ASG annual report 2013

COMPANY DIRECTORY

Directors

Ron Baxter	Independent Non-Executive Chairman
Geoffrey Lewis	Managing Director
Ian Campbell	Independent Non-Executive Director
Trevor O'Hoy	Independent Non-Executive Director
Stephen Johnston	Independent Non-Executive Director

Key Management

Geoffrey Lewis	Chief Executive Officer
Dean Langenbach	Chief Operating Officer
Michael Large	Chief Financial Officer
Gerald Strautins	Executive – Strategy
Michelle Bevan	Executive – People & Culture
Peter Torre	Company Secretary

Registered Office

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Web Site

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Auditors

BDO Audit (WA) Pty Ltd
38 Station Street
SUBIACO WA 6008

Solicitors

Murcia Pestell Hillard
Level 3, 23 Barrack St
PERTH WA 6000

Corporate Advisors

UBS Investment Bank
Level 16, Chifley Tower
2 Chifley Square
SYDNEY NSW 2000

Share Registry

Computershare Investor Services Pty Limited
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Perth WA 6000
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Stock Exchange Listings

Australian Stock Exchange

ASX: ASZ

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1.0 CHAIRMAN'S LETTER

DEAR FELLOW SHAREHOLDER

The year to June 2013 has been one of important strategic change for both your company and the information technology industry. The worldwide trends in the use and means of delivery of both business and personal information is gathering pace and is now evident in the marketplace, and is already being reflected in the financial results of the industry participants. Depending upon the positioning and capabilities of each specific market participant, this presents either a great challenge or an historic opportunity.

The predictions made by industry analysts over the past several years are now being fulfilled, with strong growth being experienced in the new areas and shrinkage in margins already apparent in many traditional areas.

The Company recorded an after tax 2013 loss of $26.7M which was predominantly driven by a $17.7M impairment charge restructuring the Company's Balance Sheet. The impairment charge relates to our view that there is a worldwide trend away from traditional IT services in favour of new world approaches. Accordingly, we have adjusted our balance sheet to reduce the investment in traditional IT services assets.

In February 2013, the Company announced it had achieved annualised savings of $8M of which can be evidenced in the fourth quarter result where the Company generated a $1.4M profit and EBITDA earnings of $3.7M. This result is very encouraging as the Company enters 2014 financial year with some sizeable contract wins.

Additional detail on our financial results and our strategic initiatives is provided in the operating and financial review section of this report.

Looking back over the year it is important to reflect on all aspects of our strategic actions.

Most important, the company recognised early the strategic shift in information technology markets and the way IT is used and delivered throughout the world. There was a need to aggressively seek strategic change in what we offer our clients and the way we service their needs. As outlined in previous communications to you, these actions have been underway for some time and we specifically devoted significant human and financial resources to this objective. These initiatives have strongly influenced our priorities and our financial results.

We began our pursuit of the new paradigm before the strategic shift was recognised, or broadly understood in Australia. This opened ASG to criticism from a number of quarters where the implications for the marketplace were not fully understood, as well as incurring costs associated with being an early adopter. Subsequent Industry developments have proven the strategy to be correct. The new market segments are developing and their expansion is gathering pace. We are achieving revenue success in the 'New World' of IT services whilst traditional providers in all mature international markets are starting to suffer revenue shrinkage, and many of our competitors unable to make the necessary business transformation to survive in the long term.

The evidence is now clear throughout the world that all manner of traditional IT business models are struggling and need to change. Private and government sector CEO and CFO demands for more productive, economical and maintainable business processes require fundamental change in how IT assets are owned and used. Cloud, standardisation and unit-based facility provision and utility pricing of IT resources answer these requirements. Cost structures will be driven down by orders of magnitude.

At a time when we were investing in quite fundamental changes in the service offerings available to our clients, we were also undertaking the pursuit of very large managed service contract opportunities. Although well positioned for a number of these opportunities - through either direct invitation or being short-listed - a change in business and political imperatives for the clients saw the awarding of the contracts postponed, and the opportunities withdrawn. The pursuits of such opportunities are resource intensive over a long period.

At the midpoint of the 2013 financial year, with our programme of work in new structures and processes complete, the ASG Executive reviewed our position and our operations as they then existed. It was apparent that although we got many aspects right, it was also evident that ASG was unable to sustain the cost and cash impact of the concurrent pursuit of very large managed service opportunities in the traditional manner and investment in the strategic New World opportunities.

Accordingly, in February this year we realigned our business and our cost structures to emphasise the emerging New World services that are expanding rapidly and reduced our focus and expenditure in traditional areas which are now maturing and beginning to languish as clients embrace change.

As we have previously notified in various announcements, annualised savings of $8M were secured by this action, improving our profitability and operating cash flow. At the same time, our approach to strategic sales pursuit was refined. We continue to emphasise cost effectiveness and productivity in all aspects of our operations. This financial strength has been sustained through the final five months of the financial year and positions us well for the 2014 financial year.

With this evolutionary and revolutionary investment complete, we have reviewed our accounting policies as foreshadowed to be consistent with our re-aligned business model. These changes bring the financial and management reporting in-line. We have discontinued our practice of capitalising, and then amortising, costs of winning and implementing major managed services contracts. To be consistent with our new style of marketing, implementation and provision of IT services, all such costs will now be expensed as incurred. Therefore operating cash flow will be directly related to report profit and annual amortisation expense will also be reduced. This better reflects the structure and operation of our business, and enhances accountability and transparency.

Following an independent review and valuation exercise, we have written down intangible assets and goodwill which cannot justify their balance sheet valuations in a new environment in which traditional services, as the mainstay of the business, are expected to diminish in importance as new segments continue to grow.

Our balance sheet is now conservative and expected to strengthen consistently through enhanced operating cash generation.

As reported, ASG has also restructured and extended its bank facilities agreement with long-term arrangements now maturing in 2018. The long term nature of these facilities, in the current economic climate, demonstrates strong belief of our financiers in the strong fundamentals of the business model underpinning our operations. The restructure has allowed our interest costs to be reduced and we expect solid and sustained operating cash flow to enable ASG to pursue a key priority of rapid debt reduction.

Looking forward, the Directors and our Executive Team are satisfied that ASG is well positioned to succeed in the rapidly expanding segments of the services market.

The IT world is now all about the Information and not the Technology. Our offerings are designed to assist the client to better manage information, increase productivity and flexibility and improve costs - all to drive business outcomes. Recent wins, which have been announced to the market, demonstrate our traction in these segments and are expected to drive continued growth, even though the economic outlook appears difficult. More importantly this continued success is underpinned by the fact our delivery capability is able to scale without any further investment in fixed operational costs.

The advantage of our services and approach, which set out to reduce costs and improve business effectiveness, is that client demand is driven by tough economic times.

As we assess the outlook for the 2014 financial year, one key criterion for measurement of business success in this environment will be profitable, organic revenue growth. Those organisations which are appropriately positioned and skilled, such that they can provide clients with access to New World information management, will expand both their revenue base and their influence in the new market. Those that are too closely tied to provision of traditional commodity services will struggle to expand in this environment.

We believe that your company has completed the hard work and expense required to take advantage of the opportunities presented by this fundamental change. We therefore expect the 2014 financial year to be one of solid revenue growth during the tight economic cycle.

As a final important point, the directors wish to acknowledge the long-term, valuable contribution to the development and governance of our company made by our colleague John McConnell who passed away earlier this year. We are grateful to him and miss his support and counsel on the Board.

Thankyou for your support of ASG.

Yours sincerely

Ron Baxter
Chairman of ASG Group Ltd

2.0 CHIEF EXECUTIVE OFFICER REPORT

FINANCIAL AND OPERATIONAL REVIEW

INTRODUCTION

The 2013 Financial Year has seen the completion of the journey to transform ASG into a major player in New World computing in the Australian market. This transformation reflects the changes that are gathering pace in global arena, and are being seen by client organisations and supplier organisations alike as being key to the way businesses will operate.

The business model that ASG now has in place is ideally suited to provide the range of services to clients that wish to engage with a key partner in supporting their current ICT operations, while moving them through a transformation process to take advantage of the New World of ICT services, and the underlying 'as a service' business outcome models that provide both an economic and competitive edge to their operations.

This is not simply about cloud computing. This is business transformation to work with clients to transform their applications, infrastructure, facilities, personnel and processes into a cost effective consumption model delivered as a business outcome.

ASG Group Limited has a number of core capabilities, with proven performance in:

- Professional Services
- Managed Services, and
- New World operations

This uniquely positions the Company against domestic and foreign competitors in the ability to provide the complete services and expertise to effect the necessary business model changes.

While the transformation of the business model to facilitate the New World capability has not been without its challenges, ASG has been able to complete the transformation while continuing to successfully operate in a tough economic and political climate. The strength of our business model, underpinned by long term managed services contracts, has provided the financial base to successfully implement necessary changes.

Key Operational & Financial highlights for 2013 year include:

- Revenues of $152.5M, representing an increase over the previous year despite delays and contraction in the Government Information Technology budgets
- Restructured company, realising a lower cost base of $8M (annualised)
- Strong recurring income base with additional New World transformation projects contracted

REVIEW OF OPERATIONS

Despite having a strong underlying platform of long term contracts and resultant projects, like all services companies ASG is not completely immune from the prevailing economic climate. The business strategy developed for 2013 year was predicated on 3 key premises, being:

- Exploitation of Professional Services capabilities through major projects
- Expand the Managed Services base through the pursuit of very large multi-million contracts
- Expand the capability & portfolio of New World clients

To this end ASG has been partially successful.

The revenue related to professional service projects has remained steady, being sourced via both managed service contracts and ASG's reputation in the marketplace as a leader ERP, business intelligence and technical services domains.

The capability & profile of ASG in the New World ICT space has been achieved, with an expansion of its client base in the Software as a Service, Platform as a Service, and increasingly in the Federal government space, Infrastructure as a Service provider. Further the investment and focus in pursuing new opportunities in this area has been increased as a business priority, with success of major new client programmes commencing in the first quarter of the 2014 year.

The pursuit of large scale managed service contracts via dedicated Sales Teams returned mixed results for the extensive investment made. Although well positioned for a number of these opportunities - through either direct invitation or being short-listed - a change in business and political imperatives for the clients saw the awarding of the contracts postponed, and the opportunities withdrawn. Given the fact that the majority of these opportunities existed in the Government space - both State & Federal - and the associated uncertainty surrounding both government direction and increased pressure on budgets, the nature of these opportunities has undergone significant change, with New World approaches gaining increasing relevance. Organisations – private & government – will be reluctant to commit to large, multi-million dollar programmes of work solely as a traditional outsourced model, with the inherent recurring capital costs.

As flagged at the half year, ASG undertook a review of its business - both operations and financial - and its cost base to support the continued investment in the concurrent pursuit of traditional managed service contracts, and new World expansion. The result of the review was that the

ASG Executive and Board decided that it was unable to sustain the dual strategy, and moved quickly to protect future earnings and emphasise cash earnings through:

- A cost reduction programme - that was initiated in the third quarter of 2013, with the impacts commencing to be reflected in the fourth quarter of the year, leading to an overall cost reduction of $8M (annualised).
- A change in the way, and the nature, sales of services were conducted to better reflect the change in business priorities of the client organisations. This still entails the pursuit of managed services contracts, but with a strong New World transformation programme inherent in the services.
- A streamline of our financing arrangements, with a restructure resulting in an overall interest payment reduction, and bank facilities secured until 2018.
- Together with the above operational initiatives, ASG also reviewed the overarching accounting policy to better reflect the nature of the future business operations, and better align the accounting and management reporting - particularly in relation to accounting treatments related to capitalisations.

ASG's ability to undertake this restructure, while still being able to grow revenues, highlights the inherent strength of the business model. With long term managed service & project contracts being key focus, ASG has more 'levers' to adjust across its operations to protect & grow the business in periods of economic downturn, or business transformation. This capability is unique among its domestic competition.

FINANCIAL POSITION & ANALYSIS

Financial Performance

The Company reported an after tax loss of $26.7M for the 2013 year (2012: Profit $11.4M).

A number of initiative were executed during the second half of the year to reposition the company to take advantage of New World opportunities and address declining margins in traditional business lines evidenced in the market.

Broadly the financial impact of the completed initiatives included;

- $2.3M expenditure on restructure costs
- $17.7M non-cash impairment of legacy assets relating to traditional business lines
- $16.1M of bid related expenditure now fully expensed (change in accounting policy). Change in accounting policy to better align expenditure with business processes and cash-flows, reducing future amortisation burden (2012: $3.9M)

Whilst much of the financial impact of the $16.1M (2012: $19.8M) project establishment costs will start to be evidenced in the 2014 year as recent won contracts start to gain momentum, realisation of cost saving initiatives largely undertaken in the third quarter of 2013 is evidenced in the fourth quarter producing an adjusted $1.4M profit and $3.7M EBITDA, outlined in the table below:

	ADJUSTED RESULTS TO 31 MARCH 2013	ADJUSTED FOURTH QUARTER	QUATER FOUR ADJUSTMENTS	FULL YEAR
	A $M	A $M	A $M	A $M
Revenue	**108.3**	**44.2***	**-**	**152.5**
Employee & Product costs	(96.4)	(35.9)	-	(132.3)
Depreciation & Amortisation	(5.5)	(1.8)	-	(7.3)
Finance costs	(2.2)	(0.5)	-	(2.7)
Impairments	-	-	(17.7)	(17.7)
Loss on asset disposals	(0.1)	-	(0.5)	(0.6)
Acquisition costs	0.8	-	(1.0)	(0.2)
Restructure costs	(1.7)	(0.6)	-	(2.3)
Other operating expenses	(14.1)	(4.0)	(1.2)	(19.3)
Profit/(Loss) Before Tax	**(10.9)**	**1.4**	**(20.4)**	**(29.9)**
EBITDA	**(3.2)**	**3.7**	**(20.4)**	**(19.9)**

*Revenue in the fourth quarter includes product sales of $9.2M with lower margins

Financial Position & Cash-flow

	CONSOLIDATED FINANCIAL POSITION	
	2013 A $M	2012 A $M
Current assets	41.7	40.3
Non-current assets	123.7	143.3
Current liabilities	(51.1)	(60.0)
Non-current liabilities	(29.4)	(25.3)
Net Assets	**84.9**	**98.3**

Consolidated net assets has reduced by $13.4M, primarily due to movement in non-current assets were the Company invested into New World cloud assets ($10.4M cash expenditure) offset by a review of non-core legacy assets resulting in a write down of $14.4M against goodwill relating to the outlook for traditional information technology businesses previously acquired, as well as reductions in the carrying values of other intangibles of $2.7M and plant & equipment of $0.6M.

Net current liabilities improved by $10.3M primarily as a result of completing acquisitions of $15.6M, reclass of a non-current asset held for sale of $11.5M, largely offset by a shift tax liabilities of $4.8M and a movement working capital contributing to an operating cash in-flow of $12.2M for the 2013 year.

Cash out-flows from investing activities of $21.2M included $10.4M investment in strategic New World cloud assets and $12.3M completing acquisitions jointly funded by operating cash inflows of $12.2M and a combination of equity and debt financing of $11.5M.

Accounting Policy Change

February 2013 the company announced initial outcomes of a strategic business review to realign business processes to take advantage of the changing Information Technology marketplace towards New World computing. This led to a number of initiatives which included a substantial investment in infrastructure of $10.4M and a review of internal accountabilities.

Subsequent to the business review, management reviewed accounting policies relating to intangible assets. A decision was made to expense as incurred project establishment costs as this would provide a more accurate and reliable presentation of financial performance year on year.

The change in accounting policy has been applied retrospectively from 1 July 2011 and the overall financial impact in the 2012 year includes an expense to retained earnings of $15.2M (after tax). Expenditure in the 2013 year was not capitalised and $16.1M was expensed to the profit & loss account.

OUTLOOK

The positioning of ASG as a leader in the provision of New World services, particularly its ability & expertise in transform its clients from traditional technology based service execution to a business outcome focus, on a utility cost basis, is unique.

The results of the restructure of the operations and refocus of the sales efforts, during the financial year 2013 are flowing through to the business performance. In particular, the underlying financial performance for fourth quarter of the year is evidence of the positive impact the restructuring initiative will deliver. Importantly the result, and the projection over a full year, demonstrates the ability of ASG to effectively move the business operations to a stronger cash generation basis over the medium term.

The refocus of the sales activity has also been successful. ASG has closed, and is in the final stages of closing, significant multi-million dollar services contracts entailing transforming clients' ICT from traditional, technology based managed services operations to full business outcome 'as a service' models. New contracts in excess of $86M, commencing in the first quarter of financial year 2014, will utilise the platforms already capitalised by ASG without the need for any additional fixed overhead investment.

The combination of the revenue contracted to commence during the first quarter of 2014 – new and existing engagements - plus the impact of the restructured cost base has placed ASG in the strongest position to start a new financial year in recent years.

Adam Treloar
Operations Manager

"THE POSITIONING OF ASG AS A LEADER IN THE PROVISION OF NEW WORLD SERVICES, PARTICULARLY ITS ABILITY & EXPERTISE IN TRANSFORM ITS CLIENTS FROM TRADITIONAL TECHNOLOGY BASED SERVICE EXECUTION TO A BUSINESS OUTCOME FOCUS, ON A UTILITY COST BASIS, IS UNIQUE."

3.0 THE INFORMATION TECHNOLOGY SERVICES INDUSTRY OBSERVATIONS

Organisations, both private and public, can no longer sustain the traditional Information Communications Technology (ICT) model involving significant expenditure to own, customise and operate systems, with the heavy emphasis on staff augmentation, to provide services.

With the increased pressure on both short and long term budget outlooks, the ability of organisations to perpetuate traditional ICT delivery models, and their associated capital and operating expenditure are severely compromised.

Traditional ICT delivery models – in-house and outsourced – are in the main based on the provision and support of the technical components (hardware, software and manpower) that underpin an organisation's business services, under a task based support function. The focus is on the components, and not the business outcomes.

Globally, there is a fundamental shift in the way that ICT services are viewed and delivered.

Increasingly organisations are looking towards service partners to add value to their business operations. Companies expect their service operations – both internal & external – to improve their relationship with their customers. Further, companies are demanding that service organisations serve as a key differentiator for the organisation, and it's operations, and not simply provide technology constituents such as infrastructure, facilities, applications and people.

At the heart of this change is the move to a New World Computing model utilising commoditised delivery components to deliver cost-effective, business outcomes, on an 'as a service' basis. The New World entails the delivery of business outcomes & value, not simply technology capability provisioning.

This drive by companies to move their ICT from a pure technology focus to distinct business outcomes is placing the onus of service organisations – internal & external to the business – to evolve.

This evolution is of greater significance to the ICT industry than what has been provided by the availability of cloud based technology capability. This evolution requires the service provider to be instrumental in changing the way business is done, not passively supplying an underpinning service or component.

New World service providers will facilitate business process design & asset exploitation by re-engineering the way organisations perceive & own technology components. The key to this success will entail exploitation of commoditised services consumed on an 'as a service' basis. In order for this to succeed, these commoditised services will be augmented by changed business processes to integrate the new ways of delivering into the business operation.

Success will not be achieved by changing commodities to fit the business - rather by changing the business processes to achieve the desired business outcome at the desired cost point. For this to be attained, New World service providers will manage the entire eco-system.

With the move to an 'as a service'/ business outcomes model, the role of the organisation's Chief Information Officer (CIO) will change. The skills and focus of the CIO, and his Team, will move from a technology component/staff resource orientation to ensuring the effective business outcome responsibilities.

Similarly, the service organisations will need to begin engaging in business/value add discussions, not purely technology supply based deliberations. Increasingly the ability to analyse the impact of services on the organisation's clients & operations will become critical. Technology provision will change how companies act & react.

The successful service organisations will have the competency, and capability, to support the organisation through the transformation of by engaging in business outcome discussions, not technology based discussions. They will provide business scalability 'as a service', underpinned by utility pricing, removing the need for on-going capital expenditure.

A company with strong systems integration capabilities paired with industry expertise has a major advantage in the marketplace. This same company can also realise higher margins in the services pillars, moving up the value chain to offer combined technical and business integration models rather than technology alone

Moreover, with pay-per-use programmes, clients are more independent from pure technology providers. Although the ICT services industry is still relatively fragmented, the business models of the large, traditional players is increasingly coming under pressure. This pressure is forcing the both the imperative to change, and the associated pace of change, as evidenced by recent announcements on fundamental business model changes being undertaken by players such as IBM, Cisco, Dell and others.

Over the last years, ASG has invested heavily in the development of New World services utilising cloud based delivery offerings. The ASG New World offering is unique within the Australian marketplace in that it extends beyond the simple provision of commodity based technical platforms to enabling organisations to undertake transformation of their business and technology operations. The ASG New World is underpinned by a pedigree in managed services provision, industry accepted standards, and the use of the concept of service brokerage to allow the client to manage multiple suppliers on a business outcomes basis. The ASG New World leverages the inherent strengths of our distinctive business model drawing on our exceptional track-record and capability in consulting, business intelligence, enterprise application deployment and management, and mission critical technical support.

ASG has cut through the hype and understands how organisations can fully exploit this new wave in service provision.

"A COMPANY WITH STRONG SYSTEMS INTEGRATION CAPABILITIES PAIRED WITH INDUSTRY EXPERTISE HAS A MAJOR ADVANTAGE IN THE MARKETPLACE"

4.0 CORPORATE GOVERNANCE STATEMENT

The Board of Directors of ASG Group is committed to maintaining and promoting the principles of good corporate governance. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable. 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 Board has developed policies and practices consistent with the ASX Recommendations, with such adjustments as the Board believes are appropriate for the particular circumstances of the Company. Consistent with these policies, a summary of the corporate governance policies and practices adopted by ASG Group is set out below.

The Company complies with the ASX Corporate Governance Council recommendations, except in the following instances:

Principle 2 – Structure of the Board to add value (Recommendation 2.4): 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; As part of the annual review of its corporate governance practices, the Board will consider whether to combine a Nomination Committee with the existing remuneration Committee.

Principle 8 – Remunerate fairly and responsibly (Recommendation 8.3, Box 8.2): Non-executive Directors are eligible to participate in an equity participation plan approved by a general meeting of members in 2012. There are no options currently held by a Non-Executive Director. It should be noted however that any issue of options to Non-executive Directors would require the prior approval of shareholders. In addition, Non-executive Directors are eligible to receive retirement benefits pursuant to a Deed entered into between each Non-executive Director and the Company

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-today management of the company.

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

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 of 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 Trevor O'Hoy, Mr Ian Campbell and Mr Stephen Johnston 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.

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 will be 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.

BOARD AND MANAGEMENT EFFECTIVENESS

The Charter contemplates that the Board will annually assess the performance of the Board as a whole, and the individual Directors, as well as the effectiveness of the Board Charter. Responsibility for the overall direction and management of the ASG Group, its corporate governance and the internal workings of the ASG Group rests with the Board notwithstanding the delegation of certain functions to the Chief Executive Officer and management generally (such delegation effected at all times in accordance with the ASG Group Constitution and its corporate governance policies).

An evaluation procedure in relation to the Board, individual Directors, Board Committees and Company executives is undertaken each year. The evaluation of the Board as a whole is facilitated through individual discussion with the Chairman with the results outcomes, discussed amongst the Board.

To ensure management, as well as Board effectiveness, the Board has direct responsibility for evaluating the performance of the Chief Executive Officer, while the completion of other executives' performance appraisals are reported to the Remuneration Committee. A formal evaluation of the Chief Executive Officer was undertaken by the Chairman of the Board. The process involves the evaluation of the CEO against the KPIs both financial and non-financial set at the beginning of each year.

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.

The current members of the Remuneration Committee are:

- Ian Campbell (Chairman)
- Ronald Baxter

Mr John McConnell was the Chairman of the Remuneration Committee until his death in May 2013.

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 through the review and supervisory control of the Company's formal risk
- identification and management processes.
- 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:

- Stephen Johnston (Chairman)
- Ron Baxter
- Trevor O'Hoy

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.

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.

In addition, management regularly reports to the Board on the effectiveness of the company's management of its material business risks.

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 $65,000 per annum plus superannuation, and the Chairman receives $100,000 per annum plus superannuation. An additional $5,000 is payable if the non-executive director is a chair of any board committee.

Non-Executive Directors serve in accordance with a standard letter of appointment, 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 participate in ASG long-term incentive scheme on shareholder approval.

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.

AUDIT GOVERNANCE AND INDEPENDENCE

As part of ASG's commitment to safeguarding integrity in financial reporting, procedures have been put in place to ensure 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 was appointed as the audit partner when the Company was listed on ASX on 1st July 2003 and was rotated off the engagement prior to the commencement of FY 2008; the lead external audit engagement partner was then rotated back on prior to the commencement of FY 2010. 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 the 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

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 Securities Exchange Limited, directors must advise the Company and the ASX of any transactions they conducted in securities in the Company.

The ASG Share 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.

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.

ASG Key Management Personnel may not deal in ASG securities unless they have first sought and obtained written approval from the Chairman. Unless otherwise approved by the Chairman in exceptional circumstances, ASG Key Management Personnel are prohibited from dealing in ASG securities during the following periods (Blackout periods):

- 2 weeks prior to the release to the ASX and ending 48 hours after such release of:
    - Any ASG quarterly reports
    - ASG half year results
    - ASG year end results
    - The ASG Annual General Meeting and ending 24 hours after the Annual General Meeting
- Any other blackout period that the Board declares from time to time when it is considering matters which are subject to the exceptions to the continuous disclosure requirements set out in Listing Rule 3.1A

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 Securities 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.

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
- 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.

DIVERSITY POLICY

ASG has a Diversity Policy which sets our commitment, key principles and diversity initiatives for the company. Our policy encourages the development of diversity across all teams and levels of our operations.

ASG employs a broad mix of individuals reflecting our philosophy of hiring the best candidate for all positions, at all levels irrespective of gender, age, disability, cultural background, religious beliefs or sexual orientation.

The objective of the policy is for ASG to embrace the diversity of skills, ideas and experiences of each individual and develop a diverse workforce that:

- continually improve business performance
- encourages innovation and excellence across our business
- attracts, engages and retains other diverse talent
- increases shareholder value, and
- delivers the quality outcomes our customers expect

ASG is committed to embedding a corporate culture that embraces diversity through;

- Recruitment on the basis of competence and performance and selection of candidates from a diverse pool of qualified candidates
- Maintaining selection criteria that do not indirectly disadvantage people from certain groups
- Providing equal employment opportunities through performance and flexible working practices
- Maintaining a safe working environment and supportive culture by taking action against inappropriate workplace and business behaviour that is deemed as unlawful (discrimination, harassment, bullying, vilification and victimization)
- Promoting diversity across all levels of the business
- Undertaking diversity initiatives and measuring their success
- Regularly surveying our employees to gain their feedback

The Board sets measurable objectives for achieving gender diversity. The Board then assesses these objectives and the progress made towards their achievement each year.

In 2011 the Board set the following measurable objectives and our results as at 30 June 2013 are below.

FOCUS AREA	OBJECTIVE	TARGET	PROGRESS AS 30 JUNE 2013
Gender participation	Increase the percentage of females in ASG workforce	By 2014 achieve 25% participation rate	22%
	To increase female participation in leadership positions.	By 2014 achieve 25% participation rate	18.0%
	To increase retention of female employees at ASG	By 2014 achieve 82% retention rate (excluding redundancies	94.2%
Remuneration Equity	Improve and monitor remuneration equity across all organisational groups.	Achieve remuneration equity across all major organisational groups	Equity achieved across Team Leaders / Supervisors, Delivery Management, Middle management, Technicians & Consultants Equity still to be achieved with in Senior leadership and Business development.
Workplace free of discrimination and harassment	To provide employees with a workplace that is free of discrimination and harassment.	Zero formal complaints	EEO training attendance is mandatory for new staff One formal complaint was investigated and resolved

Diverse Teams was listed as an area of focus in the FY12 Annual Report. ASG maintains an objective around Diverse Teams through increasing attraction and retention from culturally diverse backgrounds. This is a statement of intent as currently cultural diversity is not a measurable objective.

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.

5.0 DIRECTORS REPORT

The Directors present their financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2013 and the auditors' report thereon.

1. DIRECTORS

The following persons were Directors of the Company at any time up to the date of the report are:

MR RONALD BAXTER

Chairman – Non Executive

Ron Baxter has more than 25 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 40 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.

Other current listed directorships
Nil

Former listed directorships in the last three years
No other directorships of listed companies were held at any time during the three years ended 30th June 2013

Special responsibilities
Chairman of the Board

Member of the Audit Committee

Member of the Remuneration Committee

Interest in shares and options
1,182,227 shares

Age 66 – Director since 30 January 1996

MR GEOFF LEWIS

Managing Director/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.

Other current listed directorships
Nil

Former listed directorships in the last three years
No other directorships of listed companies were held at any time during the three years ended 30th June 2013

Special responsibilities
Managing Director/ Chief Executive Officer

Interest in shares and options
16,341,797 shares
3,000,000 options

Age 53 – Director since 27 June 2003

MR IAN CAMPBELL

Managing Director/Chief Executive Officer

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).

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.

Other current listed directorships
Chairman - Enerji Limited
Non-Executive Director – Austal Limited
Non-Executive Director - Brookfield Financial

Former listed directorships in the last three years
Nil

Special responsibilities
Chairman of the Remuneration Committee

Interest in shares and options
nil

Age 54 – Director since 12 June 2008

MR TREVOR O'HOY

Director – Non Executive

Trevor O'Hoy is the former President and Chief Executive Officer of Fosters Group, a position he held between 2004 and 2008. He joined Carlton and United Breweries (a division of Fosters Group) in 1976 and during his 32 years of continuous service, he served as Chief Financial Officer and Managing Director.

Other current listed directorships

Chairman – Redcape Property Fund
Chairman – Tobin Brothers Foundation Ltd
Chairman – Ponting Foundation
Non-Executive Director – RACV Australia
Non-Executive Director – Stone and Wood Brewing Company
Non-Executive Director – APU Groups
Non-Executive Director – Cricket Victoria

Former listed directorships in the last three years

Nil

Special responsibilities

Member of the Audit Committee

Interest in shares and options

220,000 shares

Age 58 – Director since 1 September 2010

MR JOHN MCCONNELL

Director – Non Executive

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 Limited. He has also consulted to a variety of organisations on corporate governance, strategic, business planning and change management issues.

Other current listed directorships

Nil

Former listed directorships in the last three years

Equity Trustees Ltd
Kew East Financial Services Ltd
Gillford Investments Ltd
Breville Group Ltd

Special responsibilities

Former Chairman of the Remuneration Committee.

Former Member of the Audit Committee

Interest in shares and options

121,112 shares

Age 73 - Director since 21 November 2005

17 May 2013 - Deceased

MR STEPHEN JOHNSTON

Director – Non Executive

Stephen has significant international experience in investment, corporate finance, merger and acquisitions and commercial management gained over 25 years in Australian industrial and investment organisations.

Stephen was formerly the Managing Director, founder and a major shareholder of Schutz

DSL Group. This business was involved in the manufacture and recycling of industrial packaging with operations across Australia and South East Asia.

Stephen was previously a director of ASG from June 2003 to March 2010 at which point he resigned to commit to his increased personal business activities. However, having recently sold his interest in Schutz DSL he is again available to direct his attention to ASG.

Other current listed directorships

Nil

Former listed directorships in the last three years

Nil

Special responsibilities

Chairman of the Audit Committee

Interest in shares and options

2,003,207 shares

Appointed 15 August 2013

2. COMPANY SECRETARY

Peter Torre was the Company Secretary of ASG Group Ltd during the whole of the year.

MR PETER TORRE

Peter Torre is the principal of Torre Corporate and is Company Secretary and/or director of a number of listed companies. He was a partner of an internationally affiliated firm of Chartered Accountants working within its Corporate Services Division for over 9 years. Peter Torre is a Chartered Accountant and a Chartered Secretary. He is a member of the Australia Institute of Company Directors. He holds a Bachelor of Business and has completed a Graduate Diploma in Company Secretarial Practice.

3. DIRECTORS' MEETINGS

The number of director's 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	FULL MEETINGS OF DIRECTORS		COMMITTEE MEETINGS			
			AUDIT & RISK		REMUNERATION & NOMINATION	
	Total Held [1.]	Attended [2.]	Total Held [1.]	Attended [2.]	Total Held [1.]	Attended [2.]
R Baxter	12	11	2	2	2	2
G Lewis	12	12	N/A	N/A	N/A	N/A
T O'Hoy	12	11	2	2	N/A	N/A
I Campbell	12	11	N/A	N/A	2	2
J McConnell*	12	8	2	1	2	1

1. Total number of meetings held during the year
2. Number of meetings attended during the time the director held office or was a member of the committee
N/A Not a member of the relevant committee
*In accordance with the Company constitution John McConnell was granted a special leave of absence due to ill health

4. PRINCIPAL ACTIVITIES

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

5. RESULTS

The activities of the consolidated entity for the year resulted in a net loss after income tax of ($26,691,889) (2012: Profit of $14,626,643, 2012 Restated profit of: $11,451,395).

6. DIVIDENDS

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

DECLARED AND PAID DURING THE YEAR 2013	TOTAL AMOUNT $'000
Final dividend for the year ended 30 June 2012 of 5 cents per fully paid share paid on 31 October 2012 Franked dividends declared as paid during the year were franked at the rate of 30 percent.	5,316
No dividends declared after end of year	

7. REVIEW OF OPERATIONS

A review of the operations of the consolidated entity during the financial year is set out in pages 4 to 6 of this report.

8. SIGNIFICANT CHANGE IN AFFAIRS

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

9. 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.

10. EVENTS SUBSEQUENT TO 30 JUNE 2013

On the 7th of August 2013 the Group entered into a new finance facility with existing financier, Bank West. The new contractual arrangements include a reduction of the bank overdraft facility from $10M to $5M in favour of an increased long-term debt facility from $30M to $35M with an extended maturity date to June 2018. Principle repayments on this long-term facility amount to $7M per annum. The increased weighting of long-term debt will result in a lower projected interest cost for the Group. The security for the facilities remains unchanged, being a first ranking general security interest over all the assets and undertakings of the group.

On 15th August 2013, Stephen Johnston was appointed a Non-executive Director of ASG.

11. ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to the same Federal and State or Territory environmental legislation as any business in Australia. The Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements, its' business operating systems being certified to the international standard of Environmental Management.

12. REMUNERATION REPORT

The directors are please to present your company's 2013 remuneration report which sets out remuneration information for ASG Group Limited's non-executive directors, executive directors and other key management personnel.

A. DIRECTORS AND KEY MANAGEMENT PERSONNEL DISCLOSED IN THIS REPORT

Non-executive and executive directors (see pages 18 to 19) for details about each director)

Ron Baxter
John McConnell (until 17 May 2013)
Ian Campbell
Trevor O'Hoy
Geoffrey Lewis

Other key management personnel

Dean Langenbach - Chief Operating Officer
Stuart Whipp - Chief Financial Officer (until 14 February 2013)
Gerald Strautins - Executive, Strategy
Michelle Bevan - Executive, People & Culture

Changes since the end of the reporting period:

- Michael Large has been appointed as Chief Financial Officer on 1 July 2013
- Stephen Johnston has been appointed as non-executive director on 15 August 2013.

There are no other employees considered Key Management Personnel.

B. PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The Group's policy for determining the nature and amount of emoluments of Board members and Senior Executives of the Company is as follows:

The objective of the Group's executive reward 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 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
- Capital management

The remuneration structure for Executive Officers, including Executive Directors, is based on a number of factors, including the particular experience of the individual concerned relative to the external market, and overall performance of the group. The remuneration framework provides a mix of fixed and variable pay, and a blend of short- and long- term incentives. The Board has established a Remuneration Committee which makes recommendations to the Board on remuneration and incentive policies and practices and specific recommendations on remuneration packages and other terms of employment for Executive Directors and other Senior Executives.

The Corporate Governance Statement provides further information on the role of this Committee.

NON-EXECUTIVE DIRECTORS' REMUNERATION

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 taking into account comparable roles to ensure Non-Executive fees and payments are appropriate and in line with the market.

Non-Executive Directors are entitled to participate in the ASG Long-term incentive scheme on share-holder approval. Non-Executive Directors did not receive performance-based pay in 2013.

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.

The maximum annual aggregate directors' fee pool limit is $600,000 and was approved by shareholders at the Annual General Meeting on 23 November 2011.

DIRECTORS' FEES

The current base fees were last reviewed with effect from 23 July 2012. Base fees are inclusive of committee fees. For additional duties, Committee Chairs receive an additional $5,000 over and above their non-executive director fee.

The following fees (excluding superannuation) have applied:

	2013 $
BASE FEES	
Chairman – R. Baxter	100,000
Other non-executive directors	65,000
ADDITIONAL FEES	
Committee Chair	5,000

RETIREMENT ALLOWANCES FOR DIRECTORS

All Director fees paid are inclusive of the superannuation contributions required under the Australian superannuation guarantee legislation. Pursuant to a deed entered into between the Non-Executive Directors and the Company, Non-Executive Directors are entitled to a payment on retirement office the maximum quantum of which is 12 months directors' fees as provided for under the Corporations Act 2001.

VOTING AND COMMENTS MADE AT THE COMPANY'S 2012 ANNUAL GENERAL MEETING

ASG Group Limited received approximately 80% of "Yes" votes on its remuneration report for the 2012 financial year. The Company received various general questions on its remuneration practices at the AGM in November 2012, all of which were responded to by the Company at the AGM.

EXECUTIVE REMUNERATION

The Executive pay and reward framework has three components:

- Base pay and benefits, including superannuation
- Short term performance incentives
- Long term incentives through participation in the ASG Group Employee Option Plan

BASE PAY AND BENEFITS

Remuneration is structured as a total employment costs package which may be delivered as a combination of cash and prescribed non-financial benefits. Executives are offered a competitive base pay that comprises the fixed component of pay and rewards. Base pay for Executives is reviewed annually to ensure that it is competitive with the market. An Executive's pay is also reviewed on promotion. There is no guaranteed base pay increases included in any Executives' contracts. Some Executive benefits include motor vehicles, as well as other minor benefits.

SHORT-TERM INCENTIVES

The purpose of short term incentives is to align an Executive's goals and performance targets for the year (KPIs) with the Company's annual strategy and targets to ensure that value is created for shareholders. Cash incentives are payable on or before 30 September in the following year.

Each Executive has a target STI opportunity depending on the accountabilities of the role and impact on the organisation or business unit performance. The maximum target bonus for the 2013 year was 37 per cent of base pay, but this varies with each Executive role.

The Remuneration Committee is responsible for assessing whether the KPIs are met. To help make this assessment the Committee receives detailed reports on performance from management. The Remuneration Committee has the discretion to adjust STIs downwards in light of unexpected or unintended circumstances. The STI target and payment is reviewed annually, and no payment will be made for the 2013 year.

LONG TERM INCENTIVES

Long term incentives are provided to Executives and Senior Employees via the ASG Group Employee Option Plan. Options granted are aimed to motivate Executives and Senior Employees to pursue and deliver long-term shareholder returns within an appropriate control framework and to demonstrate a clear relationship between performance and remuneration. Under the plan, participants are granted options which only vest if certain Company performance standards are met and the participants are still employed at the end of the vesting period. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan. Shareholder approval is required for any grant of Options to be made to Non-Executive Directors and the Managing Director/Chief Executive Officer.

Options are issued under the plan for no consideration, and carry no dividend or voting rights. Options vest when all vesting conditions are met and each option is exercisable for a period up to three years.

The Remuneration Committee is responsible for setting vesting conditions for each tranche that may be granted during the year.

The exercise price of the options is based on the weighted average price at which the company's 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 option is independently determined using a Black-Scoles option pricing model that takes into the exercise price, term of the option, share price at grant date, expected volatility of the underlying share, expected dividend yield and the risk free interest rate for the term of the option.

The table below illustrates the link between the ASG Group's long term incentive scheme and the growth in shareholder wealth of the Company.

YEAR	EPS (CENTS)	SHARE PRICE	DIVIDEND (CENTS)	EBITDA (000'S)
2013	(13.7)	0.34	3	(19,983)
2012	6.9	0.86	7.5	20,625
2011	9.7	1.00	7.0	28,288
2010	8.8	1.40	6.0	21,593
2009	8.5	0.60	5.5	20,389

No options were granted during the 2013 year.

SHARE TRADING POLICY

The trading of shares issued to participants under any of the company's employee option/ equity plans is subject to, and conditional upon, compliance with the company's share trading policy outlined in the Corporate Governance Statement. Executives are prohibited from entering into any hedging arrangements over unvested options under the company's option plan. The company would consider a breach of this policy as a gross misconduct which may lead to disciplinary action and potentially dismissal.

C. DETAILS OF REMUNERATION

Details of the remuneration of the Directors and Key Management Personnel of the Group (as defined in AASB 124 Related Party Disclosures) are set out in the following tables.

KEY MANAGEMENT PERSONNEL OF THE GROUP 2013

	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS	LONG TERM BENEFITS	SHARE BASED PAYMENTS	
	Cash salary and fees *	Bonus**	Non-monetary benefits	Superannuation	Long service leave	Options	Total
NAME	$		$	$	$	$	$
NON-EXECUTIVE DIRECTORS							
R Baxter	175,000	-	-	9,000	-	-	184,000
J McConnell (deceased)	61,923	-	-	5,573	-	-	67,496
I Campbell	104,000	-	-	5,850	-	-	109,850
T O'Hoy	65,000	-	-	5,850	-	-	70,850
EXECUTIVE DIRECTORS – MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER							
G Lewis	900,509	-	169,320	25,000	31,366	94,711	1,220,906
OTHER KEY MANAGEMENT PERSONNEL							
D Langenbach Chief Operating Officer	388,462	-	20,920	34,692	27,241	75,188	546,777
S Whipp Chief Financial Officer (From 1/7/2012 to 14/02/2013)	343,256	-	20,558	29,012	-	(6,592)	386,234
G Strautins Executive, Strategy	350,000	-	43,349	31,500	16,771	75,188	516,808
M Bevan Executive, People & Culture	219,327	17,202	-	21,288	-	30,075	287,892
Total (note 26)	**2,607,477**	**17,202**	**254,147**	**168,035**	**75,378**	**268,570**	**3,390,809**

* Cash salary and fees for non-executive directors includes committee, consulting and advisory fees accrued/paid during the year. Mr I Campbell and Mr R Baxter were accrued/paid consulting fees by the Company during the year for services assisting the Company with bid activity

** Bonus benefits for the year ending 30 June 2012 were paid in August 2012. Only M Bevan received a bonus benefit relating to individual KPIs, not based on Company financial performance.

KEY MANAGEMENT PERSONNEL OF THE GROUP 2012

	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOY-MENT BENEFITS	LONG TERM BENEFITS	SHARE BASED PAYMENTS	
NAME	Cash salary and fees* $	Bonus	Non-monetary benefits $	Super-annu-ation $	Long service leave (restated) $	Options $	Total $
NON-EXECUTIVE DIRECTORS							
R Baxter	100,000		-	9,000	-	-	109,000
J McConnell	56,538		-	19,762	-	-	76,300
I Campbell	89,000		-	5,850	-	-	94,850
T O'Hoy	65,000		-	5,850	-	-	70,850
EXECUTIVE DIRECTORS – MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER							
G Lewis	850,000		183,323	76,500	15,146	56,827	1,181,796
OTHER KEY MANAGEMENT PERSONNEL							
D Langenbach Chief Operating Officer	363,881	10,000	52,817	28,800	14,360	6,592	476,450
S Whipp Chief Financial Officer (From 12/1/2012 to 30/06/2012)	143,233	-	21,657	11,201	-	6,592	182,683
G Strautins Executive, Strategy	349,385	14,000	44,404	32,705	16,489	6,592	463,575
M Bevan Executive, People & Culture	184,615	10,000		17,515	-	2,637	214,767
Total (note 26)	**2,201,652**	**34,000**	**302,201**	**207,183**	**45,995**	**79,240**	**2,870,271**

* Cash salary and fees for non-executive directors includes committee, consulting and advisory fees accrued/paid during the year. Mr I Campbell was accrued/paid consulting fees by the Company during the year for services assisting the Company with bid activity

** Bonus benefits for the year ending 30 June 2011 were paid in August 2011. Only M Bevan received a bonus benefit for non- financial KPIs being meet.

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The relative proportions of remuneration that are linked to performance and those that are fixed are detailed below. Remuneration paid to Non-Executive Directors is all fixed remuneration, but consists of cash salary, fees and superannuation.

	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI*	
NAME	2013	2012	2013	2012	2013	2012
EXECUTIVE DIRECTORS						
G Lewis	92%	95%	-	-	8%	5%
OTHER KEY MANAGEMENT PERSONNEL						
D Langenbach	86%	99%	-	-	14%	1%
S Whipp	100%	96%	-	-	-	4%
G Strautins	85%	99%	-	-	15%	1%
M Bevan	84%	94%	6%	5%	10%	1%

* The percentages disclosed reflect the value of remuneration consisting of options, based on the value of share based payments expensed during the year.

D. SERVICE AGREEMENTS

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

Remuneration and other terms of employment for other key management personnel are also formalised in service agreements. Each of these agreements provides for the provision of performance-related cash bonuses, other benefits including provision of a motor vehicle, and participation where eligible in the ASG Group Ltd employee Option Plan.

Whilst the employment of Executives can be terminated without notice for illegal actions, gross negligence and other misconduct, the service agreements are subject to the following termination notice provisions:

NAME	TERM OF AGREEMENT AND TERMINATION PROVISIONS	BASE SALARY INCLUDING SUPERANNUATION *	TERMINATION BENEFIT
G. Lewis, Chief Executive Officer	This agreement has no set term. Termination of the agreement is 6 months' notice by the Executive or by the Company.	Base: $926, 500 per annum plus the provision of motor vehicles for year ending 30th June 2013. Bonus: $283,400 per annum including superannuation.	After the Company or Executive has given notice, termination of employment may be brought forward at any time by the Company paying the executive an amount equivalent to the remuneration which the executive would have earned during the balance of the notice period.
S.Whipp, Chief Financial Officer Until 14 February 2013	This agreement has no set term. Termination of the agreement is 6 months' notice by the Executive or by the Company.	Base: $337, 900 per annum plus the provision of a motor vehicle for year ending 30th June 2013. Bonus: $109,000 per annum including superannuation.	After the Company or Executive has given notice, termination of employment may be brought forward at any time by the Company paying the executive an amount equivalent to the remuneration which the executive would have earned during the balance of the notice period.
D.Langenbach, Chief Operating Officer	This agreement has no set term. Termination of the agreement is 6 months' notice by the Executive or by the Company.	Base: $425,100 per annum plus the provision of a motor vehicle for year ending 30th June 2013. Bonus: $109,000 per annum including superannuation.	After the Company or Executive has given notice, termination of employment may be brought forward at any time by the Company paying the executive an amount equivalent to the remuneration which the executive would have earned during the balance of the notice period.
G.Strautins, Executive - Strategy	This agreement has no set term. Termination of the agreement is 6 months' notice by the Executive or by the Company.	Base: $381, 500 per annum plus the provision of a motor vehicle for year ending 30th June 2013. Bonus: $109,000 per annum including superannuation.	After the Company or Executive has given notice, termination of employment may be brought forward at any time by the Company paying the executive an amount equivalent to the remuneration which the executive would have earned during the balance of the notice period.
M. Bevan, Executive – People & Culture	This agreement has no set term. Termination of the agreement is 6 months' notice by the Executive or by the Company.	Base: $239,800 per annum. Bonus: $81,750 per annum including superannuation.	After the Company or Executive has given notice, termination of employment may be brought forward at any time by the Company paying the executive an amount equivalent to the remuneration which the executive would have earned during the balance of the notice period.

* Base annual salaries quoted as current at the year ended 30 June 2013. They are reviewed annually by the Remuneration Committee.

E. SHARE-BASED COMPENSATION

Options
Details of options provided as remuneration to each Director of ASG Group Ltd as approved by shareholders in a general meeting and to Key Management Personnel of the group under the ASG Group Ltd Employee Performance Option Plan are:

NAME	NUMBER OF OPTIONS GRANTED DURING THE YEAR 2013	NUMBER OF OPTIONS VESTED DURING THE YEAR 2013	NUMBER OF OPTIONS LAPSED DURING THE YEAR 2013	VALUE OF OPTIONS LAPSED DURING THE YEAR 2013
EXECUTIVE DIRECTORS				
G Lewis	-	-	-	-
OTHER KEY MANAGEMENT PERSONNEL				
D Langenbach	-	-	-	-
S Whipp	-	-	1,500,000	169,740
G Strautins	-	-	-	-
M Bevan	-	-	-	-

The assessed fair value at grant date of the Options granted to the individuals is allocated equally over the vesting period, and the amount is included in the remuneration tables above.

No ordinary shares in the company were provided to Directors and Key Management Personnel of the group during the year ended June 2013.

Details of remuneration: Bonuses and share-based compensation benefits
For each cash bonus, grant of options and grant of performance rights included in the tables on pages 26 and 28, the percentage of the available bonus or grant that was paid or vested in the financial year, and the percentage that was forfeited because the person did not meet the service and performance criteria is set out below.

Options vest over three years, provided that the vesting conditions are met. The maximum value of the 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.

NAME	CASH BONUS Vested %	CASH BONUS Forfeited %	OPTIONS Year granted	OPTIONS Vested %	OPTIONS Forfeited %	OPTIONS Financial years in which share based payments may vest	OPTIONS Maximum total value of grant yet to vest* $
G Lewis	-	100	2012	-	-	30/6/2014	110,799
D Langenbach	-	100	2012	-	-	30/6/2014	87,960
S Whipp	-	100	2012	-	100	-	-
G Strautins	-	100	2012	-	-	30/6/2014	87,960
M Bevan	23	77	2012	-	-	30/6/2014	35,184

* The maximum total value of grant yet to vest is expressed as at 30 June 2013. This is calculated as the value of options at grant date less the amount recognised as a share based payments expense up to 30 June 2013.

Loans to Directors and Key Management Personnel
There were no outstanding balances between ASG Group Limited and directors or key management personnel as at 30 June 2013.

Use of Remuneration Consultants
ASG Group did not employ any service to review its existing remuneration policies in respect of both executive short-term and long-term incentive plan design.

END OF AUDITED REMUNERATION REPORT

SHARES UNDER OPTIONS

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

EXPIRY DATE	EXERCISE PRICE	NEW EXERCISE PRICE*	NUMBER OF OPTIONS	
			Quoted	Unquoted
30-Jun-13	$0.39	$0.37	-	50,000
31-Dec-13	$0.42	$0.40	-	40,000
30-Jun-14	$0.39	$0.37	-	30,000
31-Dec-14	$0.54	$0.52	-	10,000
31-Dec-16	$0.89	$0.87	-	50,000
31-Dec-15	$0.54	$0.52	-	40,000
30-Jun-16	$0.81	$0.79	-	40,000
31-Dec-17	$1.21	$1.19	-	110,000
31-Dec-18	$1.76	$1.74	-	80,000
30-Jun-19	$1.03	$1.01	-	120,000
30-Jun-17	$1.74	$1.72	-	20,000
30-Jun-17	$0.75	$0.73	-	60,000
30-Jun-18	$1.65	$1.63	-	100,000
30-Jun-19	$0.93	$0.91	-	90,000
30-Dec-19	$1.45	$1.43	-	120,000
30-Jun-13	$0.85	$0.83	-	80,000
31-Aug-15	$1.12	$1.10	-	3,000,000
31-Aug-17	$1.12	$1.10	-	3,600,000
			TOTAL	7,640,000

*The new exercise price relates to the dilution of the 6 to 1 rights issue that occurred 13 November 2012.

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of $35,000 to insure the Directors and secretaries of the company and its Australian-based controlled entities, and the general managers of each divisions of the group.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers of entities in the group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the company. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

INDEMNIFICATION

Since the end of the previous financial year, the Company has not indemnified or made a relevant agreement or 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 cost 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 and/or the Group are important.

Details of the amounts paid or payable to the auditor (BDO Audit (WA) Pty Ltd) for audit and non-audit services and other assurance services provided during the year are set out below.

The Board of Directors have satisfied themselves that where such services are provided, the provision of non-audit services during the year 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:

All non-audit services are reviewed and approved by the Board, Chief Executive Officer or the Audit and Risk Committee to ensure they do not impact 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 auditor's 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.

	2013 $	2012 $
BDO (WA) Pty Ltd		
Audit services	143,269	130,033
Total Remuneration	**143,269**	**130,033**

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 33.

ROUNDING OF AMOUNTS

The Group 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 and Financial Report have been rounded off to the nearest thousand dollars, or in certain cases the nearest dollar, in accordance with that Class Order.

This report is made in accordance with a resolution of Directors.

Geoff Lewis

Managing Director/Chief Executive Officer
Perth
Dated: 22nd August 2013

6.0 AUDITORS' INDEPENDENCE DECLARATION

30 JUNE 2013

BDO

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38 Station Street
Subiaco, WA 6008
PO Box 700 West Perth WA 6872
Australia

22 August 2013

ASG Group Limited
The Board of Directors
Level 1, 267 St Georges Terrace
PERTH WA 6000

Dear Sirs,

DECLARATION OF INDEPENDENCE BY BRAD MCVEIGH TO THE DIRECTORS OF ASG GROUP LIMITED

As lead auditor of ASG Group Limited for the year ended 30 June 2013, 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 period.

Brad McVeigh
Director

BDO Audit (WA) Pty Ltd
Perth, Western Australia

7.0 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 A$'000	2012 (RESTATED) A$'000
Revenue from continuing operations	6	**152,537**	150,278
Other Income	7	**3**	64
Expenses			
Change in inventories of finished goods and work in progress		**(1,651)**	1,779
Raw materials and consumables used	8(a)	**(18,099)**	(11,925)
Employee benefits expense		**(109,870)**	(109,342)
Share Based Payments		**(140)**	(150)
Depreciation and amortisation expenses	8(b)	**(7,315)**	(4,001)
Finance costs	8(c)	**(2,732)**	(2,247)
Operating lease payments		**(2,412)**	(2,491)
Deferred Consideration Adjustment		**(226)**	5,779
Impairment and write downs	8(d)	**(17,745)**	-
Loss on Joint Venture		**(86)**	-
Gain/(Loss) on sale of property, plant and equipment		**(554)**	-
Other expenses	8(e)	**(21,646)**	(13,367)
Profit/(Loss) before income tax		**(29,936)**	14,377
Income tax (expense)/benefit	9	**3,244**	(2,926)
Profit/(Loss) for the year attributable to members of ASG Group Ltd		**(26,692)**	11,451
Other Comprehensive Income		**-**	-
Total Comprehensive Income /(Loss) for the year, Net of tax attributable to members of ASG Group Limited		**(26,692)**	11,451
Basic earnings/(loss) per share (cents)	34	**(13.72)**	6.86
Diluted earnings per share (cents)	34	**N/A**	6.67

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2013

	Notes	30 JUNE 2013	30 JUNE 2012 (RESTATED)	1 JULY 2011
		A$'000	A$'000	A$'000
ASSETS				
Current assets				
Cash and cash equivalents	10	**235**	12	13,342
Trade and other receivables	11	**27,644**	31,355	30,975
Work in Progress		**969**	2,620	1,356
Current Tax Assets		**-**	3,290	150
Prepayments		**1,339**	3,029	1,809
Asset classified as held for sale	12	**11,463**	-	-
Total current assets		**41,650**	40,306	47,632
Non-current assets				
Property, plant and equipment	13	**19,487**	30,880	22,750
Deferred Tax Assets	16	**13,181**	4,825	5,809
Investment using equity method	15	**-**	182	182
Intangible Assets	14	**90,997**	107,444	107,933
Total non-current assets		**123,665**	143,331	136,674
Total assets		**165,315**	183,637	184,306
LIABILITIES				
Current liabilities				
Trade and other payables	17	**33,752**	26,933	28,282
Current financial liabilities	20	**13,942**	16,440	7,819
Provisions	18	**647**	-	1,125
Deferred vendor payments	19	**1,000**	16,625	450
Current Tax Liabilities		**1,741**	-	-
Total current liabilities		**51,082**	59,998	37,676
Non-current liabilities				
Financial Liabilities	20	**20,647**	18,295	22,228
Provisions		**2,273**	1,911	1,695
Deferred vendor payment		**-**	-	22,354
Deferred tax liabilities	22	**6,452**	5,120	3,432
Total non-current liabilities		**29,372**	25,326	49,709
Total liabilities		**80,454**	85,324	87,385
Net assets		**84,861**	98,313	96,921
EQUITY				
Contributed equity	23	**120,160**	101,744	99,210
Reserves	24	**1,654**	1,514	1,364
Accumulated losses		**(36,953)**	(4,945)	(3,653)
Total equity		**84,861**	98,313	96,921

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2013

	Notes	CONTRIBUTED EQUITY	RETAINED EARNINGS	SHARE BASED PAYMENTS RESERVE	OTHER RESERVES	TOTAL EQUITY
		A$'000	A$'000	A$'000	A$'000	A$'000
Balance at 1 July 2011		**99,210**	**8,338**	**1,197**	**167**	**108,912**
Adjustment on changes in accounting policy and correction of error (net of tax)	4	-	(11,991)	-	-	(11,991)
Restated total equity at the 1 July 2011		**99,210**	**(3,653)**	**1,197**	**167**	**96,921**
Profit as reported in 2012 financial statements		-	14,627	-	-	14,627
Adjustment on changes in accounting policy (net of tax)	4	-	(3,176)	-	-	(3,176)
Total comprehensive income for the year		**-**	**11,451**	**-**	**-**	**11,451**
Transactions with owners in their capacity as owners:						
Dividend re-investment plan		2,407	-	-	-	2,407
Isues of ordinary shares from options		186	-	-	-	186
Dividend Paid		-	(12,743)	-	-	(12,743)
Share based payments		-	-	150	-	150
Transaction Cost		(59)	-	-	-	(59)
Balance at 30 June 2012		**101,744**	**(4,945)**	**1,347**	**167**	**98,313**
Balance at 1 July 2012		**101,744**	**(4,945)**	**1,347**	**167**	**98,313**
Loss for the period		-	(26,692)	-	-	(26,692)
Total comprehensive loss for the year			**(26,692)**			**(26,692)**
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs		18,407	-	-	-	18,407
Issues of ordinary shares from options		9	-	-	-	9
Dividend paid		-	(5,316)	-	-	(5,316)
Share based payments		-	-	140	-	140
Balance at 30 June 2013		**120,160**	**(36,953)**	**1,487**	**167**	**84,861**

The above consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2013

	Notes	2013 A$'000	2012 A$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operation		**153,536**	152,191
Cash payments in the course of operations		**(138,723)**	(142,340)
Interest received		**3**	55
Finance expenses		**(2,732)**	(2,247)
Income taxes refunded/(paid)		**317**	(3,411)
Net cash inflow from operating activities	33	**12,401**	4,248
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(7,220)**	(9,141)
Payments for software		**(3,247)**	(2,416)
Proceeds from sale of leased assets		**1,230**	-
Payments for purchase of business (net of cash received)	30	**(12,228)**	(400)
Proceeds from dissolving joint venture		**95**	-
Net cash outflow from investing activities		**(21,370)**	(11,957)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**16,650**	8,226
Repayment of borrowings		**(11,597)**	(5,612)
Finance lease payments		**(3,000)**	(2,521)
Dividend paid		**(5,316)**	(10,335)
Proceeds from issue of shares		**14,654**	186
Net cash inflow/(outflow) from financing activities		**11,392**	(10,056)
Net increase in cash held		**2,423**	(17,765)
Cash and cash equivalents at beginning of reporting period		**(4,423)**	13,142
Cash and cash equivalents at end of reporting period	10a	**(2,000)**	(4,423)

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes

9.0 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements include the consolidated entity consisting of ASG Group Ltd and its subsidiaries.

The accounting policies adopted are consistent with those of the previous financial year.

A. BASIS OF PREPARATION

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

COMPLIANCE WITH IFRS

The financial statements of the ASG Group Ltd group also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

HISTORICAL COST CONVENTION

These financial statements have been prepared under the historical cost convention as modified by the revaluation of selected non-current assets, and financial assets and liabilities for which the fair value basis of accounting has been applied.

CRITICAL ACCOUNTING ESTIMATES

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

B. PRINCIPLES OF CONSOLIDATION

SUBSIDIARIES

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ASG Group Ltd ('company' or 'Parent Entity') as at 30 June 2013 and the results of all subsidiaries for the year then ended. The Parent Entity and its subsidiaries together are referred to in these financial statements 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 operating 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.

A list of controlled entities is contained in note 31 to the financial statements. All controlled entities have a June financial year end.

All intercompany transactions, balances, unrealised losses and 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 where necessary to ensure consistency with the policies adopted by the Group.

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

JOINT VENTURE ENTITIES

The interest in a joint venture is accounted for in the consolidated financial statements using the equity method and is carried at cost by the parent entity. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss, and the share of post-acquisition movements in reserves is recognised in other comprehensive income. Details relating to the joint venture are set out in note 15.

Profits or losses on transactions establishing the joint venture partnership and transactions with the joint venture are eliminated to the extent of the group's ownership interest until such time as they are realised by the joint venture partnership on consumption or sale. However, a loss on the transaction is recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets, or an impairment loss.

C. SEGMENT REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive team. The Group has determined that it has one operating 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.

SALE OF GOODS

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

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 of a transaction may be determined by using the most reliable method relating to the nature of the contract, these include:

a. Surveys of work complete
b. Services performed to date as a percentage of total services performed
c. The proportion that costs incurred to date bear to the estimated total costs of the transaction.

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.

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.

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. 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 applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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 parent entity 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

TAX CONSOLIDATION LEGISLATION

ASG Group Ltd and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 1st July 2003. The entities have also entered into a tax sharing/ tax funding agreement

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.

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

G. 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.

H. 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 (note 28). 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 profit or loss 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 28). Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

I. INTANGIBLE ASSETS

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 at the date of acquisition.

Goodwill acquired in a 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 one cash-generating unit for the purpose of impairment testing.

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 depending on the useful life of the asset.

RESEARCH AND DEVELOPMENT

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

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. Reversals of expenditure excluding assets which are impaired are classified as net additions.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Group's main development activities are its:

- Service Management Centre (SMC)
- Business Management Systems (BMS)

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.

CUSTOMER LIST AND CUSTOMER CONTRACT ACQUIRED

Customer lists and customer contracts acquired as part of a business combination are recognised separately from goodwill. These assets are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the anticipated relationship with customers and the timing of projected cash flows of the contracts over their estimated useful lives.

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

Software - 2 to 5 years

Customer lists - 10 years

Customer contracts acquired - 5 years

Development and Goodwill - Not depreciated

J. IMPAIRMENT OF ASSETS

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested 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 there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

K. CASH AND CASH EQUIVALENTS

For the purpose of presentation in the statement of cash flow, 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 statement of financial position.

L. 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.

Collectability 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 profit or loss 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 profit and loss.

M. 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.

Subsequent costs are included in the asset's 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 cost 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 rates used for plant and equipment is 2 to 10 years.

N. BUSINESS COMBINATIONS

The acquisition 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. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the group. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their net fair values at the date of acquisition. On an acquisition-by-acquisition basis, the group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly to the profit and loss as a bargain purchase.

Where settlement of any part of 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 entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

O. 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. Trade and other payables are presented as current liabilities unless a payment is not due within 12 months from the reporting date.

P. 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 statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid for the establishment of borrowings only are immediately expensed.

Borrowings are removed from the statement of financial position 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 statement of financial position date.

Q. 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.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

R. EMPLOYEE BENEFITS

(I) SHORT-TERM OBLIGATIONS

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of the employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee entitlements. All other short-term employee benefit obligations are presented as payables.

(II) OTHER LONG-TERM EMPLOYEE BENEFIT OBLIGATIONS

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(III) RETIREMENT BENEFIT OBLIGATIONS

All employees of the group are entitled to the benefits from the Group's superannuation plan on retirement, disability or death or can direct the group to make contribution to a defined contribution plan of their choice. The group's superannuation plan has a defined benefit section and a defined contribution section. The defined benefit section provides defined lump sum benefits based on years of service and final average salary. The defined contribution section receives fixed contributions from group companies and the group's legal or constructive obligation is limited to these contributions.

Contributions to the defined contribution section of the Group's superannuation plan and other independent defined contribution superannuation funds are recognised as an expense as they become payable.

Non-executive directors are entitled to payment on retirement benefit as outlined in page 22 of the Director's report.

(IV) SHARE-BASED PAYMENTS

Share-based compensation benefits are provided to employees via the ASG Group Ltd Employee Option Plan and an employee share scheme. Information relating to these schemes is set out in note 35.

Share-based payments - ASG Group Ltd Employee Option Plan

The fair value of options granted under the ASG Group Limited AIFRS 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 statement of comprehensive income with a corresponding adjustment to equity.

(V) BONUSES

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is past practice that has created a constructive obligation.

(VI) TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the 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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

S. CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the 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.

T. DIVIDEND

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 reporting date.

U. EARNINGS PER SHARE

(I) BASIC EARNINGS PER SHARE

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

(II) DILUTED EARNINGS PER SHARE

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

V. ROUNDING OF AMOUNTS

The Group 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 financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

W. NON-CURRENT ASSETS HELD FOR SALE

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

X. NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The consolidated entity's assessment of the impact of these new standards and interpretations is set out on the next page.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB REFERENCE	TITLE AND AFFECTED STANDARD(S):	NATURE OF CHANGE	APPLICATION DATE:	IMPACT ON INITIAL APPLICATION
AASB 9 (issued December 2009 and amended December 2010)	Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The entity has not yet made an assessment of the impact of these amendments. The entity does not have any financial liabilities measured at fair value through profit or loss. There will be no impact on the financial statement when these amendments to AASB 9 are first adopted.
AASB 10 (issued August 2011)	Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: Power over investee (whether or not power used in practice) Exposure, or rights, to variable returns from investee Ability to use power over investee to affect the [Entity]'s returns from investee. Introduces the concept of 'defacto' control for entities with less than 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities. The 'Entity' does not have 'defacto' control of any entities with less than 50% ownership interest in an entity.
AASB 11 (issued August 2011)	Joint Arrangements	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement).	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB REFERENCE	TITLE AND AFFECTED STANDARD(S):	NATURE OF CHANGE	APPLICATION DATE:	IMPACT ON INITIAL APPLICATION
AASB 12 (issued August 2011)	Disclosure of Interests in Other Entities	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 13 (issued September 2011)	Fair Value Measurement	AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments	Annual reporting periods commencing on or after 1 January 2013	When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values. This entity has yet to conduct a detailed analysis of the differences between current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013.
AASB 119 (reissued September 2011)	Employee Benefits	Employee benefits expected to be settled (as opposed to due to settled under current standard) wholly within 12 months after the end of the reporting period are short-term benefits, and therefore not discounted when calculating leave liabilities. Annual leave not expected to be used wholly within 12 months of end of reporting period will in future be discounted when calculating leave liability.	Annual periods commencing on or after 1 January 2013	When this standard is first adopted for 30 June 2014 year end, annual leave liabilities will be recalculated on 1 July 2012 as long-term benefits because they are not expected to be settled wholly within 12 months after the end of the reporting period. This will result in a reduction of the annual leave liabilities recognised on 1 July 2012, and a corresponding increase in retained earnings at that date.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

AASB REFERENCE	TITLE AND AFFECTED STANDARD(S):	NATURE OF CHANGE	APPLICATION DATE:	IMPACT ON INITIAL APPLICATION
AASB 2010-8 (issued December 2010)	Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (AASB 112)	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale.	Periods commencing on or after 1 January 2012	The Entity does not have any investment property measured using the fair value model. There will therefore be no impact on the financial statements when these amendments are first adopted.
AASB 2011-4 (issued July 2011)	Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	Amendments to remove individual key management personnel (KMP) disclosure requirements from AASB 124 to eliminate duplicated information required under the Corporation Act 2001	Annual periods commencing on or after 1 July 2013	When this standard is first adopted for the year ended 30 June 2014 the Entity will show reduced disclosures under Key Management Personnel note to the financial statements
AASB 2012-5 (issued June 2012)	Annual Improvements to Australian Accounting Standards 2009-2011 Cycle	Non-urgent but necessary changes to IFRSs (IAS1, IAS 16 & IAS 32) e.g: AASB 116 clarifies that items such as spare parts, stand-by or service equipment are required to be classified as property, plant and equipment and not inventory	Periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no material impact.
IFRS (issued December 2011)	Mandatory Effective Date of IFRS 9 and Transition Disclosures	Entities are no longer required to restate comparatives on first time adoption. Instead, additional disclosures on the effects of transition are required.	Annual reporting periods commencing on or after 1 January 2015	As comparatives are no longer required to be restated, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required on transition, including the quantitative effects of reclassifying financial assets on transition.
AASB 2012-9 (issued December 2012)	Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039	Deletes Australian Interpretation 1039 Substantive Enactment of Major Tax Bills In Australia from the list of mandatory Australian Interpretations to be applied by entities preparing financial statements under the Corporations Act 2001 or other general purpose financial statements.	Annual reporting periods beginning on or after 1 January 2013	There will be no impact on first-time adoption of this amendment as the Entity does not account for proposed changes in taxation legislation until the relevant Bill has passed through both Houses of Parliament, which is consistent with the views expressed by the Australian Accounting Standards Board in their agenda decision of December 2012.

2. FINANCIAL RISK MANAGEMENT

The Group's activities have exposure to the following risks from their use of financial instruments:

- Market Risk;
- Credit Risk; and
- Liquidity Risk

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by corporate under policies approved by the Board of Directors.

A. MARKET RISK

Market risk is the risk that changes in market prices, such as interest rates. This will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

INTEREST RATE RISK

The Group is exposed to interest rate risk arises from long term borrowings at variable rates which exposes the Group to cash flow interest rate risk. The group does not hold any fixed rate borrowings and receivables that are carried at fair value and hence is not exposed to fair value interest rate risk.

At the reporting date, the Group had the following variable and fixed rate borrowings outstanding and cash held in investment accounts:

	30 JUNE 2013		30 JUNE 2012	
	Weighted average interest rate %	Balance A$'000	Weighted average interest rate %	Balance A$'000
Bank loans (Variable)	5.41%	30,058	5.77%	25,003
Overdraft (Variable)	9.20%	2,235	9.95%	4,435
Financial Lease Liabilities (Fixed)	4.00%	2,296	4.00%	5,297
Investment Accounts (Variable)	-	-	5.20%	12

The Group had access to an overdraft facility of $10,000,000 during the year. As At 30th June 2013, the overdraft balance is $2,235,022

The group analyses its interest rate exposure on dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing position, and alternative financing. The scenarios are run only for liabilities that represent major interest bearing position on quarterly basis to verify that the maximum loss potential is within the limit given by management.

GROUP SENSITIVITY

At 30 June 2013, 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 $336,000 higher/lower, as a result of higher/lower interest payable on bank overdraft and loan facility. At 30 June 2012, 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 $220,000 higher/lower, as a result of higher/lower interest payable on bank overdraft and loan facility.

The Group is not exposed to foreign exchange or price risk.

2 FINANCIAL RISK MANAGEMENT (continued)

B. CREDIT RISK

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's cash and receivables.

(I) TRADE AND OTHER RECEIVABLES

The 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 59 percent of the Group's Trade Receivables balance is attributable to State and Federal Government agencies, with no one customer representing more than 10 percent of the trade receivable balance. ASG has impaired the trade receivable balance of one customer based on the Group's detailed assessment of the customer and its findings. Geographically there is also no concentration of credit risk.

In 2012, approximately 57 percent of the Group's Trade Receivables balance is attributable to State and Federal Government agencies, with no one customer representing more than 10 percent of the trade receivable balance. Geographically there is also no concentration of credit risk.

(II) EXPOSURE TO CREDIT RISK

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Note	CARRYING AMOUNT	
		2013 A$'000	2012 A$'000
Cash and cash equivalents	10	**235**	12
Trade and other receivables	11	**27,644**	31,355

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 counterpart default rates:

	2013 A$'000	2012 A$'000
CASH AND CASH EQUIVALENTS		
AA	**235**	12
TRADE RECEIVABLES		
Counterparties with external credit rating		
A	**19,991**	22,203
BBB	**2,642**	2,807
Counterparties without external credit rating	**5,011**	6,345
Total Trade Receivables	**27,644**	31,355

The following table breaks down receivables that are past due (30 day terms) but not impaired:

	2013 A$'000	2012 A$'000
Receivables less than 30 days past due	**781**	4,553
Receivables 30 days or more but less than 60 days past due	**535**	915
Receivables 60 days or more but less than 90 days past due	**283**	160
Receivables 90 days or more past due	**197**	373
Total receivables past due but not impaired	**1,796**	6,001

2 FINANCIAL RISK MANAGEMENT (continued)

C. LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group manages liquidity risk by maintaining adequate reserves by preparing an annual budget, continuously monitoring to the budget, subsequent forecasts and actual cash flows as well as matching the maturity profiles of financial assets and liabilities.

Typically the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

(I) FINANCING ARRANGEMENTS

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

	2013 A$'000	2012 A$'000
FLOATING RATE		
Acquisition facility	**13,825**	18,450
Term Debt facility	**12,424**	18,386
Working Capital facility	**19,000**	22,000

The Acquisition facility has a termination date of 30th June 2017 with the full amount of the commitment drawn at 30th June 2013. The facility is repayable quarterly by equal instalments of $812,500.

Term Debt facility has a termination date of 30th April 2017 with the entire amount of the commitment drawn at reporting date. The facility is repayable quarterly by equal instalment of $919,000.

The Working Capital facility, which may be drawn at any time, is subject to annual review. Working capital facility includes the bank overdraft of a maximum of $10,000,000, a cash advance facility of a maximum of $5,000,000 and a bank guarantee facility. At 30 June 2013, ASG had utilised the Cash advanced of the working capital facility with a balance of $3,809,089. This is not repayable but the facility is subject to annual review therefore is classified as current.

2 FINANCIAL RISK MANAGEMENT (continued)

(II) MATURITIES OF FINANCIAL LIABILITIES

The tables below analyse the Group's financial liabilities 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.

GROUP – AT 30 JUNE 2013	CARRYING AMOUNT	CONTRACTUAL CASH FLOW	LESS THAN 6 MONTHS	6-12 MONTHS	1- 2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
NON INTEREST BEARING							
Trade Creditors	13,201	13,201	13,201	-	-	-	-
Deferred Vendor Payment	1,000	1,000	1,000	-	-	-	-
VARIABLE RATE							
Bank Overdraft	2,235	2,235	2,235	-	-	-	-
Bank Borrowings	30,058	33,480	8,173	4,153	7,973	13,181	-
FIXED RATE							
Finance Lease	2,296	2,617	530	669	960	458	-
Total	**48,790**	**52,533**	**25,139**	**4,822**	**8,933**	**13,639**	**-**

GROUP – AT 30 JUNE 2012	CARRYING AMOUNT	CONTRACTUAL CASH FLOW	LESS THAN 6 MONTHS	6-12 MONTHS	1- 2 YEARS	2-5 YEARS	MORE THAN 5 YEARS
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
NON INTEREST BEARING							
Trade Creditors	9,642	9,642	9,642	-	-	-	-
Deferred Vendor Payment	16,625	16,625	16,625	-	-	-	-
VARIABLE RATE							
Bank Overdraft	4,435	4,435	4,435	-	-	-	-
Bank Borrowings	25,003	28,136	8,994	2,358	8,392	8,392	-
FIXED RATE							
Finance Lease	5,296	6,025	1,209	843	1,750	2,223	-
Total	**61,001**	**64,863**	**40,905**	**3,201**	**10,142**	**10,615**	**-**

The above liquidity analysis assumes worst case scenario for the Group if they were required to repay all liabilities earlier than expected. The Group believes the likelihood of this as being remote.

CAPITAL RISK MANAGEMENT

The Group's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders through the optimisation of debt and equity balance. In order to maintain an optimal capital structure, the Group may adjust the amount of dividends paid to share holders, return capital to share holders or issue new shares.

The Group monitors capital on the basis of gearing ratio. The gearing ratios at 30 June 2013 and 30 June 2012 were as follows:

	2013 A$'000	2012 A$'000
Total Borrowings	**30,058**	25,003
Less: cash and cash equivalents	**(235)**	(12)
Add: Overdraft	**2,235**	4,435
Net debts	**32,058**	29,426
Total equity	**84,861**	98,313
Total capital	**116,919**	127,739
Gearing Ratio	**27.4%**	23.0%

2 FINANCIAL RISK MANAGEMENT (continued)

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 of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar instruments.

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

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.

A. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

(I) IMPAIRMENT REVIEW

The Group tests annually whether any assets have suffered any impairment, in accordance with the accounting policy stated in note 1(j). During the year, there was a significant differential in the market capitalisation and the entity's net asset position. This situation has warranted management to refine the value in use calculation including the use of an independent expert. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amount of the asset is determined. Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

The recoverable amount of goodwill and intangible assets has been determined based on value in use of the ASG Cash Generating Unit (CGU) through the application of a discounted cash flow methodology.

All goodwill acquired has been integrated into the ASG national platform as one cash generation unit, and it is at this level that the recoverable amount is tested. Indefinite life intangible assets are included in the estimate of recoverable amount. As required by AASB 136, each individual intangible asset is also reviewed for impairment.

The discounted cash flow method estimates the value of the CGU as being equal to the present value of the future cash flows which are expected to be derived from the CGU.

In determining value in use, it is necessary to make a series of assumptions to estimate future cash flows. Uncertainties in estimates may result in future adjustments to the conveying value of the assets. These assumptions were derived in conjunction with the independent expert and the key assumptions and changes are listed below:

- Discounted cash-flow model for 5 years and a terminal value (2012: 5 years model with residual working capital after 5 years period)
- Cash flows have been determined using a updated forecast for the year ended 30 June 2014
- Growth rates of 3.5% have been used for the term of the model (2012: 8.0% growth rates)
- Cash flows have been discounted at 14.6% pre-tax (2012: 10.5%)

(II) SHARE BASED PAYMENTS

The Company grants share based payments to the Group employees as part of their annual remuneration. The valuation of share based payments is a complex area and the company seeks appropriate external advice. The accounting policy adopted is stated in note 1 (r) (iv).

(III) CHANGE IN ESTIMATES OF DATA CENTRE

During the period, the Group has revised the useful life of the Data Centre in accordance with AASB 116 to align with the expiry date of the leased premises.

B. CRITICAL JUDGEMENTS IN APPLYING THE ENTITY'S ACCOUNTING POLICIES.

(I) DEFERRED TAX ASSET.

The Group has recognised carry-forward losses as deferred tax assets as it is considered probable that these losses will be recouped by means of future taxable profits.

4. VOLUNTARY CHANGE IN ACCOUNTING POLICY

CHANGE IN ACCOUNTING POLICY FOR NON-CURRENT INTANGIBLE ASSET "CAPITALISED COSTS"

The financial report has been prepared on the basis of a retrospective application of a voluntary change in accounting policy relating to project establishment expenditure capitalised as intangible "Capitalised Costs". The new accounting policy is to expense all project establishment expenditure through the profit or loss account as incurred, whereas, under the old policy expenditure for successful contract wins were capitalised as intangible "Capitalised Costs" and amortised over the life of the contract. Management reviewed the impact on the profit and loss account associated with the capitalisation of project establishment expenditure and determined such expenditure was more in nature a routine expenditure incurred in winning contracts and any expenditure on undetermined contracts difficult to reliably satisfy a probable economic benefits' test at balance date. Management have determined that the key judgements involved in deciding which bids will be successful can produce less reliable information. Although bid costs will give rise to future economic benefits, management believed that the policy of expensing bid costs provide more reliable information. In 2013, the Group incurred $16.1M in relation to bid costs (2012: $19.8M). All of this expenditure has been expensed to the Profit & Loss for the period. The new accounting policy was adopted on 1 July 2012 and has been applied retrospectively.

The impact of the change in accounting policy on the Consolidated Income Statement, Consolidated Statement of Financial Position and Consolidated Statements of Cash Flows are set out below:

RESTATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (EXTRACT):

		30 June 2012 A$'000	Adjustment A$'000	30 June 2012 (Restated) A$'000
Depreciation and Amortisation Expense	8b	(7,897)	3,896	(4,001)
Capitalised Cost Expensed		0	(8,433)	(8,433)
Profit Before Income Tax		**18,914**	**(4,537)**	**14,377**
Income Tax Expense		(4,287)	1,361	(2,926)
Profit for the Year		**14,627**	**(3,176)**	**11,451**

RESTATED EARNINGS PER SHARE FROM PROFIT ATTRIBUTABLE TO THE OWNERS OF ASG GROUP LIMITED:

	Cents Reported	Adjustment	Cents Restated
Basic earnings per share	8.52	(1.86)	6.66
Diluted earnings per Share	8.51	(1.86)	6.65

STATEMENT OF FINANCIAL POSITION AT THE BEGINNING OF THE EARLIEST COMPARATIVE PERIOD (EXTRACT):

	30 June 2011 A$'000	Adjustment A$'000	1 July 2011 A$'000
Other Current Assets	3,858	(2,049)	1,809
Total Current Assets	**49,681**	**(2,049)**	**47,632**
Intangible Assets	123,016	(15,083)	107,933
Total Non-Current Assets	**151,757**	**(15,083)**	**136,674**
Total Assets	**201,438**	**(17,132)**	**184,306**
Deferred Tax Liabilities	8,572	(5,140)	3,432
Total Non-Current Liabilities	**54,849**	**(5,140)**	**49,709**
Total Liabilities	**92,525**	**(5,140)**	**87,385**
Retained Earnings/ (Accumulated Losses)	8,338	(11,991)	(3,653)
Total Equity	**108,912**	**(11,991)**	**96,921**

4 VOLUNTARY CHANGE IN ACCOUNTING POLICY (continued)

RESTATED STATEMENT OF FINANCIAL POSITION OF COMPARATIVE PERIOD:	30 June 12 A$'000	Adjustment A$'000	30 June 2012 A$'000
Other Current Assets	5,285	(2,256)	3,029
Total Current Assets	**42,562**	**(2,256)**	**40,306**
Intangible Assets	126,856	(19,412)	107,444
Total Non-Current Assets	**162,743**	**(19,412)**	**143,331**
Total Assets	**205,304**	**(21,668)**	**183,637**
Deferred Tax Liabilities	11,620	(6,500)	5,120
Total Non-Current Liabilities	**31,826**	**(6,500)**	**25,326**
Total Liabilities	**91,824**	**(6,500)**	**85,324**
Retained Earnings/ (Accumulated Losses)	10,222	(15,167)	(4,945)
Total Equity	**113,480**	**(15,167)**	**98,313**

NOTES TO THE RESTATEMENT OF COMPARATIVES:	**2013**	2012	2011
CURRENT ASSETS – OTHER			
Prepayments	**1,338**	3,029	1,809
NON-CURRENT ASSETS - INTANGIBLES			
Development Costs	**10,934**	11,957	11,957
Goodwill	**71,191**	85,559	85,559
Capitalised Costs	**-**	-	-
Software	**7,468**	6,904	6,994
Customer List	**741**	2,030	2,299
Customer Contracts	**663**	994	1,124
Non-current Assets- Intangibles Total	**90,997**	107,444	107,933

RESTATED STATEMENT OF CASH FLOWS (EXTRACT):	30 June 2012 A$'000	Adjustment A$'000	30 June 2012 (Restated) A$'000
Cash Payments in course of operations	(134,137)	(8,225)	(142,362)
Net Cash Provided by/(used in) Operating Activities	12,451	(8,225)	4,226
Payments for Intellectual Property	(8,225)	8,225	0
Net cash provided by/(used in) investing activities	(20,160)	8,225	(11,935)

5. SEGMENT INFORMATION

Management has determined the group has one operating segment based on the reports reviewed by the executive group and used to make strategic decisions.

Strategic decisions at the executive level are made on human resources and resourcing, strategic business development opportunities, customer and project management, treasury and finance and capital expenditure. These strategic decisions are made by the executive group and the interests of the Group are taken into consideration. It is the view of management that ASG only operates within one operating segment, that being information technology solutions. ASG operates in Australia with no revenue being attributable outside of Australia in providing information technology services. ASG offers solutions to its customers' needs and works with key partners such as Oracle, SAP, and Microsoft to offer a range of software solutions.

ASG had no reliance on customer during the year end 30th June 2013. Entities controlled by the Federal Government of Australia contributed 32% of the total revenue and entities controlled by the Western Australian Government contributed 21% of the total revenue for the year ended 30th June 2013.

6. REVENUE

	2013 A$'000	2012 A$'000
FROM CONTINUING OPERATIONS		
Sale of goods	**20,414**	10,841
Rendering of service	**132,122**	139,437
Total Revenue from Continuing Operations	**152,537**	150,278

7. OTHER INCOME

	2013 A$'000	2012 A$'000
Other income:		
Interest:	**3**	55
Other	**-**	9
Total other income	**3**	**64**

8. EXPENSES

	2013 A$'000	2012 A$'000
PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
A. RAW MATERIALS		
Cost of hardware	**13,953**	11,875
Cost of software sold	**4,146**	50
Total Raw Materials	**18,099**	**11,925**
B. DEPRECIATION AND AMORTISATIONS		
Depreciation	**4,804**	2,361
Amortisation	**2,511**	1,640
Total Depreciation and Amortisation	**7,315**	**4,001**
C. FINANCE COSTS		
Finance charges paid/payable for financial liabilities at amortised cost	**2,506**	1,729
Finance charges on capitalised leases	**226**	518
Total Finance Costs	**2,732**	**2,247**
D. IMPAIRMENT AND WRITE-DOWNS		
Impairment of intangibles	**17,183**	-
Write-downs	**562**	-
Total Impairment and Write-downs	**17,745**	**-**
E. OPERATING EXPENSES		
Insurance	**727**	566
Marketing and administration	**16,368**	14,160
Bank and compliance expense	**1,838**	896
Doubtful debt expense	**2,713**	(1,130)
Reversal of warranty provision	**-**	(1,125)
Total Operating Expenses	**21,646**	**13,367**

9. INCOME TAX AND DEFERRED TAX

INCOME TAX EXPENSE	2013 A$'000	2012 A$'000
RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Current Tax		
Current year	**3,960**	333
Under/(Over) Provision for prior year	**(317)**	(62)
Deferred tax		
Origination and reversal of temporary differences	**(6,768)**	2,509
Benefit on tax losses recognised		
Under/(Over) Provision for prior year	**(119)**	146
Total Income Tax Expense Benefit per statement of comprehensive income	**(3,244)**	**2,926**
NUMERICAL RECONCILIATION BETWEEN TAX EXPENSES AND PRE-TAX NET LOSS		
Net profit/(loss) before tax	**(29,936)**	14,377
Income Tax Expense/(benefit) on the above at 30% (2012 30%)	**(8,981)**	4,313
Increase in income tax due to:		
Non-deductible expenses	**5,033**	293
Franking deficit tax offset reduction	**1,188**	-
Current year capital losses not recognised	**26**	-
Decrease in income tax expense due to:		
Under/(Over) Provision for Prior Year	**(437)**	84
Movement in unrecognised temporary differences		
Non-assessable income	**-**	(1,733)
Deductibility equity raising costs	**(73)**	(31)
Income tax expense attributable to entity	**(3,244)**	**2,926**
DEFERRED TAX ASSET ARISING FROM TAX LOSSES BROUGHT FORWARD TAKEN INTO ACCOUNT THIS FINANCIAL YEAR		
Current Tax Assets/(Liabilities)		
Income Tax (Payable)/ Refundable	**2,219**	3,290
Franking Deficit Tax (Payable)/ Refundable	**(3,960)**	-
Total	**(1,741)**	**3,290**

10. CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2013 A$'000	2012 A$'000
Cash at bank and in hand	**235**	-
Cash in interest bearing accounts	**-**	12
	235	12

10 CURRENT ASSETS – CASH AND CASH EQUIVALENTS (continued)

A. RECONCILIATION TO CASH AT THE END OF THE YEAR

The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:

	2013 A$'000	2012 A$'000
Balances as above	**235**	12
Bank overdraft (note 20)	**(2,235)**	(4,435)
Balances per statement of cash flows	**(2,000)**	(4,423)

B. INTEREST RATE RISK EXPOSURE

The Group's exposure to interest rate risk is discussed in note 2. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

11. CURRENT ASSETS – TRADE AND OTHER RECEIVABLES

	2013 A$'000	2012 A$'000
Current		
Trade receivables	**24,720**	25,366
Provision for impairment	**(1,385)**	(121)
	23,335	25,245
Amount receivable from:		
Other receivables	**4,309**	6,110
	27,644	31,355

The classes within trade and other receivables contain provisions for impaired assets. Based on the credit history of these classes, it is expected that these amounts will be received when due. The group does not hold any collateral in relation to these receivables.

A. OTHER RECEIVABLES

These amounts generally relates to accrued revenue for rendering of services and sales of goods not yet invoiced to the client.

B. FAIR VALUE AND CREDIT RISK

Due to the short-term nature of the trade receivables, their carrying amount is assumed to approximate their fair value.

Refer to note 2 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables

12. ASSETS CLASSIFIED AS HELD FOR SALE

	2013 A$'000	2012 A$'000
Bentley Data Centre	**11,463**	-
Total assets held for sale	**11,463**	**-**

The Group has re-classified its investment in its Bentley Data Centre as a "non-current asset held for sale". Sale discussions have commenced and discussions with interested parties continue at balance date.

13. NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT

	LEASEHOLD IMPROVEMENTS	PLANT AND EQUIPMENT	LEASED PLANT AND EQUIPMENT	MOTOR VEHICLES	TOTAL
	A$'000	A$'000	A$'000	A$'000	A$'000
AS AT 1 JULY 2011					
Cost	14,484	5,532	9,556	1,712	31,284
Accumulated depreciation	(722)	(4,206)	(3,020)	(586)	(8,534)
Closing net book amount	**13,762**	**1,326**	**6,536**	**1,126**	**22,750**
YEAR ENDED 30 JUNE 2012					
Opening book amount	13,762	1,326	6,536	1,126	22,750
Additions	3,145	7,297	107	-	10,549
Disposals	-	-	-	(59)	(59)
Depreciation charge	(712)	(773)	(655)	(220)	(2,360)
Closing net book amount	**16,195**	**7,850**	**5,988**	**847**	**30,880**
AS AT 30 JUNE 2012					
Cost	17,629	12,829	9,662	1,454	41,574
Accumulated depreciation	(1,434)	(4,979)	(3,674)	(607)	(10,694)
Net book amount	**16,195**	**7,850**	**5,988**	**847**	**30,880**
YEAR ENDED 30 JUNE 2013					
Opening book amount	16,195	7,850	5,988	847	30,880
Additions	143	7,077	-	-	7,220
Assets classified as held for sale and other disposals	(11,463)				(11,463)
Disposals	(277)	(285)	(1,755)	(29)	(2,346)
Write downs	(278)	(285)			(563)
Depreciation charge	(2,543)	(984)	(1,079)	(198)	(4,804)
Closing net book amount	**2,055**	**13,658**	**3,154**	**620**	**19,487**
AS AT 30 JUNE 2013					
Cost	3,151	19,550	7,171	1,399	31,271
Accumulated depreciation	(1,096)	(5,892)	(4,017)	(779)	(11,784)
Net book amount	**2,055**	**13,658**	**3,154**	**621**	**19,487**

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT

During annual impairment testing, ASG determined assets under leasehold improvements and plant and equipment to be impaired. These relate to office premises that are no longer occupied and equipment that are no longer used by the Group.

14. NON-CURRENT ASSETS – INTANGIBLES

	DEVELOPMENT COSTS	GOODWILL	SOFTWARE	CUSTOMER LIST	CUSTOMER CONTRACTS	TOTAL
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
YEAR ENDED 30 JUNE 2012						
Opening net book amount	11,957	85,559	6,994	2,299	1,124	107,933
Net Additions	-	-	1,150	-	-	1,150
Amortisation	-	-	(1,240)	(269)	(130)	(1,639)
Closing Net Value	**11,957**	**85,559**	**6,904**	**2,030**	**994**	**107,444**
AT 30 JUNE 2012						
Cost	11,971	102,156	11,278	2,671	1,297	129,373
Accumulated amortisation	(14)	(16,597)	(4,374)	(641)	(303)	(21,929)
Net book amount	**11,957**	**85,559**	**6,904**	**2,030**	**994**	**107,444**
YEAR ENDED 30 JUNE 2013						
Opening net book amount	11,957	85,559	6,904	2,030	994	107,444
Net Additions	-	-	3,247	-	-	3,247
Impairment	(1,023)	(14,368)	(768)	(1,024)	-	(17,183)
Amortisation	-	-	(1,915)	(265)	(331)	(2,511)
Closing Net Value	**10,934**	**71,191**	**7,468**	**741**	**663**	**90,997**
AT 30 JUNE 2013						
Cost	10,948	102,156	13,756	2,671	1,297	130,828
Accumulated amortisation and impairment	(14)	(30,965)	(6,288)	(1,930)	(634)	(39,831)
Net book amount	**10,934**	**71,191**	**7,468**	**741**	**663**	**90,997**

IMPAIRMENT CHARGE

As a result of the impairment testing process at 30 June 2013, an amount of $17,183,513 has been bought to account in the year ended 30 June 2013 as an impairment charge. $2,815,567 related to impairment of separately identified intangibles including development costs, software and customer list acquired. The remaining impairment has been allocated against Goodwill as ASG has one consolidated CGU.

IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS

The below sensitivity analysis illustrates movement in impairment for changes of ±1% on key assumptions used to calculate the Group's value in use calculation for goodwill.

	+1%	-1%
Growth	(8,668)	8,480
Gross Margins	(12,276)	12,276
Weighted average cost of capital	7,734	(8,533)

15. NON-CURRENT ASSETS – INVESTMENT ACCOUNTED FOR USING THE EQUITY METHOD.

	2013 A$'000	2012 A$'000
Interest in joint venture	-	182
Total interest in joint venture	-	182

The parent entity had a 50% interest in Vancore – The Strategy Consultants Pty Ltd. The interest in Vancore was accounted for in the consolidated financial statements using the equity method of accounting and was carried at cost by the parent entity. During the period, Vancore was dissolved with a final dividend payment received by ASG for 50% of final Net Assets.

SHARE OF JOINT VENTURE ASSETS AND LIABILITIES	2013 A$'000	2012 A$'000
Current assets	-	385
Non-current assets	-	1
Total assets	-	386
Current liabilities	-	22
Non-current liabilities	-	-
Total liabilities	-	22
Net Assets	-	364
Investment in Joint Venture	-	182

16. NON-CURRENT ASSETS – DEFERRED TAX ASSETS.

RECOGNISED DEFERRED TAX ASSETS	2013 A$'000	2012 A$'000
Deferred tax assets are attributable to the following:		
Provision for bad debts, warranties & discounts	**415**	36
Annual Leave	**1,136**	1,389
Long Service Leave	**682**	573
Accrued superannuation	**404**	495
Other accruals	**409**	34
Previously expensed borrowing costs	**46**	57
Unused tax credits	**2,772**	-
Previously expensed capital raising costs	**51**	17
Capital Raising Costs reflected in Equity	**235**	95
Tax losses recognised	**7,002**	2,101
Plant & equipment	**29**	28
Net tax assets/ (liabilities)	**13,181**	**4,825**
Unrecognised deferred tax assets		
Tax capital losses	**760**	735
	760	**735**

17. CURRENT LIABILITIES - TRADE AND OTHER PAYABLES

	2013 A$'000	2012 A$'000
Current		
Trade creditors	**13,201**	9,642
Other creditors and accruals	**12,342**	7,468
Employee benefits	**5,132**	6,277
Net GST Payable	**3,077**	3,188
Premium funding loan	**-**	358
	33,752	26,933

AMOUNTS NOT EXPECTED TO BE SETTLED WITHIN THE NEXT 12 MONTHS

The current provision for employee benefits includes accrued annual leave and superannuation liability. The entire amount of the provision is presented as current since the group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

18 CURRENT LIABILITIES – PROVISIONS

	2013 A$'000	2012 A$'000
Retirement benefits	**323**	-
Restructuring costs (a)	**324**	-
Total	**647**	-

A. RESTRUCTURING COSTS

The provision for restructuring cost related to the rationalisation and realignment initiative announced in February 2013 that would lead to increase in efficiencies. At 30 June 2013, there are still restructuring cost to be incurred for $323,924 that are fully provided for in the current reporting period. These costs are expected to be fully utilised over the next 3 months.

19. CURRENT LIABILITIES - DEFERRED VENDOR PAYMENTS

The current deferred vendor payments for business combinations are outlined below:

	2013 A$'000	2012 A$'000
Courtland Consulting	**-**	300
Capiotech Consulting	**-**	7,625
Progress Pacific	**1,000**	8,700
Total	**1,000**	16,625

Further information on deferred vendor payment can be found in note 30.

20. FINANCIAL LIABILITIES

	2013			2012		
	Current A$'000	Non-current A$'000	Total A$'000	Current A$'000	Non-current A$'000	Total A$'000
SECURED						
Bank Overdraft	2,235	-	2,235	4,435	-	4,435
Bank Loans	10,710	19,348	30,058	10,311	14,692	25,003
Lease Liabilities	997	1,299	2,296	1,694	3,603	5,297
Total Secured Borrowings	**13,942**	**20,647**	**34,589**	**16,440**	**18,295**	**34,735**

	2013 A$'000	2012 A$'000
The consolidated entity has access to the following lines of credit		
Total facilities available:		
BankWest overdraft	**10,000**	10,000
Overdraft Utilised	**2,235**	4,435
Overdraft facility not utilised at 30 June	**7,765**	5,565

SECURED LIABILITIES

The security for the loans and overdraft facility with Bank West is a first ranking general security interest over all the assets and undertakings of the group, including those classified as held for sale.

Lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

For more information relating to the Group's exposure to risks arising from borrowings see note 2.

21. CONTINGENCIES

The group had contingent liabilities at 30 June 2013 in respect of:

(I) GUARANTEES

The Group had Bank Guarantee for $5,121,613 (2012: $5,595,000) that are not yet due but may be called upon at any time that is not included in the Financial Liabilities.

22. NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

	2013 A$'000	2012 A$'000
Deferred tax liabilities are attributable to the following:		-
Prepayments	**-**	(52)
Capitalised costs	**(2,678)**	(2,754)
Plant & equipment	**(3,774)**	(2,314)
Deferred Tax Liabilities	**(6,452)**	(5,120)

22 NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES (continued)

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE AT 1 JUL 2011	UNDER/ OVER	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 30 JUNE 2012
	A$'000	A$'000	A$'000	A$'000	A$'000
Deferred Tax Assets					
Provision for Bad Debts	1,059	-	(1,023)	-	36
Annual Leave	1,371	-	17	-	1,388
Long Service Leave	509	-	65	-	574
Accrued superannuation	507	-	(12)	-	495
Other accruals	25	-	9	-	34
Previously expensed borrowing costs	67	3	(13)	-	57
Previously expensed capital raising costs	8	9	-	-	17
Capital raising costs reflected in equity	112	-	1	(18)	95
Tax losses recognised	2,129	6	(34)	-	2,101
Plant & Equipment	21	-	7	-	28
Net Deferred Tax Assets	**5,808**	**18**	**(983)**	**(18)**	**4,825**
Deferred Tax Liabilities					
Prepayments	32	-	19	-	52
Capitalised Costs & Contract Negotiations	1,920	163	672	-	2,754
Plant & Equipment	1,480	-	834	-	2,314
Net Deferred Tax Liability	**3,432**	**163**	**1,525**	**-**	**5,120**

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE AT 1 JULY 2012	UNDER/ OVER	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 30 JUNE 2013
	A$'000	A$'000	A$'000	A$'000	A$'000
Deferred Tax Assets					
Provision for Bad Debts	36	-	379	-	415
Annual Leave	1,388	-	(252)	-	1,136
Long Service Leave	574	-	108	-	682
Accrued superannuation	495	-	(91)	-	404
Other accruals	34	90	285	-	409
Unused tax credits	-	-	2,771	-	2771
Previously expensed borrowing costs	57	1	(12)	-	46
Previously expensed capital rasing costs	17	-	35	-	52
Capital rising cost reflected in equity	95	-	-	140	235
Tax losses recognised	2,101	4	4,897	-	7,002
Plant & Equipment	28	(8)	9	-	29
Net Deferred Tax Assets	**4,825**	**87**	**8,129**	**140**	**13,181**
Deferred Tax Liabilities					
Prepayments	52	4	(56)	-	-
Capitalised Costs & Contract Negotiations	2,754	-	(76)	-	2,678
Plant & Equipment	2,314	(36)	1,496	-	3,774
Net Deferred Tax Liability	**5,120**	**(32)**	**1,363**	**-**	**6,452**

23. CONTRIBUTED EQUITY

		2013		2012	
		No. '000	A$'000	No. '000	A$'000
Fully paid ordinary shares	(a)				
Balance at beginning of financial year		**172,152**	**101,744**	**169,118**	**99,210**
Shares issued:					
- Placement of shares	(b)	29,533	15,357	-	-
- Dividend reinvestment plan	(c)	-	-	2,804	2,407
- Exercise of options	(d)	20	9	230	186
- Acquisition of controlled entity (Capiotech)	(e)	2,330	1,684	-	-
- Acquisition of controlled entity (Progress Pacific)	(f)	2,685	1,940	-	-
-Transaction Costs/taxation implications		-	(574)	-	(59)
Balance at end of financial year		**206,720**	**120,160**	**172,152**	**101,744**

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. 2013: Share placement of 29,533,237 at $0.52.

c. 2012: Issue of 2,139,094 shares at 0.88 pursuant to the DRP and issue of 665,190 shares at 0.79 pursuant to the DRP

d. 2013: Exercise of 20,000 options at $0.43
2012: Exercise of 230,000 options at various prices

e. 2013: Issue of 2,330,247 shares at $0.72 per share as part consideration of the acquisition of Capiotech Pty Ltd.

f. 2013: Issue of 2,685,186 shares at $0.72 per shares as part consideration of the acquisition of Progress Pacific Pty Ltd

Effective 1 July 1998, the Corporations Legislation in place abolished the concepts of authorised capital and par value shares. Accordingly, the Company does not have authorised capital nor par value in respect of its issued shares.

DIVIDEND REINVESTMENT PLAN

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 market price.

24. RESERVES

	2013 A$'000	2012 A$'000
A. RESERVES		
Share based payments		
Balance 1 July	**1,347**	1,197
Option Expense	**140**	150
Balance 30 June	**1,487**	1,347
Foreign currency translation reserve		
Balance 1 July	**(2)**	(2)
Expense	**-**	-
Balance 30 June	**(2)**	(2)
Option reserves		
Balance 1 July	**169**	169
Option Expense	**-**	-
Balance 30 June	**169**	169
Total Reserves	**1,654**	1,514

B. 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.

25. DIVIDEND

	2013 A$'000	2012 A$'000
Final dividend for the year ended 30 June 2012 of 3.0 cents (2011 – 5.5 cents) per fully paid share paid on 31 October 2012 (2011 – 5th October 2011)		
Fully franked based on tax paid @ 30%	**5,316**	9,312
No interim dividend was declared for the year ended 30 June 2013.		
Interim dividend for the year ended 30 June 2012 of 2 cents) per fully paid share paid on 16 April 2012		
Fully franked based on tax paid @ 30%	**-**	3,429

B. DIVIDENDS NOT RECOGNISED AT YEAR END		
No dividend has been declared for 2013.		
In 2012, in addition to the above dividends, since year end the directors have recommended the payment of a final dividend of 3.0. cents per fully paid ordinary share, fully franked based on tax paid at 30%.	**-**	5,165

25 DIVIDEND (continued)

C. FRANKED DIVIDENDS	2013 A$'000	2012 A$'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2012 – 30%)	-	-

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

a. Franking credits that will arise from the payment of the provision for income tax
b. Franking debits that will arise from the payment of dividends recognised as a liability at the reporting date, and
c. 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 parent entity if distributable profits of subsidiaries were paid as dividends.

26. KEY MANAGEMENT PERSONNEL

A. DIRECTORS
The following persons were directors of ASG Group Ltd during the financial year.

(I) CHAIRMAN – NON-EXECUTIVE
Ron Baxter

(II) EXECUTIVE DIRECTORS
Geoffrey Lewis

(III) NON-EXECUTIVE DIRECTORS
Ian Campbell
John McConnell (until 17 May 2013)
Trevor O'Hoy

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.

Dean Langenbach	Chief Operating Officer
Stuart Whipp	Chief Financial Officer (until 14 February 2013)
Gerald Strautins	Executive, Strategy
Michelle Bevan	Executive, People & Culture

C. KEY MANAGEMENT PERSONNEL COMPENSATION
The aggregate remuneration made to key management personnel of the Company and the Group is set out below:

	2013 A$'000	2012 A$'000
Short-term employee benefits	2,879	2,538
Post-employment benefits	168	207
Other long-term benefits	75	46
Termination benefits	-	-
Share-based payment	269	79
	3,391	2,870

Detailed remuneration disclosures are provided in sections A-C of the remuneration report.

26 KEY MANAGEMENT PERSONNEL (continued)

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 the remuneration report on page 28.

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.

OPTION HOLDINGS							
2013	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
NAME							
Directors of ASG Group Limited							
G Lewis	3,000,000	-	-	-	3,000,000	-	3,000,000
Other Key Management personnel of the Group							
S Whipp	1,500,000	-	-	(1,500,000)	-	-	-
D Langenbach	1,500,000	-	-	-	1,500,000	-	1,500,000
G Strautins	1,500,000	-	-	-	1,500,000	-	1,500,000
M Bevan	600,000	-	-	-	600,000	-	600,000

2012	Balance at the start of the year	Granted as compensation	Exercised	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
NAME							
Directors of ASG Group Limited							
G Lewis	-	3,000,000	-	-	3,000,000	-	3,000,000
Other Key Management personnel of the Group							
D Langenbach	-	1,500,000	-	-	1,500,000	-	1,500,000
S Whipp	-	1,500,000	-	-	1,500,000	-	1,500,000
G Strautins	-	1,500,000	-	-	1,500,000	-	1,500,000
M Bevan	-	6,00,000	-	-	600,000	-	600,000-

26 KEY MANAGEMENT PERSONNEL (continued)

(III) SHARE HOLDINGS

The numbers of shares 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.

SHARE HOLDINGS					
2013	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
NAME					
G Lewis	14,418,752	-	1,923,045	16,341,797	12,951,199
R Baxter	1,015,256	-	166,971	1,182,227	-
T O'Hoy	120,000	-	100,000	220,000	-
J McConnell*	103,810	-	(103,810)	-	-
D Langenbach	200	-	999,800	1,000,000	-
G Strautins	650,000	-	(100,000)	550,000	550,000

*John McConnell ceased to be a director on 17 May 2013

2012	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
NAME					
G Lewis	14,418,752	-	-	14,418,752	13,130,484
R Baxter	931,936	-	83,320	1,015,256	483,467
T O'Hoy	120,000	-	-	120,000	-
J McConnell	95,289	-	8,521	103,810	-
D Langenbach	2,488,572	-	(2,488,372)	200	-
G Strautins	650,000	-	-	650,000	650,000

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

Cost of vehicles leased by the Group for use of directors: $609,541 (2012: $609,541), other key management personnel $134,396 (2012: $216,750)

27. REMUNERATION OF AUDITORS

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

	2013 A$	2012 A$
A. AUDIT SERVICES		
BDO Audit (WA) Pty Ltd - Audit services		
Audit and review of financial reports	**143,269**	130,033
Total remuneration of BDO Audit (WA) Pty Ltd	**143,269**	130,033

28. COMMITMENTS

(I) NON CANCELLABLE OPERATING LEASES

	2013 A$'000	2012 A$'000
OPERATING LEASE EXPENSE COMMITMENTS		
Payables:		
Not later than 1 year	**4,482**	3,536
Later than 1 year but not later than 5	**7,042**	7,004
More than 5 years	**373**	1,235
Future operating lease commitments not provided for in the financial statements and payable:	**11,897**	11,775

(II) FINANCE LEASES

	2013 A$'000	2012 A$'000
COMMITMENTS IN RELATION TO FINANCE LEASES ARE PAYABLE AS FOLLOWS:		
Within one year	**1,200**	2,052
Later than one year but not later than five years	**1,417**	3,972
Minimum lease payments	**2,617**	6,024
Future finance charges	**(321)**	(727)
Total lease liabilities		5,297
Representing lease liabilities		
Current (note 18)	**997**	1,694
Non-current (note 18)	**1,299**	3,603
Total Lease liabilities	**2,296**	5,297

29. RELATED PARTY TRANSACTIONS

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

ASG Group Limited and its subsidiaries listed in note 31 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. Parent entity financial information is disclosed in note 35.

No other related party transactions occurred in the year.

30. BUSINESS COMBINATIONS

During the period, ASG Group made deferred vendor payments to the vendors of acquired entities from the 2010 and 2011 financial period. Details of these acquisitions were disclosed in the group financial statements for the year ended 30 June 2010 and 2011 respectively.

On 28 April 2010 the group acquired 100% of the shares in Courtland Pty Ltd. During the current period, the group paid $40,000 in cash to the vendors.

On 31 May 2010 the group acquired 100% of shares in Capiotech Pty Ltd. During the current period, the group paid $5,662,500 in cash and $1,683,547 in shares to the vendors.

On 20 October 2010 the group acquired 100% of shares in Progress Pacific Pty Ltd. During the current period, the group paid $6,525,000 in cash and $1,939,982 in shares to the vendors. During the period, ASG Group Limited and the vendors of Progress Pacific Pty Ltd signed a new agreement to extend the earn out period by a further 12 months to include FY13. As a result, the group has recognised a liability of $1,000,000, the maximum amount payable to the vendors under the new agreement.

The below table outlines the movements in deferred vendor payments made during the period.

	DEFERRED VENDOR PAYMENT LIABILITY					
	30-Jun-12	Reduction from change in EBIT Forecast	Payments Made During the Period	Share based Payments made during the period	Additional vendor agreement signed during the period	30-Jun-13
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Courtland	300	(260)	(40)	-	-	-
Capiotech	7,625	(278)	(5,663)	(1,684)	-	-
Progress Pacific	8,700	(235)	(6,525)	(1,940)	1,000	1,000
Total	**16,625**	**(773)**	**(12,228)**	**(3,624)**	**1,000**	**1,000**

AASB 3 Business Combinations requires any restatement and adjustments to be taken to the profit and loss statement as the acquisitions were no longer provisionally accounted for at 30 June 2013.

31. 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:

	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	
NAME OF ENTITY			2013 %	2012 %
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
AcknowledgeDB Pty Ltd	Australia	Ordinary	100	100
Igatech Corporations Pty Ltd	Australia	Ordinary	100	100
Igatech Systems Pty Ltd	Australia	Ordinary	100	100
Igatech Consulting Pty Ltd	Australia	Ordinary	100	100
Dowling Consulting Pty Ltd	Australia	Ordinary	100	100
Courtland Pty Ltd	Australia	Ordinary	100	100
Capiotech Pty Ltd	Australia	Ordinary	100	100
Progress Pacific Pty Ltd	Australia	Ordinary	100	100

32. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On the 7th of August 2013 the Group entered into a new finance facility with existing financier, Bank West. The new contractual arrangements include a reduction of the bank overdraft facility from $10M to $5M in favour of an increased long-term debt facility from $30M to $35M with an extended maturity date to June 2018. Principle repayments on this long-term facility amount to $7M per annum. The increased weighting of long-term debt will result in a lower projected interest cost for the Group. The security for the facilities remains unchanged, being a first ranking general security interest over all the assets and undertakings of the group.

On the 15th August 2013, Stephen Johnston was appointed as a Non-executive Director of ASG.

33. NOTES TO THE STATEMENT OF CASH FLOWS

	2013 A$'000	2012 A$'000
B. RECONCILIATION OF PROFIT/(LOSS) AFTER INCOME TAX TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Profit / (Loss) after income tax	**(26,692)**	11,435
Add/(less) items classified as investing/financing activities:		
(Profit) / loss on sale of non-current assets	**554**	-
(Profit) / loss on sale of joint venture investment	**86**	-
Add/(less) non-cash items		
Depreciation and amortisation	**7,315**	4.001
Impairment of intangibles	**17,745**	-
Reduction in Deferred Vendor Payments	**226**	(5,779)
Share Based Payments	**140**	150
Net cash provided by operating activities before change in assets and liabilities	**(626)**	9,807
Change in assets and liabilities adjusted for effects of purchase of controlled entities and businesses during the financial year:		
(Increase)/decrease in trade debtors and other receivables	**3,711**	1,904
(Increase)/decrease in deferred taxes	**(1,855)**	2,944
(Increase)/decrease in work in progress	**1,651**	(1,265)
(Increase)/decrease in prepayments	**1,691**	(1,220)
(Decrease)/increase in trade and other creditors and accruals	**6,819**	(5,066)
(Decrease)/increase in provisions	**1,010**	(2,856)
Net cash provided by/(used in) operating activities	**12,401**	4,248

34. EARNINGS PER SHARE

	2013	2012
Basic earnings per share (cents)	(13.72)	6.67
Diluted earnings per share (cents)	N/A	6.66
Weighted average number of ordinary shares used in the calculation of basic earnings per.	**194,522,649**	171,672,513
Earnings Used in calculating	**(26,691,889)**	11,451,394
Weighted average number of options outstanding	**32,647**	113,666
Weighted average number of ordinary shares outstanding during the year used in the calculation of dilutive earnings per share	**194,522,649**	171,786,179
Earnings reconciliation		
Net profit/(loss) – as reported	**(26,691,889)**	11,451,394
Basic earnings – used to calculate basic EPS	**(26,691,889)**	11,451,394

35. 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 an 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.

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

GRANT DATE	EXPIRY DATE	EXER-CISE PRICE	BALANCE AT START OF YEAR	GRANTED DURING THE YEAR	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCIS-ABLE AT END OF THE YEAR
			Number	Number	Number	Number	Number	Number
1/07/2003	30/06/2013	0.39	70,000	-	-	(20,000)	50,000	50,000
1/01/2004	31/12/2013	0.42	60,000	-	(20,000)	-	40,000	40,000
1/07/2005	30/06/2014	0.39	30,000	-	-	-	30,000	30,000
1/01/2005	31/12/2015	0.54	10,000	-	-	-	10,000	10,000
30/06/2005	30/06/2016	0.54	60,000	-	-	(20,000)	40,000	40,000
1/01/2006	31/12/2016	0.89	100,000	-	-	(50,000)	50,000	50,000
30/06/2006	29/08/2012	0.69	20,000	-	-	(20,000)	-	-
1/06/2006	30/06/2017	0.81	70,000	-	-	(30,000)	40,000	40,000
1/01/2008	30/12/2017	1.21	250,000	-	-	(140,000)	110,000	110,000
1/01/2008	30/12/2017	0.95	20,000	-	-	(20,000)	-	-
1/01/2008	30/12/2017	0.84	20,000	-	-	(20,000)	-	-
1/07/2008	30/06/2017	1.76	290,000	-	-	(110,000)	180,000	180,000
31/12/2008	30/12/2017	1.74	80,000	-	-	(60,000)	20,000	20,000
31/12/2009	30/12/2018	1.65	335,000	-	-	(235,000)	100,000	100,000
30/06/2008	30/06/2019	1.03	270,000	-	-	(270,000)	-	-
1/07/2009	30/06/2019	0.93	160,000	-	-	(70,000)	90,000	90,000
30/12/2008	30/12/2017	0.75	90,000	-	-	(90,000)	-	-
1/01/2010	30/12/2019	1.45	210,000	-	-	(90,000)	120,000	120,000
30/12/2008	30/06/2013	0.85	24,720	-	-	(24,720)	-	-
1/07/2010	30/06/2013	0.85	160,000	-	-	-	160,000	160,000
1/09/2010	30/08/2017	1.51	1,000,000	-	-	(1,000,000)	-	-
23/11/2012	30/08/2015	1.12	3,000,000	-	-	-	3,000,000	-
29/05/2012	30/08/2017	1.12	5,100,000	-	-	(1,500,000)	3,600,000	-
Total			**11,429,720**	**-**	**(20,000)**	**(3,769,720)**	**7,640,000**	**1,040,000**
Weighted average exercise price			**1.17**	**1.12**	**0.42**		**1.12**	**1.15**

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 company's 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.

35 SHARE BASED PAYMENTS (continued)

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	GRANTED DURING THE YEAR	EXER-CISED DURING THE YEAR	FORFEIT-ED DUR-ING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EX-ERCISABLE AT END OF THE YEAR
			Number	Number	Number	Number	Number	Number
1/07/2003	30/06/2013	0.39	70,000	-	-	-	70,000	70,000
1/01/2004	31/12/2013	0.42	60,000	-	-	-	60,000	60,000
1/07/2005	30/06/2014	0.39	30,000	-	-	-	30,000	30,000
1/01/2005	31/12/2015	0.54	10,000	-	-	-	10,000	10,000
30/06/2005	30/06/2016	0.54	90,000	-	30,000	-	60,000	60,000
1/01/2006	31/12/2016	0.89	100,000	-	-	-	100,000	100,000
30/06/2006	29/08/2012	0.69	20,000	-	-	-	20,000	20,000
1/06/2006	30/06/2017	0.81	70,000	-	-	-	70,000	70,000
1/01/2008	30/12/2017	1.21	250,000	-	-	-	250,000	250,000
1/01/2008	30/12/2017	0.95	20,000	-	-	-	20,000	20,000
1/01/2008	30/12/2017	0.84	20,000	-	-	-	20,000	20,000
1/07/2008	30/06/2017	1.76	290,000	-	-	-	290,000	290,000
31/12/2008	30/12/2017	1.74	80,000	-	-	-	80,000	80,000
31/12/2009	30/12/2018	1.65	335,000	-	-	-	335,000	335,000
30/06/2008	30/06/2019	1.03	270,000	-	-	-	270,000	270,000
1/07/2009	30/06/2019	0.93	160,000	-	-	-	160,000	160,000
30/12/2008	30/12/2017	0.75	90,000	-	-	-	90,000	90,000
1/01/2010	30/12/2019	1.45	210,000	-	-	-	210,000	210,000
30/12/2008	30/06/2013	0.85	24,720	-	-	-	24,720	24,720
01/07/2010	30/06/13	0.85	360,000	-	200,000	-	160,000	160,000
01/09/2010	30/08/2017	1.51	1,000,000	-	-	-	1,000,000	-
23/11/2012	30/8/2015	1.12	-	3,000,000	-	-	3,000,000	-
29/05/2012	30/08/2017	1.12	-	5,100,000	-	-	5,100,000	-
Total			**3,559,720**	**8,100,000**	**230,000**	**-**	**11,429,720**	**2,329,720**
Weighted average exercise price			**1.25**	**1.12**	**0.81**	**-**	**1.17**	**1.18**

The weighted average share price at the date of exercise of options exercised during the year ended 30 June 2013 was $0.55 (2012 - $0.93)

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.25 years (2012 -4.1 6)

There were no options granted during the year.

35 SHARE BASED PAYMENTS (continued)

	2013	2012
	Options	Options
Options issued under the employee option plan	1,040,000	2,305,000
Executive options	6,600,000	9,124,720
	7,640,000	**11,429,720**

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

	2013 A$'000	2012 A$'000
Executive options	140	150
	140	150

36. PARENT ENTITY INFORMATION

The following details information related to the parent entity, ASG Group Ltd, at 30 June 2013. The information presented here has been prepared using consistent accounting policies as presented in note 1.

	PARENT ENTITY	
	2013 **A$'000**	2012 A$'000
Current assets	**21,291**	1,146
Non-current assets	**128,939**	110,359
Total assets	**150,230**	111,505
Current liabilities	**104,900**	45,149
Non-current liabilities	**28,040**	22,837
Total liabilities	**132,940**	67,986
Contributed equity	**120,160**	101,743
Reserves	**1,656**	1,516
Accumulated losses	**(104,526)**	(59,740)
Total equity	**17,290**	43,519
Loss for the year ended 30 June	**(39,471)**	(4,102)
Other comprehensive loss for the year	**-**	-
Total comprehensive loss for the year	**(39,471)**	(4,102)

10.0 DIRECTORS DECLARATION

DIRECTOR'S DECLARATION

The directors of the company declare that:

1. The financial statements, comprising the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity and accompanying notes, are in accordance with the Corporations Act 2001 and:

    b. comply with Accounting Standards and the Corporations Regulations 2001; and other mandatory professional reporting requirements; andgive a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date.

    c. The Group has included in the notes to the financial statements an explicit and unreserved statement of compliance with International Financial Reporting Standards.

4. In the Directors' opinion, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

5. The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the Corporations Act 2001.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:

Geoff Lewis
Managing Director/Chief Executive Officer

Perth
22 August 2013

11.0 INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

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

Report on the Financial Report

We have audited the accompanying financial report of ASG Group Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the 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 of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply 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. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about 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 company's preparation of the financial report that gives a true and fair view 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 company'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 opinion.

Independence

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

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 consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards 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 the directors' report for the year ended 30 June 2013. 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.

Opinion

In our opinion, the Remuneration Report of ASG Group Limited for the year ended 30 June 2013 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Brad McVeigh
Director

Perth, Western Australia
Dated this 22nd day of August 2013

12.0 SHAREHOLDER AND OTHER INFORMATION

SHAREHOLDER AND OTHER 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 5 August 2013 was:

NAME	NUMBER OF ORDINARY SHARES HELD			
	Quoted	Unquoted	Total	Percentage
Celeste Funds Management Limited	15,850,742		15,850,742	7.67%
Geoffrey James Lewis	14,418,752	-	14,418,752	6.97%
National Nominees Ltd as custodian for Australian Ethical Smaller Companies Trust	13,532,832	-	13,532,832	6.55%

CLASS OF SHARES AND VOTING RIGHTS

At the 5 August 2013 there were 4,997 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.

A. ORDINARY SHAREHOLDER DISTRIBUTION AS AT 5 AUGUST 2013

CATEGORY	NUMBER OF SHAREHOLDERS	
	Ordinary	Options
1-1,000	1,158	-
1,001-5,000	936	-
5,001-10,000	727	43
10,001-100,000	1,934	22
100,001 and over	242	5
	4,997	70

The number of registered shareholders holdings less than a marketable parcel as at 5 August 2013 is 1,275.

B. TOP 20 SHAREHOLDERS OF FULLY PAID ORDINARY SHARES AS AT 5 AUGUST 2013 :-

RANK	NAME	UNITS	% OF UNITS
1.	NATIONAL NOMINEES LIMITED	14,817,964	7.17
2.	MR GEOFF JAMES LEWIS <THE LEWIS FAMILY A/C>	12,951,199	6.27
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	7,132,831	3.45
4.	MR STEPHEN TULL <TULL-THOMAS FAMILY A/C>	4,942,752	2.39
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,773,413	2.31
6.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	4,579,258	2.22
7.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	4,034,609	1.95
8.	MS MICHELLE MARY THOMAS	3,887,573	1.88
9.	CITICORP NOMINEES PTY LIMITED	3,641,342	1.76
10.	MR GEOFFREY JAMES LEWIS + MRS ANNE MARIE LEWIS <AMCON SOLUTIONS S/F A/C>	3,390,598	1.64
11.	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,349,659	1.62
12.	MR STEVEN JAMES PENNISI	2,740,909	1.33
13.	MR BRENDAN PAUL LEONARD	2,444,785	1.18
14.	MM THOMAS NOMINEES PTY LTD <MM THOMAS FAMILY A/C>	2,071,762	1.00
15.	NSR INVESTMENTS PTY LTD <NSR SUPER FUND A/C>	1,930,834	0.93
16.	GINGA PTY LTD <TG KLINGER S/F A/C>	1,803,098	0.87
17.	EQUITAS NOMINEES PTY LIMITED <2874398 A/C>	1,694,212	0.82
18.	MR STEVEN JAMES PENNISI	1,398,148	0.68
19.	MF PTY LTD <MF A/C>	1,342,593	0.65
20.	SASSEY PTY LTD <AVAGO SUPER FUND A/C>	1,251,441	0.61
TOTAL		**84,178,980**	**40.72**

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