to Baxter management for consulting services.

Stephen Johnston – Non Executive Director

Term of Agreement – Commencement 12th June 2003 until terminated by either party.

Salary - \$59,950 per annum including superannuation plus any expenses incurred.

John McConnell – Non Executive Director

Term of Agreement – Commencement 21st November 2005 until terminated by either party.

Salary - \$59,950 per annum including superannuation plus any expenses incurred.

6.0 directors report

Remuneration report (continued) - audited

Ian Campbell – Non Executive Director

Term of Agreement – Commencement 12th June 2007 until terminated by either party.

Salary - \$59,950 per annum including superannuation plus any expenses incurred.

Stan Lewis – Chairman (until 21 February 2008)

Term of Agreement – Commencement 12th June 2003 until terminated by either party.

Salary - \$81,750 per annum including superannuation plus any expenses incurred.

Dean Langenbach – Chief Financial Officer

Term of Agreement – Commencement 18th July 2005 until terminated by either party.

Salary – base \$239,800 per annum including superannuation for year ending 30th June 2008.

Early Termination - 3 months' written notice or making a payment of 3 months' Salary in lieu.

This applies to any reason other than gross misconduct.

Steve Tull – Chief Technology Officer

Term of Agreement – Commencement on the 8th October 2001 until terminated by either party.

Salary – base \$227,265 per annum including superannuation for year ending 30th June 2008.

Early Termination - 3 months' written notice or making a payment of 3 months' Salary in lieu.

This applies to any reason other than gross misconduct.

Murray Rosa – Western Region General Manager

Term of Agreement – Commencement on the 1st May 2006 until terminated by either party.

Salary – base \$299,750 per annum including superannuation for year ending 30th June 2008.

Early Termination - 3 months' written notice or making a payment of 3 months' Salary in lieu.

This applies to any reason other than gross misconduct.

Rob Bild – Southern Region General Manager

Term of Agreement – Commencement on the 5th February 2006 until terminated by either party.

Salary – base \$283,400 per annum including superannuation for year ending 30th June 2008.

Early Termination - 3 months' written notice or making a payment of 3 months' Salary in lieu.

This applies to any reason other than gross misconduct.

6.0 directors report

Remuneration report (continued) - audited

D SHARE BASED COMPENSATION (AUDITED)

i) Share Based Compensation

The Employee Plan is designed to provide long-term incentives for executives to deliver long term shareholder returns. Under the plan, participants are granted options which only vest if certain performance standards are met and the employees are still employed by the Group at the end of the vesting period. These performance standards include:

- Regional profitability
- Debtor days
- Group EBITDA and Group EPS

Regional profitability was chosen to compensate each regional manager for the profitability of their responsible region. Debtors days was chosen in order to manage group working capital. Group EBITDA and EPS was chosen to maximise shareholders wealth.

The exercise price of the options is based on the weighted average price at which the companies shares are traded on the Australian Stock Exchange during the five days immediately before the board meeting which precedes the grant date plus an additional premium of between 10 to 20 percent.

The fair value of the options is independently determined using a 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.

No options were issued to Directors or Key management personnel during the year.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting periods are as follows:

ii) Bonus Compensation

Bonus payouts are dependant upon Regional performance and company EBITDA for the year. The reasons, methods and factors are the same as those disclosed under share base compensation.

6.0 directors report

Remuneration report (continued) - audited

Equity instrument disclosures relating to key management personnel

Terms & Conditions for Each Grant

	Vested No.	Granted No.	Grant Date	Value Per Option at Grant Date	Exercise Price	Vest Date	Last Exercise Date
Directors							
Mr G Lewis	1,000,000	1,000,000	3rd Jan 2006	0.129	0.64	31st Oct 2006	31st Oct 2009
Mr G Lewis	1,000,000	1,000,000	3rd Jan 2006	0.129	0.64	31st Oct 2007	31st Oct 2009
Mr G Lewis		1,000,000	3rd Jan 2006	0.129	0.64	31st Oct 2008	31st Oct 2009
	2,000,000	3,000,000					
Key Management Personnel							
Mr D Langenbach	166,666	166,666	22nd Nov 2005	0.044	0.50	22nd Nov 2005	30th June 2009
Mr D Langenbach	166,666	166,666	22nd Nov 2005	0.015	0.65	22nd Nov 2005	30th June 2009
Mr D Langenbach	166,666	166,666	22nd Nov 2005	0.044	0.50	22nd Nov 2005	30th June 2010
Mr D Langenbach	166,667	166,667	22nd Nov 2005	0.023	0.65	1st July 2006	30th June 2010
Mr D Langenbach	166,667	166,667	22nd Nov 2005	0.053	0.50	1st July 2006	30th June 2011
Mr D Langenbach	166,667	166,667	22nd Nov 2005	0.023	0.65	1st July 2006	30th June 2011
Mr D Langenbach	500,000	500,000	27th June 2006	0.056	0.82	30th June 2007	30th June 2009
Mr D Langenbach	500,000	500,000	27th June 2006	0.056	0.82	30th June 2008	30th June 2009
Mr S Tull	500,000	500,000	27th June 2006	0.119	0.64	30th June 2007	30th June 2009
Mr S Tull	500,000	500,000	27th June 2006	0.119	0.64	30th June 2008	30th June 2009
	3,000,000	3,000,000					

During the 2008 financial year, there were no new offerings of options to either directors or key management personnel.

No ordinary shares were issued on exercise of options during the period.

No amounts are unpaid on shares issued on the exercise of options.

Details of options over ordinary shares in the company provided as remuneration to each director and key management personnel are set out as follows:

6.0 directors report

Remuneration report (continued) - audited

Name	Number of Options vested during the Year	
	2008	2007
Directors of ASG Group Limited		
Lewis, G	1,000,000	1,000,000
Other Key Management Personnel		
Langenbach, D	500,000	1,166,668
Tull, S	500,000	500,000
Highest Remunerated Executives		
Rosa, M	1,000,000	500,000
Bild, R	375,000	750,000

E Additional Information

The overall level of executive reward takes into account the performance of the Group over a number of years with greater emphasis given to the current year.

Details of Remuneration: Cash Bonuses and Options

The options will vest within three years, provided the vesting conditions are met. No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of the option yet to vest is determined using a Black-Scholes pricing model.

The table below illustrates the key link between key management personnel compensation and ASG Group Limited performance.

Year	EPS (Cents)	Share Price (\$)	Dividend (cents)
2008	7.1	0.90	5.0
2007	5.8	1.49	4.0
2006	4.7	0.66	3.2
2005	2.8	0.47	2.2
2004	3.7	0.31	2.0
2003	0.1	0.24	0.0

* EPS Growth is based on earnings per share from continuing operations. Until 30 June 2005, earnings per share were calculated in accordance with Australian GAAP as opposed to Australian Equivalents to International Financial Reporting Standards (AIFRS).

For each cash bonus and grant of options included in the tables on pages 30 and 34, the percentage of available bonus or grant that was paid, or that vested, in the financial year, and the percentage that was forfeited because of the person did not meet the service and performance criteria (as outlined on page 33) is set out below. No part of the bonuses is payable in future years. No options will vest if the conditions are not satisfied, hence the minimum value of the option yet to vest is nil. The maximum value of options yet to vest has been determined as the amount of the grant date fair value of the options that is yet to be expensed.

6.0 directors report

Remuneration report (continued) - audited

	Cash Bonus			OPTIONS				
	Paid %	Forfeited %	Year Granted	Vested %	Forfeited %	Financial years in which options may vest	Minimum total value of grant yet to vest(\$)	Maximum total value of grant yet to vest(\$)
Lewis, G	100	-	2006	91	-	2008	nil	8,733
Langenbach, D	100	-	2006	100	-	2008	nil	-
Tull, S	100	-	2006	100	-	2008	nil	-
Bild, R	100	-	2006	75	25	2008	nil	-
Rosa, M	-	100	2006	100	-	2008	nil	-

Name	A) Remuneration consisting of Options	B) Value at lapse date \$
Rob Bild	(5.7%)	26,143

A = The percentage of the value of remuneration consisting of options, based on the value of options expensed during the current year.

B = The value at lapse date of options that were granted as part of remuneration and that lapsed during the year because of a vesting condition that was not satisfied. The value is determined at the time of lapsing, but assuming the condition was satisfied.

Loans to directors and key management personnel

There were no outstanding balances between ASG Group Limited and directors or key management personnel at 30 June 2008.

Directors' interests

The relevant interest of each Director in the share capital issued by the Company, as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

	Ordinary shares		
	Quoted	Unquoted	Options over ordinary shares
S Lewis	922,618	-	-
J McConnell	51,720	-	-
R Baxter	315,276	-	241,795
G Lewis	14,768,752	-	3,000,000
S. Johnston	922,774	-	-

6.0 directors report

Remuneration report (continued) - audited

Options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of options	
		Quoted	Unquoted
30 June 2013	\$0.39	-	241,795
31 Oct 2009	\$0.64	-	3,000,000
30 June 2009	\$0.65	-	166,666
30 June 2009	\$0.50	-	166,667
30 June 2010	\$0.50	-	166,666
30 June 2010	\$0.65	-	166,667
30 June 2011	\$0.50	-	166,667
30 June 2011	\$0.65	-	166,667
30 June 2009	\$0.64	-	3,000,000
31 Oct 2009	\$0.82	-	3,425,000
1 Dec 2009	\$0.88	-	3,000,000
30 June 2013	\$0.39	-	140,000
31 Dec 2013	\$0.42	-	70,000
30 June 2014	\$0.39	-	45,000
31 Dec 2014	\$0.54	-	10,000
30 June 2015	\$0.54	-	140,000
31 Dec 2015	\$0.54	-	130,000
30 June 2009	\$0.82	-	900,000
30 June 2016	\$0.81	-	150,000
31 Dec 2017	\$1.21	-	320,000
31 Dec 2017	\$0.95	-	30,000
31 Dec 2017	\$0.84	-	30,000
31 Dec 2018	\$1.65	-	365,000
31 Dec 2018	\$0.69	-	920,000
30 Jun 2017	\$1.76	-	310,000
		Total	17,226,795

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

6.0 directors report

Remuneration report (continued) - audited

Indemnification and insurance of officers and auditors

Indemnification

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of the Company.

The Company has agreed to indemnify the current Directors of the Company and the former Directors against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith.

The agreement stipulates that the Company will meet the full amount of any such liabilities including costs and expenses.

The Company has also agreed to indemnify the current Directors of its controlled entities for all liabilities to another person (other than the Company or a related body corporate) that may arise from their position, except where the liability arises out of the conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

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 company, or to intervene in any proceedings to which the company is a party, for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the company with leave of the Court under section 237 of the Corporations Act 2001.

Auditors

The Company has not entered into any agreement to indemnify its auditors against any claims made by third parties arising from their report on the financial statements.

Non-audit Services

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

Details of the amounts paid or payable to BDO for audit and non-audit services provided are set out below.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, satisfies that the provision on the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

6.0 directors report

Remuneration report (continued) - audited

- All non-audit services have been reviewed by the audit committee to ensure they do not impact of the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, including reviewing or auditing the auditors own work, acting in a management or decision making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Consolidated		The Company	
2008	2007	2008	2007
\$	\$	\$	\$

ASSURANCE SERVICES

	2008	2007	2008	2007
BDO Kendalls - Audit and Review Services	68,408	91,046	68,408	91,046
	68,408	91,046	68,408	91,046

Rounding of amounts

The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Auditors Independence declaration

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2004 is set out on page 101.

Dated at Perth this 13th day of August 2008

Signed in accordance with a resolution of the Directors

Mr Geoff Lewis

DIRECTOR

7.0 income statements

for the year ended 30 June 2008

	Note	Consolidated		The Company	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Revenue from continuing operations	4	111,019	75,850	94,800	34,380
Cost of sales	5	(8,996)	(3,934)	(6,802)	(193)
Borrowing costs	5	(880)	(334)	(846)	(269)
Depreciation and amortisation expenses	5	(2,423)	(1,518)	(1,699)	(397)
Employee expenses		(72,747)	(51,476)	(67,478)	(21,554)
Telecommunications and internet expenses		(1,050)	(685)	(464)	(175)
Insurance		(564)	(557)	(556)	(431)
Travel & Accommodation Expenses		(2,547)	(1,782)	(1,331)	(471)
Professional fees		(1,142)	(625)	(1,111)	(357)
Operating Lease Payments		(3,044)	(1,988)	(383)	(212)
Rental expenses		(1,687)	(1,246)	(836)	(295)
Other expenses		(2,829)	(2,291)	(2,638)	(1,327)
Profit before income tax		13,110	9,414	10,655	8,699
Income Tax Expense	6	(4,074)	(2,376)	(4,074)	(2,329)
Profit after tax from continuing operations		9,036	7,038	6,582	6,370
Net profit for the year		9,036	7,038	6,582	6,370
Profit attributable to members of the company		9,036	7,038	6,582	6,370
Basic earnings per share	32	0.071	0.058	-	-
Diluted earnings per share	32	0.067	0.056	-	-

The Income Statement is to be read in conjunction with the notes to the financial statements set out on pages 45 to 99.

8.0 balance sheet

as at 30 June 2008

		Consolidated		The Company	
	Note	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CURRENT ASSETS					
Cash assets	7	6,178	6,868	5,296	5,182
Receivables	8	24,241	17,668	22,136	17,297
Inventories	9	468	171	468	171
Other	10	4,168	818	3,073	450
Total Current Assets		35,055	25,525	30,973	23,100
NON-CURRENT ASSETS					
Other financial assets	12	11	11	34,890	33,948
Plant and equipment	11	4,564	3,006	3,926	1,808
Deferred tax assets	13	4,696	4,395	4,696	4,395
Intangible assets	14	52,099	42,653	13,075	4,339
Total Non-current assets		61,369	50,065	56,587	44,490
TOTAL ASSETS		96,425	75,590	87,560	67,590
CURRENT LIABILITIES					
Trade and other payables	15	21,782	12,764	20,810	5,843
Interest-bearing liabilities	16	1,534	1,286	1,320	1,057
Provisions	18	250	38	250	-
Current tax liabilities		137	440	91	393
Other	17	443	3,764	405	3,348
Total Current Liabilities		24,146	18,292	22,876	10,641
NON-CURRENT LIABILITIES					
Trade and other payables	15	-	1,546	-	7,184
Financial liabilities	16	10,772	4,084	10,652	3,615
Deferred Tax liabilities	19	5,065	2,794	5,065	2,794
Provisions	18	843	708	843	212
Total Non-Current Liabilities		16,680	9,132	16,560	13,805
Total Liabilities		40,826	27,424	39,436	24,446
NET ASSETS		55,599	48,165	48,123	43,144
EQUITY					
Contributed equity	20	60,416	56,735	60,416	56,735
Accumulated losses		(6,512)	(9,826)	(13,989)	(14,849)
Reserves	21	1,695	1,256	1,697	1,258
TOTAL EQUITY		55,599	48,165	48,123	43,144

The Balance Sheet is to be read in conjunction with the notes to the financial statements set out on pages 45 to 99.

9.0 statement of changes in equity

at 30 June 2008

CONSOLIDATED	Contributed Equity \$'000	Retained Earnings \$'000	Share Based Payment Reserve \$'000	Other Reserve \$'000	Total Equity \$'000
At 1 July 2006	(47,391)	12,407	(451)	2	(35,433)
Issue of share capital	(4,219)				(4,219)
Issue of ordinary shares in relation to Vindaloo	(1,090)				(1,090)
Issue of ordinary shares under the Dividend Reinvestment plan	(2,506)				(2,506)
Issue of ordinary shares for options converted	(1,529)				(1,529)
Profit for the period		(7,038)			(7,038)
Profit for the year		(7,038)			(7,038)
Dividends Paid		4,457			4,457
Cost of Share-based payments			(733)		(733)
Options Consideration				(73)	(73)
At 30 June 2007	(56,735)	9,826	(1,184)	(71)	(48,166)
At 1 July 2007	(56,735)	9,826	(1,184)	(71)	(48,166)
Issue of ordinary shares in relation to Vindaloo	(773)				(773)
Issue of ordinary shares under the Dividend Reinvestment Plan	(2,377)				(2,377)
Issue of ordinary shares for options converted	(563)				(563)
Profit for the year		(9,036)			(9,036)
Total income and expense recognised during the year		(9,036)			(9,036)
Cost of Raising Capital	32				32
Cost of Share-based payments			(439)		(439)
Dividends paid		5,722			5,722
At 30 June 2008	(60,416)	6,512	(1,623)	(71)	(55,559)

The Statements of changes in Equities are to be read in conjunction with the notes to the financial statements set out on pages 45 to 99.

9.0 statement of changes in equity

as at 30 June 2008

THE COMPANY	Contributed Equity \$'000	Retained Earnings \$'000	Share Based Payment Reserve \$'000	Other Reserve \$'000	Total Equity \$'000
At 1 July 2006	(47,391)	16,819	(451)		(31,023)
Issue of share capital	(4,219)				(4,219)
Issue of ordinary shares in relation to Vindaloo	(1,090)				(1,090)
Issue of ordinary shares under the Dividend Reinvestment plan	(2,506)				(2,506)
Issue of ordinary shares for options converted	(1,529)				(1,529)
Profit for the year		(6,370)			(6,370)
Total income and expense recognised during the year		(6,370)			(6,370)
Dividends Paid		4,400			4,400
Cost of Share-based payments			(733)		(733)
Options Consideration				(74)	(74)
At 30 June 2007	(56,735)	14,849	(1,184)	(74)	(43,144)
At 1 July 2007	(56,735)	14,849	(1,184)	(74)	(43,144)
Issue of ordinary shares in relation to Vindaloo	(773)				(773)
Issue of ordinary shares under the Dividend Reinvestment Plan	(2,377)				(2,377)
Issue of ordinary shares for options converted	(563)				(563)
Profit for the year		(6,582)			(6,582)
Total income and expense recognised during the year		(6,582)			(6,582)
Cost of Raising Capital	32				32
Cost of Share Based Payments			(439)		(439)
Dividends paid		5,722			5,722
At 30 June 2008	(60,416)	13,989	(1,623)	(73)	48,123

The Statements of changes in Equity's are to be read in conjunction with the notes to the financial statements set out on pages 45 to 99.

10.0 cash flow statements

		Consolidated		The Company	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES	Note				
Cash receipts in the course of operations		100,355	75,646	83,325	31,538
Cash payments in the course of operations		(92,769)	(65,518)	(75,540)	(26,504)
Borrowing costs paid		(880)	(334)	(846)	(269)
Income tax paid		(2,439)	(1,792)	(2,439)	(1,183)
Interest received		91	118	64	88
Net cash provided by/(used in) operating activities	31	4,358	8,120	4,563	3,670
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for plant, property and equipment		(1,019)	(1,027)	(727)	(773)
Payments for intellectual property		(4,606)	(2,426)	(4,606)	(470)
Proceeds on disposal of property, plant & equipment		(17)	(75)	(17)	0
Payment for subsidiary, net of cash acquired	28	(1,867)	(6,382)	(1,867)	(5,929)
Net Cash Used In Investing Activities		(7,509)	(9,907)	(7,217)	(7172)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		2,940	5,780	2,940	5,780
Proceeds from borrowings		7,000	3,600	7,000	3,600
Finance lease payments		(689)	(627)	(383)	(7)
Dividend paid		(5,722)	(1,952)	(5,722)	(1,898)
Repayment of borrowings		(1,069)	(1,289)	(1,069)	(1,487)
Net cash provided by financing activities		2,461	5,512	2,768	5,988
Net increase/(decrease) in cash held		(690)	3,725	114	2,486
Cash at the beginning of the financial year		6,868	3,143	5,182	2,696
Cash at the end of the financial year	31	6,178	6,868	5,296	5,182

11.0 notes to the financial statement

for the year ended 30 June 2008

1. Summary of significant accounting policies

The significant policies which have been adopted in the preparation of this financial report are:

(A) BASIS OF PREPARATION

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS's), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001

Compliance with IFRS's

Australian Accounting Standards include AIFRSs. Compliance with AIFRSs ensures that the consolidated financial statements of ASG Group Limited comply with International Financial Reporting Standards (IFRSs) for both the Company and consolidated entities.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, certain classes of property, plant and equipment and investment property.

(B) PRINCIPLES OF CONSOLIDATION

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ASG Group Limited ("company" or "parent entity") as at 30 June 2008 and the results of all subsidiaries for the year then ended. ASG Group Limited and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operation policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed wherever necessary to ensure consistency with policies adopted by the Group.

Investments in subsidiaries are accounted for at cost in the individual financial statements of ASG Group Limited.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

Controlled entities

The financial statements of controlled entities are included from the date control commences until the date control ceases.

Transactions Eliminated On Consolidation

Unrealised gains and losses and inter-entity balances resulting from transactions with or between controlled entities are eliminated in full on consolidation.

(C) SEGMENT REPORTING

A business segment is identified for a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is identified when products or services are provided within a particular economic environment subject to risks and returns that are different from those of segments operating in other economic environments.

ASG Group Limited operates in the information technology sector where it provides technical services to the users of mid range computers for enterprise systems delivery in Australia and as such operates in one business and geographical segment.

(D) REVENUE RECOGNITION

Revenues are recognised at fair value of the consideration received net of the amount of goods and services tax (GST) payable to the taxation authority. Exchanges of goods or services of the same nature and value without any cash consideration are not recognised as revenues.

Sale of Goods

Revenue from the sale of goods is recognised (net of returns, discounts and allowances) when control of the goods passes to the customer.

Rendering of Services

Revenue from rendering services is recognised in proportion to the stage of completion of the contract when the stage of contract completion can be reliably measured. The stage of completion (or milestone) is assessed by reference to surveys of work performed.

Where the outcome of a contract cannot be reliably estimated, contract costs are expensed as incurred. Where it is possible that the costs will be recovered, revenue is only recognised to the extent of costs incurred. An expected loss is recognised immediately as an expense.

Where revenue is received for services not yet provided, the Company classifies this as unearned income. ASG also accrues revenue where work has been completed in the given period, pending final invoice acceptance of the client.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

Interest Revenue

Interest revenue is recognised as it accrues, taking into account the effective yield on the financial asset.

Sale of Non-current Assets

The gross proceeds of non-current asset sales are included as revenue at the date control of the asset passes to the buyer, usually when an unconditional contract of sale is signed.

The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Any related balance in the asset revaluation reserve is transferred to the capital profits reserve on disposal.

Dividends

Dividends are recognised as revenue when the right to receive payment is established.

(E) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(F) BORROWING COSTS

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings, amortisation of ancillary costs incurred in connection with arrangement of borrowings and lease finance charges.

Ancillary costs incurred in connection with the arrangement of borrowings are capitalised and amortised over the life of the borrowings. Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised is those incurred in relation to that borrowing, net of any interest earned on those borrowings. Where funds are borrowed generally, borrowing costs are capitalised using a weighted average capitalisation rate.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

(G) INCOME TAX

Income Tax – The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the notional tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or the liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or a liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

ASG Group Limited and its wholly-owned Australian controlled entities have enacted the tax consolidation legislation. The entities also entered into a tax sharing agreement.

Tax consolidation legislation

ASG Group Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, ASG Group Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be alone tax payer in its own right.

In addition to its own current and deferred tax amounts, ASG Group Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with tax consolidated entities are recognised as amounts receivable from or payable to other entities in the Group. Details about the tax funding agreement are disclosed in note 6.

Any differences between the amounts assumed and amounts receivable are payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

(H) ACQUISITION OF ASSETS

All assets acquired including plant and equipment and intangibles other than goodwill are initially recorded at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition. When equity instruments are issued as consideration, their market price at the date of acquisition is used as fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity subject to the extent of proceeds received, otherwise expensed.

Where settlement of any part of cash consideration is deferred, the amounts payable are recorded at their present value, discounted at the rate applicable to the Company if a similar borrowing were obtained from an independent financier under comparable terms and conditions.

The costs of assets constructed or internally generated by the consolidated entity, other than goodwill, include the cost of materials and direct labour. Directly attributable overheads and other incidental costs are also capitalised to the asset. Borrowing costs are capitalised to qualifying assets as set out in Note 1(s).

Expenditure, including that on internally generated assets other than research and development costs, is only recognised as an asset when the entity controls future economic benefits as a result of the costs incurred, it is probable that those future economic benefits will eventuate, and the costs can be measured reliably. Costs attributable to feasibility and alternative approach assessments are expensed as incurred.

Subsequent Additional Costs

Costs incurred on assets subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the consolidated entity in future years. Costs that do not meet the criteria for capitalisation are expensed as incurred.

(I) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

The amount of the impairment loss is recognised in the income statement within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

(J) INVENTORIES

Work in progress is stated at the lower of cost and net realisable value. Cost comprises direct labour and an appropriate portion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity.

(K) LEASES

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Group as lessee are classified as operating leases (note 26). Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement on a straight-line basis over the period of the lease.

(L) INTANGIBLES ASSETS

i) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary/associate at date of acquisition. Goodwill acquired in business combination is not amortised. Instead goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

ii) Software

Costs incurred in developing and acquiring software and licenses that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and service, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight-line basis over 2.5 years

iii) Research and development

Expenditure on research activities, undertaken with the prospect of obtaining new scientific or technical knowledge and understanding, is recognised in the income statement as an expense when it is incurred.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

Expenditure on development activities, being the application of research findings or other knowledge to a plan or design for the production of new or substantially improved products or services before the start of commercial production or use, is capitalised if the product or service is technically and commercially feasible and adequate resources are available to complete development.

The Group's main development activities are:

- a) Service Management Centre (SMC)
- b) Business Management Centre (BMS)
- c) Learning and Teaching Solution (LTS)

These intangible assets are essential for ASG to deliver high quality services on an ongoing basis and as such are deemed to have indefinite useful lives. As the development costs are to have indefinite useful life they are subject to impairment testing annually.

iv) Impairment of Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which cash flows are separately identifiable (cash generating units).

v) Other Capitalised Costs

Other capitalised costs comprise of project establishment expenditure which is amortised over the life of the project or contract on straight line basis.

(M) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(N) RECOVERABLE AMOUNT OF NON-CURRENT ASSETS VALUED ON COST BASIS

The carrying amount of non-current assets valued on the cost basis are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

(O) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the assets carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the costs of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

(P) DEPRECIATION AND AMORTISATION

Complex Assets

The components of major assets that have materially different useful lives, are effectively accounted for as separate assets, and are separately depreciated.

Useful Lives

Depreciation and amortisation rates and methods are reviewed annually for appropriateness. When changes are made, adjustments are reflected prospectively in current and future periods only. Depreciation and amortisation are expensed, except to the extent that they are included in the carrying amount of another asset as an allocation of production overheads.

The depreciation/amortisation rates used for each class of asset are as follows:

	2008	2007
Plant and equipment		
Plant and equipment	10-40%	10-40%
Intangibles		
Software	40%	40%

(Q) EMPLOYEE ENTITLEMENTS

Wages, Salaries and Annual Leave

The provisions for employee entitlements to wages, salaries and annual leave represent present obligations resulting from employees' services provided up to the balance date, calculated at undiscounted amounts based on current wage and salary rates including related on-costs.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

Long Service Leave

The provision for employee entitlements to long service leave represents the present value of the estimated future cash outflows to be made resulting from employees' services provided up to balance date.

The provision is calculated using estimated future increases in wage and salary rates including related on-costs and expected settlement dates based on turnover history and is discounted using the rates attaching to national government securities at balance date which most closely match the terms of maturity of the related liabilities.

Superannuation Plan

The Company and other controlled entities contribute to several defined contribution superannuation plans as selected by the employee members. Contributions are charged against income as they are made.

Share-based payments

Share-based compensation benefits are provided to employees via the ASG Group Limited Employee Option Plan and an employee share scheme. Information relating to these schemes is set out in note 34.

The fair value of options granted under the ASG Group Limited Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a 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.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

Under the employee share scheme, shares issued by the ASG Group Limited to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

Bonuses

The group recognises a provision for bonuses where contractually obliged or where there is past practice that created a constructive obligation.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

Termination Benefits

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(R) EARNINGS PER SHARE

Basic Earnings Per Share

The consolidated entity has adopted the Accounting Standard AASB 133 "Earnings Per Share" and has determined basic and diluted earnings per share in accordance with the Standard. Basic earnings per share (EPS) is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted Earning Per Share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after 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 ordinary shares.

(S) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down of the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the considered paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

11.0 notes to the financial statement

for the year ended 30 June 2008

Summary of significant accounting policies

(T) SHARE BASED PAYMENTS

Share options granted after 7 November 2002 and vested after 01 January 2005.

The fair value of options granted under ASG's Employee Option plans are recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and is recognised over the period during which the employee becomes unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk free interest rate for the term of the option.

The fair value of the options granted excluded the impact of any non-market vesting condition (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to these options is transferred to share capital.

The market value of shares issued to employees for no cash consideration under the employee share scheme is recognised as an employee benefits expense with a corresponding increase in equity when the employees become entitled to the shares.

(U) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(V) PROVISIONS

Provisions for legal claims, service warranties and make good obligations are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the reporting date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability.

The increase in the provision due to the passage of time is recognised as interest expense.

11.0 notes to the financial statement

for the year ended 30 June 2008

(W) CONTRIBUTED EQUITY

Ordinary shares are classified as equity. Incremental costs associated directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

(X) DIVIDENDS

Provision is made 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.

(Y) BUSINESS COMBINATIONS

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities assumed at date of the exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. The transaction costs arising on the issue of equity of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Groups share of the identifiable net assets acquired is recorded as goodwill. If the cost of the acquisition is less than the Groups share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entities incremental borrowing rate, being the rate at which similar borrowing could be obtained from an independent financier under comparable terms and conditions.

11.0 notes to the financial statement

for the year ended 30 June 2008

(Z) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorisation of the financial report, the Standards and Interpretations listed below were in issue but not yet effective.

Initial application of the following Standard will not affect any of the amounts recognised in the financial report, but will change the disclosures presently made in relation to the Group and the Company's financial report:

Reference	Title and Affected Standard(s):	Application date:
AASB 8	Operating Segments	Periods commencing on or after 1 January 2009
AASB 101	Presentation of Financial Statements	Annual reporting periods commencing on or after 1 January 2009

Initial application of the following Standards and Interpretations is not expected to have any material impact on the financial report of the Group and the company:

Reference	Title and Affected Standard(s):	Application date:
AASB 123	Borrowing Costs	Periods commencing on or after 1 January 2009
AASB 3	Business Combinations	Business combinations where the acquisition date is on or after the beginning of the first reporting period that commences 1 July 2009 or later
AASB 127	Consolidated and Separate Financial Statements	Periods commencing on or after 1 July 2009
AASB 2008-3	Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127 [AASB 1, AASB 2, AASB 4, AASB 5, AASB 7, AASB 101, AASB 107, AASB 112, AASB 114, AASB 116, AASB 121, AASB 128, AASB 131, AASB 132, AASB 133, AASB 134, AASB 136, AASB 137, AASB 138, AASB 139, Interpretation 9 and Interpretation 107]	Periods commencing on or after 1 July 2009
AASB 2008-1	Amendments to AASB 2 – Share-based Payments – Vesting Conditions and Cancellations	Periods commencing on or after 1 January 2009
AASB 2008-2	Amendments to Australian Accounting Standards – Puttable Financial Instruments and Obligations arising on Liquidation	Periods commencing on or after 1 January 2009
IAS 27	Consolidated and Separate Financial Statements	Periods commencing on or after 1 January 2009
IAS 1	Presentation of Financial Statements	Periods commencing on or after 1 January 2009
IAS 38	Intangible Assets	Periods commencing on or after 1 January 2009

11.0 notes to the financial statement

for the year ended 30 June 2008

2. Financial Risk Management

The Groups activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's overall risk management program seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rates and aging analysis for credit risk.

The Group and the Company hold the following financial instruments:

	Consolidated		The Company	
	2008	2007	2008	2007
	\$,000	\$,000	\$,000	\$,000
Financial Assets				
Cash held at bank	2,028	2,940	1,446	2,940
Cash held in investment account	4,150	3,928	4,150	3,928
Trade Receivables	24,121	17,592	16,098	9,572
Receivables from Related Parties	-	-	5,938	7,676
Financial Liabilities				
Trade Creditors	3,892	2,469	3,521	843
Finance Lease Expense	2,331	1,502	1,996	804
Bank Borrowings	9,976	3,868	9,975	3,868

a) Market Risk

i) Interest rate risk

The Company and Group main interest rate risk arises from long term borrowings. Borrowings issued a variable rate expose the Group to cash flow interest rate risk. The Group manages its interest rate risk by management conducting regular reviews of interest rate movements and global market trends. The Group also uses interest rate swaps to manage and mitigate the potential adverse movements in interest rates. The Group have not brought the fair value of the derivative instrument on the Balance Sheet as it has been considered immaterial.

As at the reporting date, the Group had the following variable rate borrowings outstanding:

	30 June 2008		30 June 2007	
	Interest rate %	Balance \$'000	Weighted average interest rate %	Balance \$'000
Bank loans	BBSY + 1.15%	9,976	BBSY + 1.15%	3,868

The Groups overdraft facility limit reduced during the period from \$8,500,000 to \$7,000,000.

The Group also entered into an arrangement during the period for a \$7,000,000 Commercial Advance Facility.

11.0 notes to the financial statement

for the year ended 30 June 2008

Group and Parent Sensitivity

At 30 June 2008, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year and equity would have been \$70,000 higher/lower, as a result of higher/lower interest payable on the variable commercial advance facility and bank overdraft facility

At 30 June 2007, if interest rates had changed by +/- 100 basis points from the year-end rates with all other variables held constant, post-tax profit for the year and equity would have been \$25,000 higher/lower, as a result of higher/lower interest payable on bank overdraft and loan facility.

b) Credit risk

Credit risk is managed on a group basis. Credit risk arises from cash and cash equivalents, deposits with banks, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' is accepted. 100 percent of the Cash and Cash Equivalents balance is kept with the Bank of Western Australia. If customers are independently rated, these ratings are used. If there is no independent rating, the Group assesses the credit quality of the customer through past experience and its financial position.

Trade and other receivables

The Company's and Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of industry and country, in which customers operate, has less of an influence on credit risk. Approximately 60 percent of the Group's Trade Receivables balance is attributable to State and Federal Government agencies, with 13 percent of this specific to a single customer. However, geographically there is no concentration of credit risk.

In 2007, 19 percent of the Trade Receivables balance was attributable to single customer. There was also a concentration of approximately 30 percent of the total Trade Receivables related to State and Federal Governments.

The maximum exposure to credit risk at the reporting date is the carrying amount of the financial assets as summarised on page 58.

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Trade Receivables				
Counterparties with external credit rating				
A	14,232	6,324	8,872	2,129
BBB	1,639	1,332	1,535	1,191
Counterparties without external credit	1,997	1,766	953	1,255
Total trade receivables	17,848	9,422	11,211	4,575
Cash at bank and short-term bank deposits				
AA	6,178	6,868	5,296	5,182

11.0 notes to the financial statement

for the year ended 30 June 2008

The following table breaks down receivables that are past due but not impaired:

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Receivables less than 30 days past due	3,700	3,771	2,486	2,859
Receivables 30 or more but less than 60 days past due	1,163	1,356	1,068	1,197
Receivables 60 or more but less than 90 days past due	489	151	386	120
Receivables 90 days or more past due	924	1,439	798	1,400
Total Receivables past due but not impaired	6,276	6,717	4,738	5,577

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group manages liquidity by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Financing arrangements

The Group and the Company had access to the following undrawn borrowing facilities at the reporting date:

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Floating Rate				
Bank overdraft and bill facility	7,000	8,500	7,000	8,500

The bank overdraft facilities may be drawn at any time and are repayable on demand.

11.0 notes to the financial statement

for the year ended 30 June 2008

Maturities of financial liabilities

The tables below analyse the Group's and the Company's financial liabilities, net and gross settled derivative financial instruments into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

Consolidated At 30 June 2008	Less than 6 months	6-12 months	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total contractual cash flow	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Non Interest Bearing	3,892	-	-	-	-	3,892	3,892
Variable Rate	9,976	-	-	-	-	9,976	9,976
Fixed Rate	350	244	576	1,160	-	2,330	2,330
Consolidated At 30 June 2007	Less than 6 months	6-12 months	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total contractual cash flow	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Non Interest Bearing	2,469	-	-	-	-	2,469	2,469
Variable Rate	3,868	-	-	-	-	3,868	3,868
Fixed Rate	200	158	655	490	-	1,503	1,503
The Company At 30 June 2008	Less than 6 months	6-12 months	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total contractual cash flow	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Non Interest Bearing	3,521	-	-	-	-	3,521	3,521
Variable Rate	9,976	-	-	-	-	9,976	9,976
Fixed Rate	194	182	455	1,164	-	1,995	1,995
The Company At 30 June 2007	Less than 6 months	6-12 months	Between 1 & 2 years	Between 2 & 5 years	Over 5 years	Total contractual cash flow	Carrying Amount (assets)/ liabilities
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-derivatives							
Non Interest Bearing	843	-	-	-	-	843	843
Variable Rate	3,868	-	-	-	-	3,868	3,868
Fixed Rate	92	72	269	370	-	803	803

11.0 notes to the financial statement

for the year ended 30 June 2008

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to share holders, return capital to shareholders or issue new shares.

The Group and the Company monitor capital on the basis of the gearing ratio. The gearing ratios at 30 June 2008 and 30 June 2007 were as follows:

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total Borrowings	12,306	5,370	11,972	4,672
Less: cash and cash equivalents	(6,178)	(6,868)	(5,296)	(5,182)
Net debts	6,128	(1,498)	6,676	(510)
Total equity	55,599	48,166	48,123	43,144
Total capital	61,727	46,668	54,799	42,634
Gearing Ratio	10%	-	12%	-

The change in gearing ratios from 2007 to 2008 is as a result of the new commercial advance facility utilised during the year.

d) Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

11.0 notes to the financial statement

for the year ended 30 June 2008

3. Critical Accounting Estimates And Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Group tests annually whether goodwill and development costs have suffered any impairment, in accordance with the accounting policies stated in note 1(k).

(i) Estimated impairment of goodwill

The recoverable amount of goodwill has been determined based on value-in-use calculations, using cash flow projections over a five year period, and at a discount rate of 11%. Management believes that any reasonably possible change in key assumptions on which the recoverable amount is based would not cause the goodwill to exceed its recoverable amount.

(ii) Estimated impairment of development costs

The recoverable amount of development costs for BMS and SMC have been determined based on value-in-use calculations, using the Relief from Royalty valuation method. The assumption behind the valuation method is that if the IP had been licensed from a third party there would be a royalty charge based on the forecast turnover of the Group. The royalty rates have assumed to be 1.5 percent for SMC and 2.5 percent for BMS, with a capitalisation rate of 3.72. LTS development is not complete and has been valued on an historical cost basis. Management believes that any reasonably possible change in key assumptions on which the recoverable amounts are based would not cause the development costs to exceed the recoverable amount. ASG has also assumed a 20 percent growth rate in revenue and EBITDA.

(iii) Recovery of tender costs

The recoverable amount of contract tendering costs is dependent on the Group successfully winning the tenders. The historically high win/loss ratio of tender submissions provides the justification for the probability of recoverability.

11.0 notes to the financial statement

for the year ended 30 June 2008

4. Revenue

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
From continuing operations				
Sale of goods revenue from operating activities	9,614	4,540	6,336	1,760
Rendering of services revenue from operating activities	101,313	71,178	62,394	56,058
Other revenues:				
From operating activities				
Interest:	91	119	64	88
Other	1	13	7	-
Distribution from Unit Trust	-	-	-	18
Distribution from Subsidiary	-	-	26,000	5,482
Total other revenues	92	132	26,070	5,588
Total revenue from ordinary activities	111,019	75,850	94,800	63,406

11.0 notes to the financial statement

for the year ended 30 June 2008

5. Expenses

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Profit before income tax includes the following specific expenses:				
Cost of goods sold	8,996	3,934	6,802	193
Depreciation of:				
- Plant and equipment	726	626	468	240
- Leasehold improvements	72	39	60	18
- Leased plant and equipment	181	205	75	-
Total depreciation	980	870	603	258
Amortisation of:				
- Software	557	272	210	61
- Capitalised Costs	886	375	886	78
Total amortisation	1,443	647	1,096	139
Total Depreciation & Amortisation	2,423	1,518	1,699	397
Borrowing Costs				
- Finance charges paid/payable for financial liabilities not at fair value through profit or loss	865	241	841	240
- Finance charges on capitalised leases	15	93	5	29
Total Borrowing Costs	880	334	846	269
Net expense from movements in provision for:				
- Employee entitlements	1,108	905	2,668	773
Operating Lease rental expense:				
- Minimum lease payments	3,044	1,988	383	212
Net(gain)/loss on disposal of non-current assets:				
- Property, plant and equipment	17	75	17	44
Net share based payment expenses	343	733	343	733

11.0 notes to the financial statement

for the year ended 30 June 2008

6. Income Tax Expense

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Income tax expense				
Recognised in the Income Statement				
Current Tax				
Current year	2,029	2,448	2,029	2,448
Under/(Over) Provision for prior year	12	(196)	12	(196)
Previously unrecognised losses of subsidiary utilised in 2007	(60)	-	(60)	-
Over provision in 2004 & 2005 Years of ASG Group	-	(257)	-	(257)
Under Provision in 2006 of Vindaloo Systems Pty Ltd	-	47	-	-
Deferred tax				
Origination and reversal of temporary differences	2,093	620	2,093	620
Benefit on tax losses recognised	-	(179)	-	(107)
Net Adjustments to opening balances	-	(107)	-	(179)
Total income tax expense per income statement	4,074	2,376	4,074	2,329
Numerical reconciliation between tax expenses and pre-tax net loss				
Net profit/(loss) before tax	13,109	9,415	8,655	8,701
Income Tax Expense/(benefit) on the above at 30%	3,933	2,824	2,597	2,610
Other members of the consolidated group	-	-	1,336	239
Increase in income tax due to:				
Non-deductible expenses	221	275	221	251
Sundry items	-	-	-	-
Under provision in 2006 of Vindaloo Systems Pty Ltd	-	47	-	-
Decrease in income tax expense due to:				
Under/(Over) Provision for Prior Year	12	(196)	12	(196)
Previously unrecognised losses of subsidiary utilised in 2007	(60)	-	(60)	-
Over Provision in 2004 & 2005 Years of ASG Group	-	(257)	-	(257)
Effect of tax losses derecognised/(recognised)	-	(179)	-	(179)
Net adjustments to opening balances	-	(107)	-	(107)
Deductibility equity raising costs	(31)	(31)	(31)	(31)
Income Tax expense attributable to entity	4,074	2,376	4,074	2,329
Deferred tax asset arising from tax losses brought forward taken into account this financial year.	-	-	-	-
Tax losses carried forward - revenue	-	-	-	-
Tax losses carried forward - capital	699	699	699	699

11.0 notes to the financial statement

for the year ended 30 June 2008

TAX CONSOLIDATED LEGISLATION

ASG Group Ltd and its wholly owned Australian subsidiaries have decided to implement the tax-consolidated legislation as of 1 July 2003. The Australian Taxation Office has been notified of this decision. The entities also entered into a tax sharing agreement.

ASG Group Limited, as the head entity in the consolidated group, will recognise current and deferred tax amounts relating to transactions, events and balances of the wholly owned Australian controlled entities in the group in future financial statements as if those transactions, events and balances were its own, in addition to the current and deferred tax balances arising in relation to its own transactions, events and balances amounts receivable or payable under the tax sharing agreement will be recognised separately by ASG Group Limited as tax-related amounts receivable or payable

FRANKING CREDITS

	2008 \$'000	2007 \$'000
Franking credits available for subsequent reporting periods:	263	316

7. Current Assets-Cash & Cash Equivalent

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Cash at bank	2,082	2,940	1,146	1,254
Cash in interest bearing accounts	4,150	3,928	4,150	3,928
Total cash & cash equivalent	6,178	6,868	5,296	5,182

The interest rate for cash held at bank varies between 4.5 and 6.5 percent.

The Group's and the Company's entity's exposure to interest rate risk is discussed in note 2.

11.0 notes to the financial statement

for the year ended 30 June 2008

8. Trade & Other Receivables

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Trade debtors	24,124	17,592	16,098	9,572
Other Debtors	117	76	100	49
Loan to controlled entity	-	-	5,938	7,676
	24,241	17,668	22,136	17,297

a) Other trade debtors

These amounts generally arise from transactions outside the usual operating activities of the Group. Interest may be charged at commercial rates where the terms of repayment exceed six months.

b) Loan to controlled entity

Loan is repayable on demand of the Company.

9. Current Assets-Inventories

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Finished goods	-	3	-	3
Work in Progress	468	168	468	168
Total Inventories	468	171	468	171

10. Current Assets-Other

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Prepayments	3,496	818	3,073	450
Accrued Revenue	672	-	-	-
Total Other Current Assets	4,168	818	3,073	450

11.0 notes to the financial statement

for the year ended 30 June 2008

11. Non-Current Assets-Property, Plant & Equipment

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Plant and equipment				
At cost	3,251	2,509	1,718	648
Accumulated depreciation	(2,064)	(1,577)	(842)	(240)
	1,187	932	876	408
Motor Vehicles				
At cost	1,221	1,412	897	889
Accumulated depreciation	(333)	(330)	(198)	(162)
	888	1,082	699	727
Leased plant and equipment				
At cost	3,301	1,982	1,319	-
Accumulated amortisation	(2,094)	(1,876)	(112)	-
	1,206	106	1,206	-
Leasehold improvements				
At cost	1,670	1,202	1,491	696
Accumulated depreciation	(387)	(315)	(346)	(23)
	1,283	887	1,145	673
Total Plant and equipment				
At cost	9,443	7,105	5,425	2,233
Accumulated depreciation	(4,879)	(4,099)	(1,499)	(425)
Total plant and equipment net book value	4,564	3,006	3,926	1,808

11.0 notes to the financial statement

for the year ended 30 June 2008

		Consolidated		The Company	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Reconciliations					
Reconciliations of the carrying amounts for each class of plant and equipment are set out below:		Note			
Plant and equipment					
	Carrying amount at beginning of year	932	698	408	194
	Additions	806	650	806	377
	Disposals	(4)	(75)	-	(44)
	Acquisition through entity acquired	-	76	-	-
	Depreciation	(547)	(417)	(338)	(119)
	Carrying amount at end of year	1,187	932	876	408
Leased plant and equipment & Motor Vehicles					
	Carrying amount at beginning of year	1,188	1,420	727	580
	Additions	1,512	182	1,512	268
	Disposals	(246)	-	(128)	-
	Acquisition through entity acquired	-	-	-	-
	Depreciation	(360)	(414)	(205)	(121)
	Carrying amount at end of year	2,094	1,188	1,906	727
Leasehold improvements					
	Carrying amount at beginning of year	887	414	673	146
	Additions	469	512	532	545
	Disposals	-	-	-	-
	Acquisition through entity acquired	-	-	-	-
	Depreciation	(72)	(39)	(60)	(18)
	Carrying amount at end of year	1,284	887	1,145	673

12. Non-Current Assets-Other Financial Assets

		Consolidated		The Company	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Investments in controlled entities					
	Unlisted shares at cost	4	4	34,890	33,948
	Other financial assets – listed shares at cost	7	7	-	-
		11	11	34,890	33,948

11.0 notes to the financial statement

for the year ended 30 June 2008

13. Non-Current Assets-Deferred Tax Asset

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Recognised deferred tax assets				
Deferred tax assets are attributable to the following:				
Provision for bad debts	75	-	75	-
Annual Leave	865	640	865	245
Long Service Leave	253	213	253	64
Accrued superannuation	145	145	145	72
Other accruals	86	-	86	-
Stale cheques	-	11	-	-
Lease incentive liability	10	10	10	10
Previously expensed borrowing costs	22	-	22	-
Previously expensed capital raising costs	3	5	3	5
Capital raising costs reflected in equity	31	63	31	63
Tax losses recognised	3,158	3,272	3,158	3,272
Plant & equipment	49	35	(29)	25
DTA's/DTL's of subsidiaries recognised	-	-	78	639
Net tax assets/ (liabilities)	4,696	4,395	4,696	4,395
Unrecognised deferred tax assets				
Deferred tax assets have not been recognised in respect of the following:				
Deductible temporary differences				
Tax revenue losses	-	-	-	-
Tax capital losses	699	699	699	699
	699	699	699	699

11.0 notes to the financial statement

for the year ended 30 June 2008

14. Non-Current Assets-Intangible Assets

	CONSOLIDATED				
	Development Costs	Goodwill	Capitalised Cost	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2006, net of accumulated amortisation					
Cost	6,171	38,007	1,431	616	46,159
Accumulated amortisation and impairment	(14)	(16,597)	(66)	(260)	(16,871)
Net Book Value	6,157	21,410	1,365	356	29,288
At 1 July 2007					
Opening net book amount	6,157	21,410	1,365	356	29,288
Additions	2,110	-	2,930	629	5,656
Acquisition of subsidiary	-	8,342	-	-	8,342
Accumulated amortisation	-	-	-	-	-
Amortisation	-	-	(375)	(272)	(634)
Net carrying amount	8,267	29,752	3,920	713	42,652
At 30 June 2007					
Cost	8,281	46,349	4,295	1,247	60,159
Accumulated amortisation and impairment	(14)	(16,597)	(375)	(533)	(17,506)
Net Book Value	8,267	29,752	3,920	714	42,653
Year Ended 30 June 2008					
Opening net book amount	8,267	29,752	3,920	714	42,653
Addition	3,451	-	4,843	1,147	9,441
Acquisition of subsidiary	-	1,447	-	-	1,447
Impairment	-	-	-	-	-
Amortisation	-	-	(886)	(557)	(1,443)
Closing Net Value	11,718	31,199	7,877	1,304	52,098
At 30 June 2008					
Cost	11,732	47,796	9,125	2,394	71,047
Accumulated amortisation and impairment	(14)	(16,597)	(1,248)	(1,090)	(18,949)
Net book amount	11,718	31,199	7,877	1,304	52,098

11.0 notes to the financial statement

for the year ended 30 June 2008

	THE COMPANY				
	Development Costs	Goodwill	Capitalised Cost	Software	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
At 1 July 2006, net of accumulated amortisation					
Cost	109	1,228	413	260	2,010
Accumulated amortisation and impairment	-	(190)	-	(130)	(320)
Net Book Value	109	1,038	413	130	1,690
At 1 July 2007					
Cost (gross carrying amount)	109	1,038	413	130	1,690
Additions	447	-	1,586	43	2,076
Acquisition of subsidiary	-	634	-	-	634
Impairment	-	-	-	-	-
Amortisation	-	-	-	(61)	(61)
Net carrying amount	556	1,672	1,999	112	4,339
At 30 June 2007					
Cost	556	1,861	1,999	303	4,719
Accumulated amortisation and impairment	-	(189)	-	(191)	(380)
Net Book Value	556	1,672	1,999	112	4,339
Year Ended 30 June 2008					
Opening net book amount	556	1,672	1,999	112	4,339
Addition	3,377	-	4,844	1,116	9,337
Acquisition of subsidiary	-	495	-	-	495
Impairment	-	-	-	-	-
Amortisation	-	-	(886)	(210)	(1,096)
Closing Net Value	3,933	2,167	5,957	1,018	13,075
At 30 June 2008					
Cost	3,933	2,356	6,843	1,419	14,551
Accumulated amortisation and impairment	-	(189)	(886)	(401)	(1,476)
Net book amount	3,933	2,167	5,957	1,018	13,075

11.0 notes to the financial statement

for the year ended 30 June 2008

15. Trade & Other Payables

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Current				
Trade creditors	3,892	2,469	3,521	843
Other creditors and accruals	11,325	4,560	11,292	1,067
Annual leave liability	2,882	2,133	2,882	817
Net GST Payable	1,859	1,421	1,291	1,115
Premium funding loan	279	456	279	456
Deferred vendor payment	1,545	1,545	1,545	1,545
	21,782	12,764	20,810	5,843
Non Current				
Payable to:				
Deferred vendor payment	-	1,546	-	1,546
Wholly owned entities	-	-	-	5,638
	-	1,546	-	7,184

11.0 notes to the financial statement

for the year ended 30 June 2008

16. Financial Liabilities

This note provides information about the contractual terms of the Company's and Group's interest bearing loans and borrowings, which are measured at amortised cost. For more information about the Company's and Group's exposure to interest rate, foreign currency and liquidity risk, see note 2

		Consolidated		The Company	
		2008	2007	2008	2007
		\$'000	\$'000	\$'000	\$'000
Current					
Lease liabilities	25	607	359	393	130
Lease liability incentive		34	34	34	34
Secured Bank loan		893	893	893	893
		1,534	1,286	1,320	1,057
Non Current					
Secured Bank Loans		9,083	2,975	9,083	2,975
Lease Liabilities		1,689	1,109	1,569	640
		10,772	4,084	10,652	3,615
Financing arrangements					
The consolidated entity has access to the following lines of credit:					
Total facilities available:					
BankWest overdraft		7,000	1,500	7,000	1,500
		7,000	1,500	7,000	1,500
Facilities utilised at balance date:					
BankWest overdraft		-	-	-	-
		-	-	-	-
Facilities not utilised at balance date:					
BankWest overdraft		7,000	1,500	7,000	1,500
		7,000	1,500	7,000	1,500

The overdraft facility is with BankWest. The security for this overdraft is a fixed and floating charge over all assets of the Group

11.0 notes to the financial statement

for the year ended 30 June 2008

Finance lease liabilities

Finance lease liabilities of the Group are payable as follows:

	Future minimum lease payments	Interest	Present Value of minimum lease payments	Future minimum lease payments	Interest	Present Value of minimum lease payments
	2008	2008	2008	2007	2007	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Less than one year	788	180	607	449	89	360
Between one and five years	1,954	265	1,689	1,207	99	1,108
More than five years	-	-	-	-	-	-

Finance lease liabilities of the Company are payable as follows:

	Future minimum lease payments	Interest	Present Value of minimum lease payments	Future minimum lease payments	Interest	Present Value of minimum lease payments
	2008	2008	2008	2007	2007	2007
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Less than one year	558	164	393	180	50	130
Between one and five years	1,828	259	1,569	712	73	640
More than five years	-	-	-	-	-	-

17. Current Liabilities-Other Liabilities

	Consolidated	The Company	Consolidated	The Company
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Unearned Income	443	3,764	405	3,348

11.0 notes to the financial statement

for the year ended 30 June 2008

18. Provisions

Current Provisions

Consolidated

	Stale Cheques	Doubtful Debts	Total
Balance at 1 July 2006	41	-	41
Provisions made during the period	-	-	-
Provisions used during the period	(3)	-	(3)
Balance at 30 June 2007	38	-	38
Balance at 1 July 2007	38	-	38
Provisions made during the period	-	250	250
Provisions used during the period	(38)	-	(38)
Balance at 30 June 2008	-	250	250

The Company

Balance at 1 July 2006	-	-	-
Provisions made during the period	-	-	-
Provisions used during the period	-	-	-
Balance at 30 June 2007	-	-	-
Balance at 1 July 2007	-	-	-
Provisions made during the period	-	250	250
Provisions used during the period	-	-	-
Balance at 30 June 2008	-	250	250

Non Current Provisions

Consolidated

	Long Service Leave	Total
Balance at 1 July 2006	403	403
Provisions made during the period	305	305
Provisions used during the period	-	-
Balance at 30 June 2007	708	708
Balance at 1 July 2007	708	708
Provisions made during the period	212	212
Provisions used during the period	(77)	(77)
Balance at 30 June 2008	843	843

The Company

Balance at 1 July 2006	-	-
Provisions made during the period	212	212
Provisions used during the period	-	-
Balance at 1 July 2007	212	212
Provisions made during the period	212	212
Provisions used during the period	(77)	(77)
Provision Transferred from subsidiary to parent during the period	496	496
Balance at 30 June 2008	843	843

11.0 notes to the financial statement

for the year ended 30 June 2008

19. Non Current Liabilities-Deferred Tax Liabilities

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Provision for income tax	137	1,553	91	1,506
Provision for deferred tax liability	5,065	2,794	5,065	2,794

Recognised deferred tax liability

Deferred tax liabilities are attributable to the following:

Prepayments	-	(30)	-	(30)
Capitalised WIP	-	-	-	-
Capitalised costs	(5065)	(2,764)	(3,043)	(767)
Plant & equipment	-	-	-	-
Unearned Income	-	-	-	-
DTL's of subsidiaries recognised	-	-	(2,022)	(1,998)
Net tax asset/(liabilities)	(5,065)	(2,794)	(5,065)	(2,794)

11.0 notes to the financial statement

for the year ended 30 June 2008

Movement in temporary differences during the year

Deferred Tax Assets

	CONSOLIDATED					Balance At 30/06/2007 \$'000
	Balance At 1/07/2006 \$'000	Under/Over	Recognised In Income \$'000	Recognised In Equity \$'000	Other	
Provision for Bad Debts	25	-	(25)	-	-	-
Annual Leave	460	-	110	-	70	640
Long Service Leave	121	-	92	-	-	213
Accrued superannuation	238	-	(92)	-	-	145
Other accruals	-	-	-	-	-	-
Stale cheques	10	-	1	-	-	11
Lease incentive liability	-	12	(2)	-	-	10
Previously expensed borrowing costs	3	-	(3)	-	-	-
Previously expensed capital raising costs	8	-	(3)	-	-	5
Capital raising costs reflected in equity	94	-	-	(31)	-	63
Plant & Equipment	22	(1)	(23)	-	37	35
Unearned Income	-	-	1,113	-	-	1,113
Tax losses recognised	3,412	28	(168)	-	-	3,272
Net Deferred Tax Assets	4,394	39	1,000	31	107	5,508

Deferred Tax Liabilities

Prepayments	-	33	(3)	-	-	30
Capitalised WIP	-	-	-	-	-	-
Capitalised Costs & Contract Negotiations	1,252	6	1,507	-	-	2,764
Plant & Equipment	62	-	(62)	-	-	-
Net Deferred Tax Liability	1,314	39	1,441	-	-	2,794

11.0 notes to the financial statement

for the year ended 30 June 2008

Movement in temporary differences during the year

Deferred Tax Assets

	CONSOLIDATED					Balance At 30/06/2008
	Balance At 1/07/2007	Under/Over	Recognised In Income	Recognised In Equity	Other	
	\$'000		\$'000	\$'000		\$'000
Provision for Bad Debts	-	-	75	-	-	75
Annual Leave	640	-	225	-	-	865
Long Service Leave	213	-	40	-	-	253
Accrued superannuation	145	-	(-)	-	-	145
Other accruals	-	-	86	-	-	86
Stale cheques	11	-	(11)	-	-	-
Lease incentive liability	10	-	-	-	-	10
Previously expensed borrowing costs	-	2	20	-	-	22
Previously expensed capital raising costs	5	-	(3)	-	-	2
Capital raising costs reflected in equity	63	-	-	(31)	-	32
Plant & Equipment	35	-	14	-	-	49
Unearned Income	1,113	(1,104)	(9)	-	-	-
Tax losses recognised	3,272	145	(259)	-	-	3,158
Net Deferred Tax Assets	5,508	(957)	177	(31)	-	4,696

Deferred Tax Liabilities

Prepayments	30	1	(31)	-	-	-
Capitalised WIP	-	-	-	-	-	-
Capitalised Costs & Contract Negotiations	2,764	-	2,301	-	-	5,065
Plant & Equipment	-	-	-	-	-	-
Net Deferred Tax Liability	2,794	1	2,270	-	-	5,065

11.0 notes to the financial statement

for the year ended 30 June 2008

Movement in temporary differences during the year	THE COMPANY					Balance At 30/06/2007 \$'000
	Balance At 1/07/2006	Under/Over	Recognised In Income	Recognised In Equity	Other	
	\$'000		\$'000	\$'000		
Deferred Tax Assets						
Provision for Bad Debts	19	-	(19)	-	-	-
Annual Leave	77	-	168	-	-	245
Long Service Leave	-	-	64	-	-	64
Accrued superannuation	61	-	11	-	-	72
Other accruals	-	-	-	-	-	-
Stale cheques	-	-	-	-	-	-
Lease incentive liability	-	12	(2)	-	-	10
Previously expensed borrowing costs	3	-	(3)	-	-	-
Previously expensed capital raising costs	8	-	(3)	-	-	5
Capital raising costs reflected in equity	94	-	-	(31)	-	63
Plant & Equipment	21	(1)	26	-	(21)	25
Tax losses recognised	3412	28	(168)	-	-	3,272
Unearned Income	-	-	1,004	-	-	1,004
DTA of Subsidiaries recognised	698	-	(78)	-	128	748
Net Deferred Tax Assets	4,394	39	1,000	(31)	107	5,508
Deferred Tax Liabilities						
Prepayments	-	33	(3)	-	-	30
Capitalised WIP	-	-	-	-	-	-
Capitalised Costs & Contract Negotiations	186	-	580	-	-	767
Plant & Equipment	-	-	-	-	-	-
Tax losses recognised	1,128	6	864	-	-	1998
Net Deferred Tax Liability	1,314	39	1,440	-	-	2,794

11.0 notes to the financial statement

for the year ended 30 June 2008

Movement in temporary differences during the year

	Balance At 1/07/2007	Under/Over	Recognised In Income	Recognised In Equity	Other	Balance At 30/06/2008
	\$'000		\$'000	\$'000		\$'000
Deferred Tax Assets						
Provision for Bad Debts	-	-	75	-	-	75
Annual Leave	245	-	619	-	-	865
Long Service Leave	64	-	189	-	-	253
Accrued superannuation	72	-	73	-	-	145
Other accruals	-	-	86	-	-	86
Stale cheques	-	-	-	-	-	-
Lease incentive liability	10	-	-	-	-	10
Previously expensed borrowing costs	-	2	20	-	-	22
Previously expensed capital raising costs	5	-	(3)	-	-	2
Capital raising costs reflected in equity	63	-	-	(31)	-	32
Plant & Equipment	25	-	(54)	-	-	(29)
Tax losses recognised	3,272	145	(259)	-	-	3,158
Unearned Income	1,004	(995)	(9)	-	-	-
DTA of Subsidiaries recognised	748	(109)	(561)	-	-	78
Net Deferred Tax Assets	5,508	(957)	177	(31)	-	4,696
Deferred Tax Liabilities						
Prepayments	30	1	(31)	-	-	-
Capitalised WIP	-	-	-	-	-	-
Capitalised Costs & Contract Negotiations	767	-	2,276	-	-	3,043
Plant & Equipment	-	-	-	-	-	-
Tax losses recognised	1,998	-	25	-	-	2,022
Net Deferred Tax Liability	2,794	1	2,270	-	-	5,065

11.0 notes to the financial statement

for the year ended 30 June 2008

20. Contributed Equity

	Consolidated and the Company		Consolidated and the Company	
	2008		2007	
	No. '000	\$'000	No. '000	\$'000
Fully paid ordinary shares (a)				
Balance at beginning of financial year	125,917	56,735	113,780	47,391
Shares issued:				
- Placement of shares	-	-	5,000	4,250
- Dividend reinvestment plan (b)	1,879	2,377	2,677	2,505
- Exercise of options (c)	810	563	3,198	1,530
- Acquisition of controlled entity (Vindaloo) (d)	442	773	1,262	1,090
- Transaction Costs/taxation implications	-	(32)	-	(31)
Balance at end of financial year	129,048	60,416	125,917	56,735

(a) Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held.

(b) The company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares are issued under the plan at a 5% discount to the market price. In 2008 there were two DRP issues of 1,063,657 shares at 1.40 and 815,512 shares at 1.09.

(c) During the year there were 810,000 options exercised at various prices. Information relating to the ASG Employee Option Plan is set out in note 34.

(d) ASG issued 441,456 shares at \$1.75 per share as part consideration of the Acquisition of Vindaloo Systems Pty Ltd.

11.0 notes to the financial statement

for the year ended 30 June 2008

21. Reserves

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
i) Share based payments				
Balance 1 July 07	1,184	451	1,184	451
Option Expense	343	733	439	733
Balance 30 June 2008	1,527	1,184	1,527	1,184
ii) Foreign currency translation reserve				
Balance 1 July 07	(2)	(2)	-	-
Expense	-	-	-	-
Balance 30 June 2008	(2)	(2)	-	-
iii) Option reserves				
Balance 1 July 07	74	-	74	-
Option Expense	96	74	96	74
Balance 30 June 2008	170	74	170	74
Total Reserves	1,695	1,256	1,697	1,258

Nature and purpose of reserves

- i) Share based payments reserve
The share base payment reserve is used to recognise the fair value of options issued to employees.
- ii) Foreign currency translation reserve
The foreign currency translation reserve is used for exchange differences arising on translation of the foreign controlled entity.
- iii) Option Reserve
The option reserve is used to recognise the value of the options on issue in relation to the part consideration for Sysao Pty Ltd.

11.0 notes to the financial statement

for the year ended 30 June 2008

22. Dividend

a) Ordinary Shares

Final dividend for the year ended 30 June 2007 of 2.5 cents (2006 – 2.2 cents) per fully paid share paid on 23 October 2007 (2006 – 23 October 2006)

Fully franked based on tax paid @ 30%

Interim dividend for the year ended 30 June 2008 of 2 cents (2007 – 1.5 cents) per fully paid share paid 16 April 2008 (2007 – 05 April 2007).

Fully franked based on tax paid @ 30%

b) Dividends not recognised at year end

In addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 3 cents per fully paid ordinary share, (2007 – 2.5 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 15 October 2008 out of retained profits at 30 June 2008, but not recognised at a liability at year end, is

c) Franked dividends

The franked portions of the final dividends recommended after 30 June 2008 will be franked out of existing franking credits or out of franking credits arising from the payment of income tax in the year ending 30 June 2008.

The Company	
2008	2007
\$'000	\$'000
3,159	2,589
2,562	1,918
3,871	3,147

Franking credits available for subsequent financial years based on a tax rate of 30% (2007 – 30%)

Consolidated		The Company	
2008	2007	2008	2007
\$'000	\$'000	\$'000	\$'000
400	1,869	400	1,869

The above amounts represent the balance of the franking account as at the end of the financial year, adjusted for:

- franking credits that will arise from the payment 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.

The consolidated amounts include franking credits that would be available to the Company if distributable profits of subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since year end, but not recognised as a liability at year end, will be a reduction in the franking account of \$1,659,183 (2007: \$1,349,110)

11.0 notes to the financial statement

for the year ended 30 June 2008

23. Key Management Personnel

a) Directors

The following persons were directors of ASG Group Limited during the financial year:

i) Chairman – non executive

S Lewis (until 21 February 2008)

R Baxter (from 22 February 2008)

ii) Executive directors

G Lewis, Chief Executive Officer

iii) Non-executive directors

R Baxter (until 21 February 2008)

S Johnston

J McConnell

I Campbell

b) Other key management personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Position	Employer
D Langenbach	Chief Financial Officer	ASG Group Limited
S Tull	Chief Technology Officer	ASG Group Limited

All of the above persons were also key management persons during the year ended 30 June 2007.

11.0 notes to the financial statement

for the year ended 30 June 2008

c) Key management personnel compensation

The aggregate compensation made to key management personnel of the Company and the Group is set out below:

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Short-term employee benefits	2,115,034	1,637,270	2,115,034	1,637,270
Post-employment benefits	137,086	124,496	137,086	124,496
Other long-term benefits	-	-	-	-
Termination benefits	125,000	-	125,000	-
Share-based payment	88,280	166,426	88,280	166,426
	2,465,400	1,928,192	2,465,400	1,928,192

d) Equity instrument disclosures relating to key management personnel

i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and shares issued on the exercise of such options, together with terms and conditions of the options, can be found in Note 33.

ii) Option holdings

The numbers of options over ordinary shares in the company held during the financial year by each director of ASG Group Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2008 Name	Option Holdings						
	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Directors of ASG Group Limited							
G Lewis	3,000,000	-	-	-	3,000,000	2,000,000	1,000,000
R Baxter	241,795	-	-	-	241,795	241,795	-
Other Key Management personnel of the Group							
D Langenbach	2,000,000	-	-	-	2,000,000	2,000,000	-
S Tull	1,000,000	-	-	-	1,000,000	1,000,000	-
2007 Name	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Directors of ASG Group Limited							
G Lewis	3,000,000	-	-	-	3,000,000	1,000,000	2,000,000
R Baxter	241,795	-	-	-	241,795	241,795	-
Other Key Management personnel of the Group							
D Langenbach	2,000,000	-	-	-	2,000,000	2,000,000	500,000
S Tull	1,000,000	-	-	-	1,000,000	1,000,000	500,000

During the 2008 financial year, there were no new offerings of options to either directors or key management personnel.

11.0 notes to the financial statement

for the year ended 30 June 2008

2008 Name	Share Holdings				
	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year	Balance held nominally
G Lewis	14,768,752	-	-	14,768,752	13,859,661
S Lewis	922,618	-	-	922,618	922,618
R Baxter	304,158	-	11,118	315,276	166,590
S Johnston	880,066	-	42,708	922,774	922,774
J McConnell	50,812	-	908	51,720	30,536
S Tull	12,257,889	-	-	12,257,889	-

2007 Name	Balance at the start of the year	Received during the year on the exercise of options	Other changes during the year	Balance at the end of the year	Balance held nominally
	G Lewis	17,507,257	-	(2,738,505)	14,768,752
S Lewis	1,040,265	-	(117,647)	922,618	922,618
R Baxter	296,515	-	7,643	304,158	166,590
S Johnston	871,704	-	8,362	880,066	880,066
J McConnell	-	-	50,812	50,812	30,536
S Tull	14,984,234	-	(2,726,335)	12,257,899	-

e) Loans to key management personnel

There were no loans made to key management personnel during the financial year.

f) Other transactions with key management personnel

1. ASG (Asia Pacific) Pty Ltd (a wholly owned controlled entity of the Company) is the trustee of the Amcon Solutions Unit Trust
2. Cost of vehicles leased by the economic entity for use of directors: \$513,114 (2007:\$504,041), key management personnel \$233,857 (2007: \$234,637)
3. Ron Baxter through his management company, Baxter Management Services, has entered into an agreement with ASG to provide management consulting services as required: \$381,800 (2007:163,375)
4. Geoff Lewis is a director of the North Melbourne Football Club. ASG has sponsored North Melbourne Football Club for the past two years. The sponsorship is based in normal commercial terms and conditions: \$138,939 (2007: \$100,000)

11.0 notes to the financial statement

for the year ended 30 June 2008

24. Contingent Liabilities

Guarantees:

The Company has provided financial guarantees to unrelated parties to secure contract performance. The cumulative amount of Bank Guarantees held with BankWest is \$4,300,000

25. Remuneration Of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and-related audit firms:

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Audit Services				
BDO Kendalls				
Audit and review of financial reports	68,408	91,046	68,408	91,046
Total remuneration for audit services	68,408	91,046	68,408	91,046

There were no non audit services conducted by BDO Kendalls.

11.0 notes to the financial statement

for the year ended 30 June 2008

26. Commitments

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Operating lease expense commitments				
Payables:				
Not later than 1 year	4,941	2,724	1,385	146
Later than 1 year but not later than 5	7,093	4,564	2,434	210
Future operating lease commitments not provided for in the financial statements and payable:	12,034	7,288	3,819	356
Employee expense commitments				
Payables:				
Not later than 1 year	56	-	56	-
Later than 1 year but not later than 5	86	-	86	-
Future operating lease commitments not provided for in the financial statements and payable:	142	-	142	-
Finance Lease / Hire Purchase Commitments				
Payables:				
Not later than 1 year	788	449	558	181
Later than 1 year but not later than 5	1,954	1,208	1,828	712
Minimum lease payments	2,742	1,657	2,386	893
Less: future finance charges	(439)	(190)	(417)	(123)
Total lease liability	2,303	1,467	1,969	770
Current liability	608	359	394	130
Non – current liability	1,695	1,109	1,575	640
	2,303	1,468	1,969	770

11.0 notes to the financial statement

for the year ended 30 June 2008

27. Related Party Transactions

a) Parent entities

The parent entity within the Group is ASG Group Limited.

b) Subsidiaries

Interests in subsidiaries are set out in note 29.

c) Key management personnel

Disclosures relating to key management personnel are set out in note 23.

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
d) Transactions with related parties				
Management fee revenue from subsidiaries	-	-	26,000	5,481
e) Loans from subsidiaries				
Beginning of the year	-	-	5,638	6,647
Loan advance/repayment	-	-	(9,553)	(1,009)
End of the year	-	-	(3,915)	5,638

ASG Group Limited and its subsidiaries listed in note 29 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investment Commission. The parties to the deed of cross guarantee are all members of the consolidated group thereby no further disclosures are required.

11.0 notes to the financial statement

for the year ended 30 June 2008

28. Business Combinations

Acquisition of Sysao Pty Ltd

The Company paid \$137,000 towards the acquisition of Sysao Pty Ltd. This company was acquired in the prior reporting period.

Details of acquisitions is as follows:

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Net Assets - Provisions	-	(33)	-	(33)
Goodwill on consolidation	-	884	-	638
Purchase consideration:	-	851	-	605
Purchase consideration:				
Consideration - Options	95	74	95	74
Consideration – Cash	-	234	-	234
Other	137	543	137	297
Total Purchase Cost	232	851	232	605
Outflow of cash to acquire controlled entity	137	745	137	532
Total cash outlaid to controlled entity	137	745	137	532
Outflow / (inflow) of cash	137	745	137	532

Acquisition of Vindaloo Pty Ltd

On the 31st of October 2006 the Company acquired 100% of the issued capital in Vindaloo Systems Pty Ltd. During the period, the company paid \$773,229 in cash and \$773,229 in shares due as deferred consideration to the Vindaloo vendors, and \$943,787 towards the acquisition of Vindaloo Pty Ltd.

11.0 notes to the financial statement

for the year ended 30 June 2008

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Details of acquisitions is as follows:				
Plant and equipment	-	76	-	76
Trade debtors and other receivables	-	705	-	705
Cash	-	627	-	627
Accruals	-	(517)	-	(517)
Provisions and other payables	-	(233)	-	(233)
Company Tax Payable	-	(609)	-	(609)
	-	49	-	49
Goodwill on consolidation	-	7,192	-	7,192
	-	7,241	-	7,241

Purchase consideration:

Cash	-	2,185	-	2,185
Share capital in ASG Group Ltd	-	1,090	-	1,090
Deferred consideration - Shares	-	1,545	-	1,545
Deferred consideration – Cash	-	1,545	-	1,545
Acquisition Costs – Paid	944	876	841	876
Total Purchase Cost	944	7,241	841	7,241

Outflow of cash to acquire controlled entity	944	3,110	841	2,463
Payment of deferred consideration	773	-	773	-
Total cash outlaid for controlled entity	1,717	3,110	1,614	2,463

Balances acquired

Cash Balance Acquired	-	627	-	-
Outflow / (inflow) of cash	1,717	2,483	1,614	2,463

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total cash outflow/(inflow):				
Sysao Pty Ltd	137	745	137	532
Vindaloo Pty Ltd	1,717	2,483	1,717	2,463
SMP Pty Ltd	13	502	13	282
Exceed Pty Ltd	-	2,652	-	2,652
Outflow / (inflow) of cash	1,867	6,382	1,867	5,929

11.0 notes to the financial statement

for the year ended 30 June 2008

29. Subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name of entity	Country of incorporation	Class of shares	Equity holding	
			2008 %	2007 %
ASG Limited	Australia	Ordinary	100	100
ASG (Asia Pacific) Pty Ltd	Australia	Ordinary	100	100
Amcon Solutions Unit Trust	Australia	Ordinary	100	100
ASG Ltd (UK)	United Kingdom	Ordinary	100	100
Accounting Systems Software Implementation and Support Team Pty Ltd	Australia	Ordinary	100	100
Exceed Systems Integration Pty Ltd	Australia	Ordinary	100	100
Vindaloo Systems Pty Ltd	Australia	Ordinary	100	100

30. Events Occurring After Balance Sheet Date

The Directors on 13 August 2008 declared a final dividend of 3 cents per fully paid ordinary share, fully franked, equal to a total estimated distribution of \$3,871,427 to be payable 15 October 2008 to the share holders on record as at 3 October 2008.

11.0 notes to the financial statement

for the year ended 30 June 2008

31. Notes to the Statements of Cashflows

	Consolidated		The Company	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
(a) Reconciliation of cash				
For the purposes of the statements of cash flows, cash includes cash on hand and at bank and short term deposits at call. Cash as at year end as shown in the statements of cash flows is reconciled to the related items in the statements of financial position				
Cash on hand and at bank	6,178	6,868	5,296	5,182
	6,178	6,868	5,296	5,182
(b) Reconciliation of profit/(loss) from ordinary activities after income tax to net cash provided by operating activities				
Profit / (Loss) from ordinary activities after income tax	9,036	7,038	4,582	6,370
Add/(less) items classified as investing/financing activities:				
(Profit) / loss on sale of non-current assets				
Add/(less) non-cash items				
Depreciation and amortisation	2,423	1,518	1,699	397
Share Based Payments	343	735	343	735
Net cash provided by operating activities before change in assets and liabilities	11,802	9,291	8,935	7,501
Change in assets and liabilities adjusted for effects of purchase of controlled entities and businesses during the financial year:				
(Increase)/decrease in trade debtors	(5,903)	(3,899)	(5,926)	(6,529)
(Increase)/decrease in other receivables	(578)	(56)	206	(923)
(Increase)/decrease in other assets	812	(15)	812	1,766
(Increase)/decrease in capitalised costs	(5,084)	(2,936)	(4,987)	(1,586)
(Increase)/decrease in inventories / WIP	(300)	(112)	(297)	(168)
(Increase)/decrease in prepayments	(2,678)	445	(2,623)	557
(Decrease)/increase in trade creditors	1,243	(1,220)	2,782	(451)
(Decrease)/increase in provisions	212	521	250	(457)
(Decrease)/increase in unearned revenue	(4,092)	3,872	(3,692)	3,818
(Decrease)/increase other creditors	(66)	(7)	(775)	(1,006)
(Decrease)/increase in accruals	8,989	2,236	12,188	1,148
Net cash provided by/(used in) operating activities	4,358	8,120	4,563	3,670

11.0 notes to the financial statement

for the year ended 30 June 2008

32. Non-cash investing and financing activities

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
Acquisition of plant and equipment by means of finance leases	1,512	182	1,512	268

33. Earnings Per Share

	Consolidated	
	2008	2007
	\$'000	\$'000
Basic earnings per share (cents)	0.071	0.058
Diluted earnings per share (cents)	0.067	0.056
Weighted average number of ordinary shares used in the calculation of basic earnings per.	127,673,028	121,020,968
Earnings Used in calculating		
Weighted average number of options outstanding	6,921,546	4,341,263
Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive earnings per share	134,594,573	125,362,231
Earnings reconciliation		
Net profit/(loss) – as reported	9,035,524	7,038,222
Basic earnings – used to calculate basis EPS	9,035,524	7,038,222

34. Share Based Payments

A person is eligible to apply to participate in the ASG Group Limited Option Plan (the plan) and be issued Options in the plan if he or she is a employee of the Company or one of its subsidiaries or has satisfied criteria set by the board from time to time.

Options are granted under the plan for no consideration. Options are granted for a ten year period, tranches are exercisable and vest after the first anniversary of the date of the grant. The operation on the Executive option plan is the same as that of the employee option plan with the exception of vesting condition and expiry dates are determined by the board and senior management.

Options granted under the plan carry no dividend or voting rights.

The exercise price of the options is based on the weighted average price at which the companies shares are traded on the Australian Stock Exchange during the five days immediately before the board meeting which precedes the grant date plus an additional premium of between 10 to 20 percent.

11.0 notes to the financial statement

for the year ended 30 June 2008

The following share base payment arrangements were in existence under the plan at year end:

Grant Date	Expiry Date	Exercise Price	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
01/07/2003	30/6/2013	0.39	240,000	-	(90,000)	(10,000)	140,000	140,000
01/01/2004	31/12/2013	0.42	170,000	-	(70,000)	-	70,000	70,000
01/07/2005	30/06/2014	0.39	65,000	-	(20,000)	-	45,000	45,000
01/01/2005	31/12/2015	0.54	20,000	-	(10,000)	-	10,000	10,000
30/06/2005	30/06/2016	0.54	180,000	-	(40,000)	-	140,000	140,000
01/01/2006	31/12/2016	0.89	150,000	-	(20,000)	-	130,000	130,000
30/06/2006	30/06/2009	0.77	300,000	-	(300,000)	-	-	-
27/06/2006	30/06/2009	0.82	1,050,000	-	(50,000)	(100,000)	900,000	900,000
01/06/2006	30/06/2017	0.81	230,000	-	(40,000)	(40,000)	150,000	150,000
01/01/2007	30/12/2017	1.21	410,000	-	(40,000)	(50,000)	320,000	320,000
01/01/2007	30/12/2017	0.95	40,000	-	-	(10,000)	30,000	30,000
01/01/2007	30/12/2017	0.84	70,000	-	(20,000)	(20,000)	30,000	30,000
01/07/2007	30/06/2017	1.76	-	340,000	(20,000)	(10,000)	310,000	310,000
31/12/2007	30/12/2017	1.74	-	1,020,000	-	(100,000)	920,000	-
31/12/2007	30/12/2017	1.65	-	365,000	-	-	365,000	-
18/08/2003	30/06/2013	0.39	241,795	-	-	-	241,795	241,795
01/07/2005	30/06/2009	0.50	500,000	-	-	-	500,000	500,000
01/07/2005	30/06/2009	0.65	500,000	-	-	-	500,000	500,000
31/12/2005	31/10/2009	0.64	3,000,000	-	-	-	3,000,000	2,000,000
30/06/2006	30/06/2009	0.64	3,000,000	-	-	-	3,000,000	3,000,000
30/06/2006	31/10/2009	0.82	4,175,000	-	-	(750,000)	3,425,000	3,425,000
04/12/2006	1/12/2010	0.88	3,000,000	-	-	-	3,000,000	3,000,000
Total			17,341,795	1,725,000	(720,000)	(1,090,000)	17,226,795	14,941,795
Weighted average exercise price			0.74	1.72	0.72	0.93	0.83	-

11.0 notes to the financial statement

for the year ended 30 June 2008

The following share base payment arrangements were in existence under the plan in the prior period:

Grant Date	Expiry Date	Exercise Price	Balance at start of year Number	Granted during the year Number	Exercised during the year Number	Forfeited during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
01/07/2003	30/6/2013	0.39	660,000	-	(390,000)	(30,000)	240,000	240,000
01/01/2004	31/12/2013	0.42	300,000	-	(90,000)	(40,000)	170,000	170,000
30/04/2004	17/03/2007	0.39	250,000	-	(250,000)	-	-	-
01/07/2005	30/06/2014	0.39	250,000	-	(185,000)	(10,000)	65,000	65,000
01/01/2005	31/12/2015	0.54	40,000	-	(20,000)	-	20,000	20,000
30/06/2005	30/06/2016	0.54	380,000	-	(150,000)	(50,000)	180,000	180,000
01/07/2003	30/06/2013	0.39	300,000	-	(300,000)	-	-	-
01/01/2006	31/12/2016	0.89	240,000	-	(50,000)	(40,000)	150,000	150,000
30/06/2006	30/06/2009	0.77	300,000	-	-	-	300,000	300,000
27/06/2006	30/06/2009	0.82	1,700,000	-	-	(650,000)	1,050,000	1,050,000
01/06/2006	30/06/2017	0.81	280,000	-	(30,000)	(20,000)	230,000	230,000
01/01/2007	30/12/2017	1.21	-	410,000	-	-	410,000	-
01/01/2007	30/12/2017	0.95	-	40,000	-	-	40,000	-
01/01/2007	30/12/2017	0.84	-	70,000	-	-	70,000	-
18/08/2003	30/06/2013	0.39	241,795	-	-	-	241,795	241,795
01/07/2005	30/06/2009	0.50	500,000	-	-	-	500,000	500,000
01/07/2005	30/06/2009	0.65	500,000	-	-	-	500,000	500,000
31/12/2005	31/10/2009	0.64	3,000,000	-	-	-	3,000,000	1,000,000
30/06/2006	30/06/2009	0.64	3,000,000	-	-	-	3,000,000	1,500,000
30/06/2006	31/10/2009	0.82	4,175,000	-	-	-	4,175,000	2,600,000
04/12/2006	1/12/2010	0.88	-	3,000,000	-	-	3,000,000	-
Total			16,116,795	3,520,000	(1,465,000)	(840,000)	17,341,795	8,746,795
Weighted average exercise price			0.68	0.92	0.43	0.77	0.74	-

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2008 was \$1.45 (2007 - \$1.03)

The weighted average remaining contractual life of share options outstanding at the end of the period was 2.92 years (2007 – 3.07)

Fair value of options granted

The assessed fair value at grant date of options granted during the year ended 30 June 2008 was 0.28 per option (2007 - 0.25). The fair value at grant date is independently determined using a 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.

11.0 notes to the financial statement

for the year ended 30 June 2008

The exercise price of the options	Consolidated		The Company	
	2008	2007	2008	2007
	Shares	Shares	Shares	Shares
Options issued under the employee option plan	2,810,000	2,935,000	2,810,000	2,935,000
Executive options	14,416,795	14,416,795	14,416,795	14,416,795
	17,226,795	17,351,795	17,226,795	17,351,795

The fair value of the options is independently determined using a 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:

	2008
Expected volatility (%)	23.89
Risk-free interest rate (%)	6.0
Expected Life of options (years)	10
Expected Dividend Yield	4

The expected price volatility is based on the historic volatility.

Total expenses arising from share-based payment transactions recognised during the period as part of the employee option plan were as follows:

	Consolidated		The Company	
	2008	2007	2008	2007
	\$'000	\$'000	\$'000	\$'000
	\$	\$	\$	\$
Options issued under the employee option plan	161	190	161	190
Executive options	182	543	182	543
	343	733	343	733

12.0 directors declaration

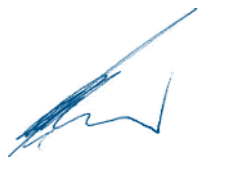
1. In the opinion of the Directors of ASG Group Limited:

- (a) The financial statements and notes set out on pages 40 to 99 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance, as represented by the results of their operations and their cash flows, for the year ended on that date; and
- (b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
- (c) The audited remuneration disclosures included under the heading "Remuneration Report" in the Director's Report comply with Accounting Standards AASB 124 Related Party Disclosures and the Corporations Regulations 2001

The directors have been given the declarations by the chief executive officer and chief financial officer required by section 259A of the corporations Act 2001.

Dated at Perth this 13th day of August 2008.

Signed in accordance with a resolution of the Directors:



Mr Geoff Lewis

Director

13.0 auditors declaration of independence



BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au
ABN 79 112 284 787

13 August 2008

The Directors
ASG Group Limited
267 St George's Terrace
PERTH WA 6000

Dear Sirs

DECLARATION OF INDEPENDENCE BY CHRIS BURTON TO THE DIRECTORS OF ASG GROUP LIMITED

As lead auditor of ASG Group Limited for the year ended 30 June 2008, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- any applicable code of professional conduct in relation to the audit.

This declaration is in respect of ASG Group Limited and the entities it controlled during the year.

Chris Burton
Director

BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
Subiaco, Western Australia

14.0 audit report



BDO Kendalls

BDO Kendalls Audit & Assurance (WA) Pty Ltd
128 Hay Street
SUBIACO WA 6008
PO Box 700
WEST PERTH WA 6872
Phone 61 8 9380 8400
Fax 61 8 9380 8499
aa.perth@bdo.com.au
www.bdo.com.au

ABN 79 112 284 787

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ASG GROUP LIMITED

We have audited the accompanying financial report of ASG Group Limited, which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

14.0 audit report



Auditor's Opinion

In our opinion:

- (a) the financial report of ASG Group Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 30 June 2008 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in sections A – E of the directors' report for the year ended 30 June 2008. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of ASG Group Limited for the year ended 30 June 2008, complies with section 300A of the *Corporations Act 2001*.

Yours faithfully,

BDO Kendalls Audit & Assurance (WA) Pty Ltd

BDO Kendalls

A handwritten signature in black ink that reads 'C Burton'.

Chris Burton
Director

Subiaco, Western Australia
Dated this 13th day of August 2008

15.0 asx additional information

Additional information required by the Australian Stock Exchange Limited Listing Rules and not disclosed elsewhere in this report is set out below.

Shareholdings

Substantial Shareholders

The number of shares held by the substantial shareholders at 7th August 2008 was:

Name	Number of Ordinary Shares Held			
	Quoted	Unquoted	Total	Percentage
Geoffrey James Lewis	13,859,661	-	13,859,661	10.7
Michelle Mary Thomas + Stephen Norman Tull	12,257,899	-	12,257,899	9.5
Renaissance Smaller Companies Pty Ltd	11,114,952	-	11,114,952	5.9
Adam Smith Asset Management Pty Ltd	6,710,905	-	6,710,905	5.2
Commonwealth Bank of Australia	6,434,760	-	6,434,760	5.0

Class Of Shares And Voting Rights

At the 7th August 2008 there were 2,061 holders of the ordinary shares of the Company. The voting rights attaching to the ordinary shares, set out in clause 14 of The Company's Constitution, are:

Subject to any rights or restrictions for the time being attached to any class or classes of shares:

(a) at meetings of members or classes of members each member entitled to vote may vote in person or by proxy or attorney; and

(b) on a show of hands every person present who is a member has one vote, and on a poll every person present in person or by proxy or attorney has one vote for each ordinary share held.

On-market Buy-back

There is no current on-market buy-back.

Distribution of equity security holders (as at 7th August 2008)

Category	Number of Shareholders	
	Ordinary ^A	Options
1-1,000	1,106	-
1,001-5,000	324	-
5,001-10,000	214	112
10,001-100,000	339	36
100,001 and over	78	18
	2,061	166

^A Holders of quoted and unquoted shares ^B Holders of restricted and unrestricted options

15.0 asx additional information

Twenty Largest Shareholders (as at 7 August 2008)	Number Held	Percentage
National Nominees Ltd	15,853,214	12.3%
Geoffrey James Lewis	13,859,661	10.7%
Michelle Mary Thomas & Stephen Norman Tull	12,257,899	9.5%
Cogent Nominees Pty Ltd	7,621,406	5.9%
J P Morgan Nominees Australia Pty Ltd	7,546,808	5.8%
Citicorp Nominees Pty Ltd	6,977,532	5.4%
ANZ Nominees Pty Ltd	5,453,161	4.2%
Australian Foundation Investment Company	5,396,266	4.2%
Bond Street Custodians Ltd	5,244,786	4.1%
Mirrabooka Investments Ltd	5,235,245	4.1%
Amcil Limited	3,192,302	2.5%
Queensland Investment Corporation	2,427,800	1.9%
HSBC Custody Nominees (Australia) Pty Ltd	1,839,013	1.4%
Mr Robert Andrew Potter	1,525,332	1.2%
BKV Investments Pty Ltd	1,399,249	1.1%
Mr William Ratcliff	1,239,735	1.0%
ANZ Nominees Ltd	1,225,161	0.9%
Sasse Pty Ltd	1,005,301	0.8%
Mr John Gregory Downer	1,000,000	0.8%
MR Andrew Bruce McInnes	926,482	0.7%
	101,226,353	78.44%

Advance | Succeed | Grow