



Level 1 267 St Georges Terrace  
Perth WA 6000  
PO Box 227 West Perth WA 6872  
Tel: (618) 9420 5420  
Fax: (618) 9420 5422  
E-mail: [info@asggroup.com.au](mailto:info@asggroup.com.au)  
Internet: [www.asggroup.com.au](http://www.asggroup.com.au)

**ASX ANNOUNCEMENT**  
**Perth, Tuesday 27th February 2007**

## **ASG Posts Record Half Year**

### **Highlights**

- **Revenue up 18%**
- **EBITDA up 45%**
- **NPBT up 56%**
- **Strong Increase in Contracted Backlog**
- **Record First Half Performance**
- **Declares 50% increase in Fully-Franked Dividend**
- **Strong Operating Cashflow**
- **Continues Successful Acquisition Program**
- **Strengthening Share Register**
- **Predicts Strong Full Year Performance**

IT services provider ASG Group Limited (ASX:ASZ) today announced a net profit after tax of \$2.9 million for the six months to 31 December 2006, an increase of 30% over the previous corresponding period.

The strong result was driven by revenue that rose 18% to \$33 million for the half year. EBITDA also grew very strongly, up 45% at \$4.2 million, and NPBT was up 56% at \$3.5 million.

Basic earnings per share for the six months increased to 2.5 cents, a rise of 22%, and the Directors have declared a fully franked dividend of 1.5 cents per share – up 50% on the previous interim distribution.

ASG Managing Director Geoff Lewis said that the result was the strongest first half result ever recorded by the Company.

“With a business profile which is strongly weighted towards the second half of each financial year, we are extremely pleased to see this first half result for FY07 virtually equalling the record levels achieved in the second half of FY06,” he said.

“EBITDA is a reliable guide to the progress being made in the development of ASG. With a 45% lift over last year, we have shown that the Company continues to effectively generate and control strong growth in both its revenue and its organisation.”

	December 2005	December 2006	% Change
NPBT	\$2.2 million	\$3.5 million	+56%
NPAT	\$2.2 million	\$2.9 million	+30%
EBITDA	\$2.9 million	\$4.2 million	+45%
Revenue	\$28.1 million	\$33 million	+18%
EPS	2.04 cents	2.5 cents	+ 22%
Dividend	1 cent	1.5 cents	+ 50%

Mr Lewis said ASG was poised to benefit in the second half from a number of recent operational successes, including a major contract win with Qantas to supply IT systems integration and management services.

“We stand to derive significant additional benefits from the full-scale operation of the large contracts that we have secured or commenced during the past six months,” he said.

“In addition, substantial financial and synergistic benefits are expected to flow from the acquisition of Vindaloo Systems, which became part of the ASG Group late last year.”

Key to ASG’s achievements during the period was the continued development of a national approach to management and delivery of services.

Although resources are dispersed throughout the ASG branch network, the delivery processes are increasingly developed and scheduled centrally. This enables a wide range of resources to be available for tasks located anywhere across the ASG client base. As well as enhancing service at a client level, the ASG delivery model produces higher utilisation, more flexibility and lower unit costs.

Continuing the momentum established in the 2006 financial year, ASG has continued to capture significant new business in a market which is still exhibiting strong growth attributes across both government and private sectors.

“We are now very well established across all geographic markets. The acquisition of Vindaloo Systems was a vital step in completing our critical mass in the Sydney area,” said Mr Lewis.

“ASG continues to win significant business across the whole market and we are addressing major bids across the country. As we predicted during last year, our reference sites and track record have made us strong contenders with a steady flow of new wins adding to our contracted backlog.”

During the period, ASG raised capital to facilitate its acquisition of Vindaloo and to meet the expanded working capital needs of the combined businesses. The acquisition is expected to be strongly earnings accretive in a full financial year.

Mr Lewis said growing earnings per share has been a focus for the company and that the Board was pleased with the 22% increase.

“Our weighted capital has increased by a little more than 6%, but our EPS has gone up by 22% on that expanded capital,” he said.

“ASG’s market rating has also received a boost with the Company passing the \$100 million market capitalisation milestone, increasing institutional interest and improving access to capital for further expansion while benefiting current shareholders.

“Further, the business is producing a positive operating cash flow after attending to the working capital needs generated by organic growth. Our strategy continues to address that requirement most effectively,” he said.

In line with the past several reporting periods, the tight employment market continued to be a challenge and finding experienced staff remains a priority.

“Our workforce has now reached 546, up from 452 at the start of the financial year and compared to 389 at this time last year. Competition for people is fierce, so recruitment, retention and staff productivity are all vital priorities for us in this current economic cycle.”

The outlook for the Company, its markets and the economy generally seem positive for the remainder of this year.

“We are gearing up for many opportunities throughout Australia and expect significant sales success during the remainder of 2007. In well-qualified sales situations we have been able to consistently overcome our direct competitors,” said Mr Lewis.

“Organic growth remains strong, and we will maintain our commitment to our targeted acquisition strategy. The ASG business model and delivery processes are working effectively and we expect to finish FY07 very strongly, continuing our recent record performance.”

-ends-

## Appendix 4D

### Half Year Report to the Australian Stock Exchange

<b>Name of Entity</b>	ASG Group Ltd
<b>ABN</b>	57 070 045 117
<b>Half Year Ended</b>	31 December 2006
<b>Previous Corresponding Reporting Period</b>	31 December 2005

#### Results for Announcement to the Market

	\$'000	Percentage increase / (decrease) over previous corresponding period
<b>Revenue from ordinary activities</b>	33,043	17.6%
<b>Profit / (loss) from ordinary activities after tax attributable to members</b>	2,875	29.9%
<b>Net profit / (loss) for the period attributable to members</b>	2,875	29.9%
<b>Dividends (distributions)</b>	<b>Amount per security</b>	<b>Franked amount per security</b>
<b>Final Dividend</b>	Nil	Nil
<b>Interim Dividend</b>	1.5 cents	100%
<b>Record date for determining entitlements to the dividends (if any)</b>	19 March 2006	
<b>Total issued and paid up ordinary shares</b>	123,919,454	
<b>Brief explanation of any of the figures reported above necessary to enable the figures to be understood:</b>		
<p>Revenue for the half year to December 2006 was \$33.0 million, up 18% from the previous corresponding period. EBITDA was \$4.2 million, up 45% supporting the declaration of a fully franked dividend of 1.5 cents per share, a 50% increase on the interim dividend paid last year. NPBT was \$3.5 million (up 56%) and NPAT rose to \$2.9 million (up 30%).</p> <p>In general the company has continued to reap the benefits of its broad established infrastructure.</p>		

The trend of growing revenue and leveraging the existing cost base is delivering accelerating profits with strong growth continuing in ASG's chosen markets.

As in previous periods, the company has placed emphasis on controlling costs during periods of high growth. This effort has been reflected in profit increases well in excess of turnover with EBIT growing more than three times as quickly as revenue. Although the result shows strong growth in profitability, the revenue achieved does not yet reflect the significant contracts and new acquisitions secured later in the period and which will assist in driving the Company forward in the second half.

A particular and growing influence on productivity, and therefore cost-effectiveness, has been the continued development of our national focus on service delivery. Although resources are dispersed throughout the ASG branch network, the delivery processes are increasingly developed and scheduled centrally. This enables a wide range of resources to be available for tasks located anywhere across the ASG client base. The use of our infrastructure and Australia-wide network allows better service to clients whilst delivering economies of scale to the Company. Having achieved critical mass in all major locations, continuing unit-cost reduction is expected to be a feature of the ASG financial structure for the foreseeable future.

The balance sheet continues to strengthen as the business grows. Some debt has been taken on to provide a balance to our recent emphasis on capital to support business growth and our acquisition program. Debt still remains at very manageable levels with trading results showing very strong coverage of interest and debt reduction obligations.

As with recent periods, and even in the context of increasing turnover, the business continues to generate positive cash flow from operations, supporting its own growth and providing cash for investor returns. Working capital management is an ongoing priority and resources committed here continue to be contained within operational parameters.

The NPAT, when compared with prior period, is influenced by an increasing taxation expense as the Company brings tax to account after booking the benefit of prior period tax losses during prior accounting periods. With NPBT up 56% on the previous corresponding period, the impact of the tax expense has NPAT rising by 30%, still significantly ahead of the lift in turnover.

The increase of share capital primarily reflects the acquisition of Vindaloo Systems late in the period and the shareholder response to the Dividend Reinvestment Program. The Vindaloo acquisition is expected to be strongly earnings accretive in its first full financial year as part of ASG Group. Overall, with the weighted average shares on issue up 6.4% to 115.5 million, EPS has risen 22% over the first half of last year.

## Dividends

<b>Date the dividend is payable</b>	6 April 2007
<b>Record date to determine entitlement to the dividend</b>	19 March 2007
<b>Amount per security</b>	1.5 cents
<b>Total dividend</b>	1,858,792
<b>Amount per security of foreign sourced dividend or distribution</b>	N/A
<b>Details of any dividend reinvestment plans in operation</b>	Dividend fully eligible DRP discount of 5% will apply
<b>The last date for receipt of an election notice for participation in any dividend reinvestment plans</b>	19 March 2007

## NTA Backing

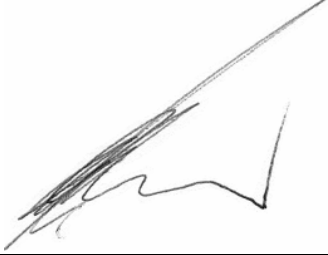
	<b>Current Period</b>	<b>Previous corresponding period</b>
<b>Net tangible asset backing per ordinary security</b>	4.23 cents	5.90 cents

## Audit/Review Status

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

## Attachments Forming Part of Appendix 4D

<b>Attachment #</b>	<b>Details</b>
1	Half Year Financial Report
2	Review Report

<b>Signed By (Director/Company Secretary)</b>	
<b>Print Name</b>	Mr Geoff Lewis
<b>Date</b>	27 February 2007

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

**INTERIM FINANCIAL REPORT  
FOR THE PERIOD ENDED 31 DECEMBER 2006**

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

**DIRECTORS' REPORT**

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Your Directors submit the financial report of the economic entity for the half-year ended 31 December 2006.

**DIRECTORS**

The names of the Directors who held office during or since the end of the half-year:

Mr Stanley Lewis  
Mr Geoff Lewis  
Mr John McConnell

Mr Ronald Baxter  
Mr Stephen Johnston

**Review of Operations**

A review of the operations of the consolidated entity during the financial period is set out on pages 1 to 3 of the announcement attached to the Appendix 4D.

**Events Subsequent to Reporting Date**

Since the end of the half year, ASG has disposed of fixed assets with net value of \$168,181 whilst acquiring a fixed asset worth \$356,140. Both were financed through Hire Purchase agreements.

The board resolved to pay a 1.5 cent fully franked dividend to shareholders on the 6<sup>th</sup> of April 2007.

**Auditors Independence Declaration**

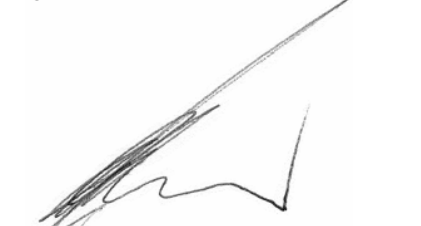
The Auditor's Independence Declaration on page 21 forms part of the Director's Report for the half-year ended 31 December 2006.

**Rounding of Amounts**

The economic entity has applied the relief available to it in ASIC Class Order 98/100 and accordingly certain amounts in the financial report and the Directors' report have been rounded off to the nearest \$1,000.

Dated at Perth this 27 day of February 2007

Signed in accordance with a resolution of the Directors:



Mr Geoff Lewis  
Director

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

**Condensed Income Statement**  
**for the Half-Year Ended 31 December 2006**

	<b>Consolidated</b>	
	<b>December 2006</b>	<b>December 2005</b>
	<b>\$(‘000)</b>	<b>\$(‘000)</b>
Revenue from sale of goods	1,003	1,093
Revenue from rendering of services	31,992	26,953
Other revenues from ordinary activities	48	62
<b>Total revenue</b>	<b>33,043</b>	<b>28,108</b>
Cost of sales	(1,045)	(1,643)
Borrowing costs	(137)	(144)
Depreciation and amortisation expenses	(679)	(621)
Employee expenses	(25,889)	(21,066)
Share Based Payments	(284)	(93)
Telecommunications and Internet expenses	(326)	(299)
Insurance	(269)	(244)
Professional fees	(311)	(167)
Rental expenses	(519)	(415)
Other expenses from ordinary activities	(131)	(1,203)
<b>Profit before income tax expense</b>	<b>3,455</b>	<b>2,213</b>
Income tax expense	(580)	-
<b>Profit after tax from continuing operations</b>	<b>2,875</b>	<b>2,213</b>
<b>Net profit for the half year</b>	<b>2,875</b>	<b>2,213</b>
<b>Net profit attributable to members of ASG Group Ltd</b>	<b>2,875</b>	<b>2,213</b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings per share	2.49	2.04
Diluted earnings per share	2.44	2.01

The above Condensed Income Statement should be read in conjunction with the accompanying notes

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

**Condensed Balance Sheet**  
**for the Half-Year Ended 31 December 2006**

	Consolidated	
	December 2006 \$(‘000)	June 2006 \$(‘000)
<b>CURRENT ASSETS</b>		
Cash assets	5,806	3,143
Receivables	12,347	13,723
Inventories	146	59
Other	714	719
<b>Total current assets</b>	<u>19,013</u>	<u>17,644</u>
<b>NON-CURRENT ASSETS</b>		
Other financial assets	11	11
Plant and equipment	2,546	2,532
Deferred tax assets	4,378	4,393
Intangible assets	38,597	29,289
<b>Total non-current assets</b>	<u>45,532</u>	<u>36,225</u>
<b>TOTAL ASSETS</b>	<u>64,545</u>	<u>53,869</u>
<b>CURRENT LIABILITIES</b>		
Payables	10,897	12,681
Interest-bearing liabilities	1,060	1,148
Provisions	38	119
Current tax liabilities	791	696
Other	12	595
<b>Total current liabilities</b>	<u>12,798</u>	<u>15,239</u>
<b>NON-CURRENT LIABILITIES</b>		
Payables	1,545	-
Interest bearing liabilities	4,083	1,480
Deferred tax liabilities	1,856	1,314
Provisions	428	403
<b>Total non-current liabilities</b>	<u>7,912</u>	<u>3,197</u>
<b>Total liabilities</b>	<u>20,711</u>	<u>18,346</u>
<b>NET ASSETS</b>	<u>43,834</u>	<u>35,433</u>
<b>EQUITY</b>		
Contributed equity	55,149	47,391
Accumulated losses	(12,121)	(12,407)
Reserves	806	449
<b>Total equity and parent entity interest</b>	<u>43,834</u>	<u>35,433</u>
<b>TOTAL EQUITY</b>	<u>43,834</u>	<u>35,433</u>

The above condensed Balance Sheet should be read in conjunction with the accompanying notes

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

**Condensed Statement of Changes in Equity**  
**for the Half-Year Ended 31 December 2006**

	Note	Issued Capital \$'000	Retained Earnings \$'000	Other Reserves \$'000	Total Equity \$'000
<b>At 1 July 2005</b>		<b>(42,396)</b>	<b>14,030</b>	<b>(344)</b>	<b>(28,710)</b>
Issue of ordinary shares in relation to Exceed		(2,100)	-	-	(2,100)
Issue of ordinary shares under the Dividend Re-investment Plan		(1,084)	-	-	(1,084)
Issue of ordinary shares for options converted		(1,468)	-	-	(1,468)
Profit for the period		-	(2,213)	-	(2,213)
Net recognised income and expense for the period			(2,213)		(2,213)
Dividends Paid		-	2,438	-	2,438
Cost of Share Based Payments		-	-	(93)	(93)
<b>At 31 December 2005</b>		<b>(47,048)</b>	<b>14,255</b>	<b>(437)</b>	<b>(33,230)</b>
<b>At 1st July 2006</b>		<b>(47,391)</b>	<b>12,407</b>	<b>(449)</b>	<b>(35,433)</b>
Issue of ordinary shares in relation to Vindaloo	8	(1,090)	-	-	(1,090)
Issue of ordinary shares under the Dividend Re-investment Plan		(1,320)	-	-	(1,320)
Issue of ordinary shares for options converted		(1,098)	-	-	(1,098)
Capital Raising		(4,250)	-	-	(4,250)
Dividends paid		-	2,589	-	2,589
Profit for the period		-	(2,875)	-	(2,875)
Net recognised income and expense for the period			(2,875)		(2,875)
Cost of Share Based Payments		-	-	(283)	(283)
Option Consideration	8	-	-	(74)	(74)
<b>At 31 December 2006</b>		<b>(55,149)</b>	<b>12,121</b>	<b>(806)</b>	<b>(43,834)</b>

The above condensed Balance Sheet should be read in conjunction with the accompanying notes

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

**Condensed Cash Flow Statement**  
**for the Half-Year Ended 31 December 2006**

	Note	Consolidated	
		December 2006 \$('000)	December 2005 \$('000)
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts in the course of operations		34,492	27,139
Cash payments in the course of operations		(32,129)	(23,829)
Borrowing costs paid		(90)	(144)
Interest received		40	62
Income tax paid		(535)	(640)
Other		(31)	-
<b>Net cash provided by/(used in) operating activities</b>		<u>1,748</u>	<u>2,587</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for plant, property and equipment		(323)	(245)
Proceeds from plant, property and equipment		-	-
Payments for IP		(1,007)	(199)
Proceeds from sale of business		-	-
Payments for Subsidiaries, net of cash acquired	8	(4,073)	(45)
<b>Net cash used in investing activities</b>		<u>(5,403)</u>	<u>(489)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of shares		5,348	968
Proceeds from borrowings		3,100	-
Dividends Paid		(1,268)	(1,353)
Finance lease payments		(269)	(324)
Repayment of borrowings		(593)	(564)
<b>Net cash provided by financing activities</b>		<u>6,318</u>	<u>(1,273)</u>
<b>Net increase/(decrease) in cash held</b>		2,663	825
<b>Cash at the beginning of the financial period</b>		3,143	3,539
<b>Cash at the end of the financial period</b>		<u><u>5,806</u></u>	<u><u>4,364</u></u>

The above condensed Cash Flow statement should be read in conjunction with the accompanying notes

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

**Notes to the Financial Statements**  
**for the Half-Year Ended 31 December 2006**

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**Note 1. Basis of preparation of half-year financial report**

This general purpose financial report for the interim half-year reporting period ended 31 December 2006 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*, other mandatory professional reporting requirements (Urgent Issues Group Consensus Views), other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2006, which was prepared based on Australian equivalents to International Financial Reporting Standards ('AIFRS') and any public announcement made by ASG Group Ltd during the interim reporting period in accordance with the continuous disclosure requirements of the *corporations Act 2001*.

**Note 2. Dividends**

	<b>Half Year</b>	
	<b>2006</b>	<b>2005</b>
	<b>\$'000</b>	<b>\$'000</b>
Dividends paid for during half year.	2,588	2,437

**Note 3. Equity Securities Issued**

<b>Issue of ordinary securities during the half-year</b>	<b>Half Year</b>		<b>Half year</b>	
	<b>31 December 2006</b>	<b>31 December 2006</b>	<b>31 December 2005</b>	<b>31 December 2005</b>
	<b>'000</b>	<b>No of shares</b>	<b>'000</b>	<b>'No of shares</b>
Issue of ordinary shares in relation to Vindaloo (2006) /Exceed (2005)	1,090	1,262	2,600	5,189
Issue of ordinary shares under the Dividend Re-investment Plan	1,320	1,570	1,084	2,141
Issue of ordinary shares for options converted	1,098	2,308	1,468	2,934
Capital Raising	4,250	5,000	-	-

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

**Notes to the Financial Statements**  
**for the Half-Year Ended 31 December 2006**

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**Note 4. Debt Securities Issued**

During the half year ASG increased its debt facility with its banking institution by \$3,100,000 to fund various financial undertakings such as the final performance payment to Exceed Systems Pty Ltd. It also made Hire Purchase and Finance lease payments totalling \$269,000.

**Note 5. Contingent Liabilities**

There has been no change in contingent liabilities since the full year. There is an ongoing damages claim in relation to a remuneration dispute against ASG (Asia Pacific). The company has disclaimed liability and is defending the actions. It is not practical to estimate the potential effect of these claims but legal advice indicates that any liability that may arise in the unlikely event the claims are successful will not be significant.

**Note 6. Segmental Information**

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

**Note 7. Subsequent Events**

Since the end of the half year, ASG has disposed of fixed assets with net value of \$168,181 whilst acquiring a fixed asset worth \$356,140. Both were financed through Hire Purchase agreements.

The board resolved to pay a 1.5 cent fully franked dividend to shareholders on the 6<sup>th</sup> of April 2007.

**Note 8. Business Combinations**

During the half year, ASG expended the following in relation to Business Combinations:

	<b>\$000</b>
Exceed Pty Ltd	2,652
SMP Pty Ltd	48
Sysao Pty Ltd	-
Vindaloo Pty Ltd	1,373
	<u>4,073</u>

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

**Notes to the Financial Statements**  
**for the Half-Year Ended 31 December 2006**

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**Acquisition of Exceed Pty Ltd**

During the half year period, the company paid \$2,652,000 deferred consideration which was due to the Exceed Vendors. Exceed was initially acquired in the 30 June 2005 reporting period.

**Acquisition of SMP Pty Ltd**

ASG also paid \$48,000 towards the acquisition of SMP Pty Ltd. This company was acquired in the prior reporting period.

**Acquisition of Sysao Pty Ltd**

On the 1<sup>st</sup> of December 2006 the parent entity acquired assets in Sysao Pty Ltd. Sysao's employees have been fully integrated within the parent entity.

**Details of acquisitions is as follows:**

	<b>31 December 2006 \$'000</b>	<b>31 December 2005 \$'000</b>
Provisions	(33)	
	(33)	-
Goodwill on consolidation	486	
<b>Purchase consideration:</b>	<b>453</b>	<b>-</b>
Cash	-	
Share capital in ASG Group Ltd	-	
Consideration - Options	74	
Deferred consideration – Cash	234	
Other	145	
Acquisition Costs – To be Paid	-	
Restructuring costs paid	-	
<b>Total Purchase Cost</b>	<b>453</b>	<b>-</b>
Outflow of cash to acquire controlled entity	-	
<b>Total cash outlaid to controlled entity</b>	<b>-</b>	<b>-</b>
<b>Balances acquired</b>		
Cash Balance Acquired		
<b>Outflow / (inflow) of cash</b>	<b>-</b>	<b>-</b>

The deferred consideration of \$234,000 is included within “payables” on the balance sheet at 31 December 2006.

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

**Notes to the Financial Statements**  
**for the Half-Year Ended 31 December 2006**

**Acquisition of Vindaloo Pty Ltd**

On the 31st of October 2006 the parent entity acquired 100% of the issued capital in Vindaloo Systems Pty Ltd

**Details of acquisitions is as follows:**

	<b>31 December 2006 \$'000</b>	<b>31 December 2005 \$'000</b>
Plant and equipment	76	
Trade debtors and other receivables	705	
Cash	627	
Accruals and other payables	(517)	
Provisions	(233)	
Company Tax Payable	(609)	
Other liability	-	
	<b>49</b>	-
Goodwill on consolidation	6,396	-
	<b>6,445</b>	-
 <b>Purchase consideration:</b>		
Cash	2,000	
Share capital in ASG Group Ltd	1,090	
Deferred consideration - Shares	1,090	
Deferred consideration – Cash	2,000	
Acquisition Costs – Paid	265	
<b>Total Purchase Cost</b>	<b>6,445</b>	-
 Outflow of cash to acquire controlled entity	2,000	
<b>Total cash outlaid for controlled entity</b>	<b>2,000</b>	-
 <b>Balances acquired</b>		
Cash Balance Acquired	(627)	
<b>Outflow / (inflow) of cash</b>	<b>1,373</b>	-

The deferred consideration is due in two stages:

- \$1,545,000 is due on 24<sup>th</sup> November 2007, and
- \$1,545,000 is due on 24<sup>th</sup> November 2008

Both these liabilities are included within “payables” as at 31 December 2006.

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

**DIRECTORS' DECLARATION**

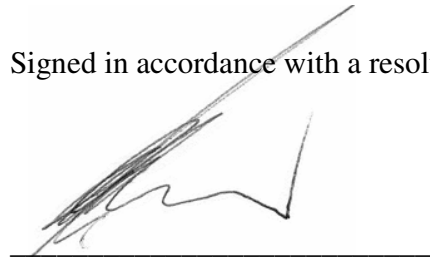
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The directors of the company declare that;

1. The financial statements and notes, as set out on pages 10 to 17:
  - (a) comply with Accounting Standard AASB 1029: Interim Financial Reporting and the Corporations Regulations; and
  - (b) give a true and fair view of the economic entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Dated at Perth this 27 day of February 2007.

Signed in accordance with a resolution of the Directors:



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Mr Geoff Lewis  
Director



Chartered Accountants  
& Advisers

Level 8, 256 St George's Terrace Perth WA 6000  
PO Box 7426 Cloisters Square Perth WA 6850  
Tel: (61-8) 9360 4200  
Fax: (61-8) 9481 2524  
Email: [bdo@bdowa.com.au](mailto:bdo@bdowa.com.au)  
[www.bdo.com.au](http://www.bdo.com.au)

## INDEPENDENT AUDITOR'S REVIEW REPORT

To the Members of ASG Group Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of ASG Group Limited, which comprises the condensed balance sheet as at 31 December 2006, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year end or from time to time during the half-year.

#### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the disclosing entity are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

#### *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the disclosing entity's financial position as at 31 December 2006 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ASG Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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





Chartered Accountants  
& Advisers

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### *Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, provided to the directors of ASG Group Limited on 26 February 2007, would be in the same terms if provided to the directors as at the date of this auditor's review report.

### *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2006 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001.

**BDO**  
Chartered Accountants

**B G McVEIGH**  
Partner

Perth, Western Australia

Dated this 26<sup>th</sup> day of February 2007





Chartered Accountants  
& Advisers

Level 8, 256 St George's Terrace Perth WA 6000  
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Email: [bdo@bdowa.com.au](mailto:bdo@bdowa.com.au)  
[www.bdo.com.au](http://www.bdo.com.au)

26 February 2007

The Directors  
ASG Group Limited  
PO Box 227  
WEST PERTH WA 6872

Dear Sirs

**DECLARATION OF INDEPENDENCE BY BDO TO THE DIRECTORS OF ASG GROUP LIMITED**

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 review; and
- any applicable code of professional conduct in relation to the review.

Yours faithfully  
**BDO**  
Chartered Accountants

**BG McVeigh**  
Partner

