Appendix 4E

Preliminary Final Report to the Australian Stock Exchange

Name of Entity	ASG Group Ltd
ABN	57 070 045 117
Financial Year Ended	30 June 2016
Previous Corresponding Reporting Period	30 June 2015

Results for Announcement to the Market

	$'000	**Percentage increase/ (decrease) over previous corresponding period**
Revenue from ordinary activities	188,720	15.99%
Profit / (loss) from ordinary activities after tax attributable to members	12,024	26.05%
Net profit / (loss) for the period attributable to members	12,024	26.05%

Dividends (distributions)	**Amount per security**	**Franked amount per security**
Final Dividend	Nil	N/A
Interim Dividend (paid)	Nil	N/A

Record date for determining entitlements to the dividends (if any)	N/A
Total issued and paid up ordinary shares	201,771,465

Brief explanation of any of the figures reported above necessary to enable the figures to be understood:

For explanation see Commentary on results

Dividends

Date the dividend is payable	N/A
Record date to determine entitlement to the dividend	N/A
Amount per security	N/A
Total dividend	N/A
Amount per security of foreign sourced dividend or distribution	N/A
Details of any dividend reinvestment plans in operation	N/A
The last date for receipt of an election notice for participation in any dividend reinvestment plans	N/A

NTA Backing

	Current Period	Previous corresponding period
Net tangible asset backing per ordinary security	7.50 cents	4.29 cents

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

See Commentary on results

Commentary on the Results for the Period

Refer Chairman letter/Operational review and outlook included in the accompanying annual report.

Audit/Review Status

This report is based on accounts to which one of the following applies: (Tick one)			
The accounts have been audited	X	**The accounts have been subject to review**	
If the accounts are subject to audit dispute or qualification, a description of the dispute or qualification:			

Attachments Forming Part of Appendix 4E

Attachment #	Details
1	Annual Report 2016

Signed By Director	
Print Name	Mr Geoff Lewis
Date	16th August 2016

Aspire. Enable. Achieve.

Annual Report 2016

COMPANY DIRECTORY

Directors

Ian Campbell	Independent Non-Executive Chairman
Geoffrey Lewis	Managing Director
Stephen Johnston	Independent Non-Executive Director
Grant Pestell	Independent Non-Executive Director
Peter Torre	Company Secretary

Key Management

Geoffrey Lewis	Chief Executive Officer
Dean Langenbach	Chief Operating Officer/Chief Financial Officer
Gerald Strautins	Executive – Strategy

Registered Office

Level 9, 167 St Georges Terrace
Perth WA 6000
Telephone: +61 8 9420 5420
Facsimile: +61 8 9420 5422

Website

www.asggroup.com.au

Auditors

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

Solicitors

Murcia Pestell Hillard
Suite 183, Level 6,
580 Hay Street
PERTH WA 6000

Share Registry

Link Market Service Limited
Central Park,
Level 4, 152 St Georges Tce
Perth WA 6000
Telephone: 1300 554 474
Email: info@linkmarketservices.com.au

Stock Exchange Listings

Australian Securities Exchange

ASX: ASZ

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DEAR SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to report that the 2016 financial year was a period of profitable growth for your Company.

ASG achieved record revenue and earnings in FY16, creating a springboard for continued growth and success in FY17 and beyond.

Core to this achievement was the continued delivery of multi-year contracts with blue chip corporate and government customers – the business model that continues to serve ASG so well. Typical contract lengths are 4 years. This underlines the quality and sustainability of our revenue.

Against a backdrop of massive technology change and continued upheaval in the IT service industry in Australia, ASG has stood out for the stability and predictability of its business.

Fundamental has been the ability to deliver exceptional service to our customers, while growing the business and doing so profitably.

In FY16, ASG recorded a 16% increase in revenue to $188.7 million and a 32.2% increase in EBITDA to $26.7 million. Net profit after tax was $12 million ($9.5 million previously).

Among the most pleasing aspects of the year was the manner in which ASG's cashflows have grown, with free cashflow now squarely in line with EBITDA.

Our balance sheet has also strengthened, with net debt now at just $2.9 million, even after a $5.1 million share buyback program during the year.

ASG is now very much primed for its next leg of growth.

However, as a Board, our unswerving focus is on delivering to shareholders a satisfactory return on their investment – and essential to that is ensuring we only grow our business where it makes sense to do so.

We are delighted the ASG team has been able to deliver against this core principle in FY16.

Strict disciplines in the ASG model sit behind this, but it's our remarkable team of committed, innovative professionals that have presided over its execution.

Our team continue to provide ASG with a distinct advantage in the market. The comfort and security our customer gets from dealing with real people who can deliver material benefits to their business.

Pleasingly, our customers are embracing ASG's New World service offer as enthusiastically as our team.

FY16 has seen continued migration of customers to the utility, 'pay-as-you-go' style service model, which delivers compelling efficiencies and material savings.

The revolution that has occurred in our personal lives in terms of buying and using technology is now migrating into the corporate and government sectors.

ASG's early commitment and investment in New World has given your Company a distinct first mover advantage.

Our ability to walk people through high profile reference sites where New World has been implemented gives ASG a very big advantage with potential customers.

Even more compelling are the cost advantages it delivers – more than 50% shaved from customers' capex and opex spends in some instances.

It's a measure of the strength of our model that savings like this can be delivered while maintaining ASG's revenue growth and operating margins.

Our expectation and plan is that this will improve further with increased business volumes, as economies of scale kick in.

ASG is targeting double digit revenue growth in FY17 and FY18 and further improvement in EBITDA margin.

It's a solid, stable revenue model that delivers to investors enhanced certainty and predictability over how ASG will perform.

"ASG's early commitment and investment in New World has given your Company a distinct first mover advantage."

Our pipeline remains very strong and our contract bid success rate remains greater than 50%.

Key to our success in coming years will be a continuation of our ability to adapt to market shifts and, just as we advise our customers, to adopt the best technology and efficiencies on offer.

This year, ASG will continue to identify opportunities to source services offshore, where it makes good economic sense and supports our commitment to exceptional customer service.

ASG has a robust pricing model, but we are very conscious of the competitive pressures in global markets and the need to maintain a very strict focus on our cost base.

ASG looks to FY17 with great confidence of further major contract wins and extension of work for existing customers.

We operate in a market with abundant opportunity for growth and notwithstanding our success to date, the reality is our market penetration remains modest.

That represents an enormous opportunity for ASG, just concentrating on our core service markets of Managed Services, ERP, Business Analytics.

Technology and customers demands will take ASG beyond these core disciplines, highlighting the additional business opportunities to be captured where we can leverage our trusted adviser relationships with long-standing, satisfied customers.

Finally, I would like to once again pay tribute to ASG's people. It is an honour, privilege and delight to work with an incredible group of people, led by founder and CEO Geoff Lewis who truly make working life different for our customers.

I also pay particular thanks to my fellow non-Executive Board colleagues Stephen Johnston and Grant Pestell, who dedicate themselves to ASG, working closely with key executives in a remarkably excellent way, sharing their special skills, insights and experiences.

The ASG team of over 800 people in our offices across Australia are smart, energetic, committed people of whom we are enormously proud.

Continuing their development and ambassadors of ASG is high among your Board's priorities in FY17.

I have been delighted with ASG's performance and development over the past year and, on behalf of the Board, look forward to an even better 2017 financial year.

Ian Campbell
Chairman of ASG Group Ltd

> **"Continuing their development and ambassadors of ASG is high among your Board's priorities in FY17."**

> **"Pleasingly, our customers are embracing ASG's New World service offer as enthusiastically as our team."**

2.0 | Chief Executive Officer Report

ASG Group is poised for further strong, profitable growth after a record year in 2016.

Revenue for FY16 was $188.7 million ($162.7 million previously, up 16%) and EBITDA was $26.7 million ($20.2 million previously, up 32%).

	FY16 $M	FY15 $M	MOVEMENT
Operating Revenue	**188.7**	**162.7**	**16.0% ↑**
Reported EBITDA	**26.7**	**20.2**	**32.2% ↑**
Operating EBITDA	**27.3**	**19.6**	**39.2% ↑**
NPBT	**17.0**	**11.6**	**46.0% ↑**
NPAT	**12.0**	**9.5**	**26.1% ↑**
EBITDA Margins	**14.2%**	**12.4%**	**1.8% ↑**
EPS	**5.88c**	**4.61c**	**27.5% ↑**

Key factors in the FY16 performance were additional take-up of ASG's New World service offer and the stable operating platform where there is a strict focus on costs.This allows ASG to capture scale economies from new business wins – all while delivering significant saving to customers in terms of both capital expenditure and ongoing IT operating expenses.

Operating cashflows showed a marked improvement through FY16 and are now running in line with EBITDA – which is ASG's target.

This underscores the operating strength of the ASG business model, which is now primed to generate unprecedented free cash flow.

IMPROVING MARGINS

Pleasingly, the strong business growth was achieved against a backdrop of growing operating margins. ASG met its EBITDA target of 14% and is confident further margin growth can be achieved in FY17 and beyond as additional contract revenue flows through.

Aside from a strict focus on costs, ASG also took advantage of some low cost offshore service providers to reduce overhead, meeting its target of 10% of workforce based offshore by the 30 June balance date.

We continue to explore where additional offshore outsourcing can be added as part of the ongoing effort to remain service superior and cost competitive.

	FY16	FY15
	$M	$M
OPENING BALANCE	**13.8**	**16.1**
NET OPERATING CASH (BEFORE INTEREST & TAX)	**27.5**	**11.8**
Net Interest	(1.4)	(1.6)
Income Tax	(2.2)	(1.7)
NET OPERATING CASH	**23.9**	**8.5**
Capital Investment	(8.3)	(6.1)
Sale of Leased Asset	-	10.7
Acquisitions	-	(0.4)
Net Borrowings and Finance Leases	(6.2)	(15.0)
Share Buy Back	(5.1)	-
CLOSING BALANCE	**18.1**	**13.8**

STRENGHENING BALANCE SHEET

Operational improvements aside, the further strengthening of ASG's balance sheet was a highlight.

In the pursuit of satisfactory returns to shareholders, ASG is acutely conscious of the need to maintain an active capital strategy.

Through FY16, this involved further significant reductions in debt, with just $2.9 million in net debt at balance date, and a $5.1 million share buyback program.

ASG's balance sheet is at its strongest ever, providing the Company with an exceptional platform for growth.

In pursuing that growth, by far the biggest focus will be on securing further multi-year contracts from Australian customers. It's where we have advantage, a proven track record, reference sites and service differentiation.

ASG's unique model is all the more powerful for our first mover advantage in delivering this utility-style service where customers pay as they use.

Most exciting for us are updated industry forecasts for continued strong growth in ASG's core markets, with the Australian market worth an estimated US$38 billion by 2020.

ASG has built a strong and profitable business – increasingly leveraging its unique New World service offer – but the exciting reality is we have made only modest penetration of addressable markets.

The opportunity is substantial for further expansion and a step change in scale with growing margins.

PREDICTABLE, STABLE REVENUE

FY16 saw ASG benefit from the first full year impact of several multi-year contracts with corporate and government clients. Additional revenue of $19.7 million was delivered through new contracts and project revenue secured during the period.

ASG also executed contracts during FY16 for a further $300 million in future year revenue.

There was a continuation of the recent trend where revenue is increasingly dominated by long-term contracts rather than episodic, once-off project revenue.

Moving into FY17, contracted revenue for the year stands at $185 million, representing 98% of last year's total revenue.

Improvement in operating margin was a priority for ASG in FY16, with a major focus on ensuring that all scale benefits were captured.

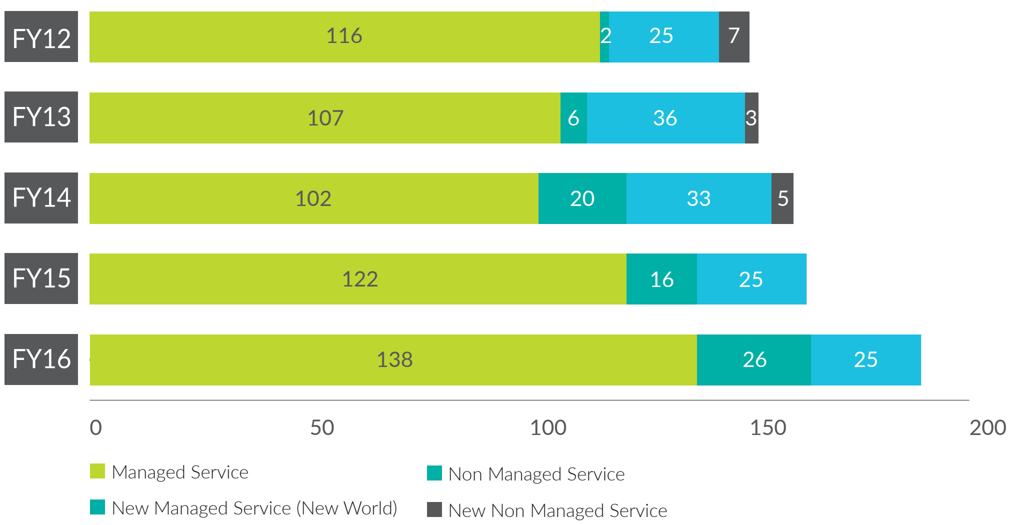
Against the backdrop of many customers transitioning to the New World utility model, this was a pleasing achievement.

It underlines the stability and certainty of the ASG operating model in terms of how it can manage increased business throughput without compromising operating performance – even where customers' themselves are paying far less for their ICT requirements.

New World brings to the fore ASG's role as an orchestrator of technology services for our customer.

As customers move to new technology procurement and deployment practices, ASG provides advice on what technology to use, how to integrate it into core business functions, and how to use it to best business effect.

In FY17, we expect to grow collaboration with our world leading partners like Oracle and Symantec, organisations that can help ASG deliver to our clients the ability to take best advantage of what's available with new technology.



OUTLOOK

ASG enters FY17 with record locked in revenues of $185 million and an unrivalled opportunity to add materially to that number through pursuit of the abundant business growth in our core markets.

Our recent track record as a leader in New World services provides a robust platform from which to pursue this growth – steadily, profitably and with growing operating margins.

ASG's investment in the utility model has already demonstrated its financial merits, and this will be amplified on higher revenue flows.

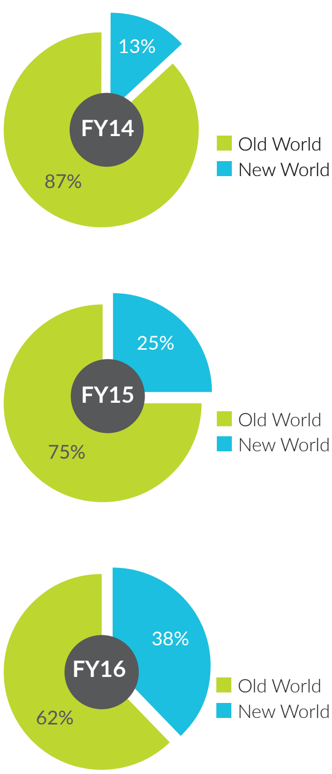
Pressure on the corporate and government sectors to transform their technology use provides ASG with an unprecedented pipeline of opportunity – one which it is well-placed to maximise.

Technology is challenging every organisation to test its business model and to find ways to cut costs and deliver business advantage.

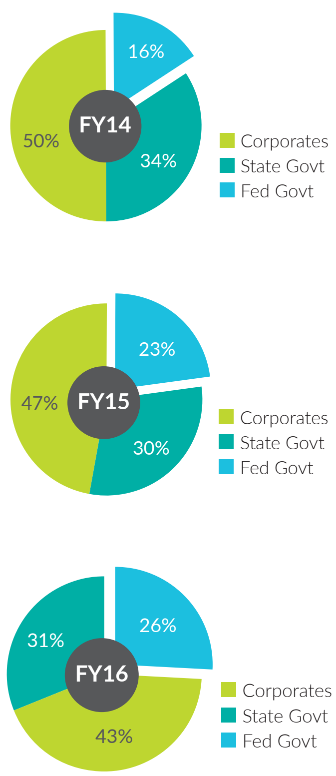
ASG's growing track record of helping customers, doing this will underpin strong growth for our business in FY17, FY18 and beyond.

The strength and predictability of our model allows us to pursue those business growth opportunities with confidence around the operating margins and earnings we can expect.

Revenue Type



Client Base



Both the ICT industry, and business in general, is experiencing an increase of digital business driving business redesign and competitive strategies, industries, markets and organisations. The services industry is becoming more complex with disruption driving an evolution of business models towards new competitor emergence, realignment of existing business models and alliances, industry consolidation and realignment.

The congruence of mobile devices (predicted to grow to 50 billion devices by 2020) and the associated explosion in the generation, and availability, of data (forecast to have increased 50 fold by 2020) has increased the level of complexity of systems operations. The ability to both manage this explosion of data and devices, and simultaneously exploit the opportunity presented through personalisation and operationalisation of business insights, is arguably the biggest challenge facing both client organisations and service providers.

As client organisations turn to using the data insights to service their customers - be that private, government or B2B - increasingly supplier organisations that can provide a range of managed services underpinning this change in focus to business outcomes as opposed to technology commodities will be in demand. However, for many suppliers the duality in seeking to maintain existing services in the traditional manner while embracing the concurrent disruption forced on them through digitalisation will be difficult to embrace.

Even the traditionally stable application domain of enterprise resource planning systems is undergoing significant change. While major software vendors are engaged in a technology battle through the leverage of their cloud offerings, many enterprise

“The ability to both manage this explosion of data and devices, and simultaneously exploit the opportunity presented through personalisation and operationalisation of business insights, is arguably the biggest challenge facing both client organisations and service providers.”

clients are being more discerning and adopting a 2 tier approach combining both on-premise and cloud operations.

In the markets that ASG targets - Managed Services, Enterprise ERP and Business Analytics - the ICT spend is predicted to be in excess of $USD 350 Billion globally by 2020. In an Australian context the total addressable market will be in excess of $USD 38 billion. Currently ASG has less than 1% market share. Given the increased demand from clients for full service, agile suppliers - with a referenceable track-record in tangible cost savings and business appreciation - the potential for increasing its overall market position is significant.

While the opportunity exists for niche players providing transactional project expertise to emerge, for enterprise-sized organisations the need for adaptive, transformational partners who understand the complexity of hybrid business and technology eco-systems underpinning the business operations takes on increased importance.

The ability to support the complete business stack – hardware (on-premise and cloud), applications and business analytics - and bring clarity to complexity is an essential value-creating competency for service providers today.

“In the markets that ASG targets - Managed Services, Enterprise ERP and Business Analytics - the ICT spend is predicted to be in excess of $USD 350 Billion globally by 2020.”

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 Corporate Governance Statement. The relevant documents may be reviewed on the Company website.

This Statement reflects our Corporate Governance policies and initiatives as at 15 August 2016 and was approved by the Board of Directors on that date.

The Company complies with the third edition of the ASX Corporate Governance Council 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 along with any areas of non-compliance noted.

THE ROLES OF THE BOARD AND MANAGEMENT

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

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

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 and;
- 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.

The following table sets out the mix of skills and diversity that the Board currently has:

	NO# OF DIRECTORS
EXPERTISE	
CEO/CFO/Senior Exec	2
Legal	1
Financially Knowledgeable	2
Information Technology	2
Government/Public Sector	1
Other For Profit Directorships	3
Financial Expert	1
Mergers and Acquisitions	4
COMPETENCIES	
Strategic Leadership	4
Vision and Mission	4
Networking	4
Governance	4

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 assesses the independence of each director according to the independence criteria in ASX Corporate Governance 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 Ian Campbell, meets the independence criteria, given that he complies with all criteria set down for assessment of independence.

Mr Grant Pestell 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 Grant Pestell is a Partner of the legal firm Murcia Pestell Hillard (MPH). The Company engages the services of MPH from time to time however the quantum of the fees associated with the services are not considered material to both the Company and MPH. As such, the provision of services by MPH are not considered to interfere, or might reasonably be seen to interfere with Mr Pestell's capacity to bring an independent judgement to bear on issues before the Board and to act in the best interests of the Company and its security holders generally.

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, through the Remuneration and Nomination Committee 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.

Details of each director standing for re-election, including their biographical details, relevant qualifications, experience and the skills, and other material directorships they bring to the Board are provided to shareholders to assess prior to voting on their re-election.

NOMINATION AND APPOINTMENT OF NEW DIRECTORS

For new appointments, the Board, through the Remuneration and Nomination Committee 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 annual general meeting of the Company must ratify the appointment. Shareholders are provided with all material information in the Notice of Annual General Meeting relevant to a decision on whether or not to elect or re-elect a director.

The Board will ensure appropriate checks are undertaken prior to making any new Board appointments. These will include checks as to the person's character, experience, education, criminal record and bankruptcy history.

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 THE COMPANY SECRETARY, INFORMATION AND INDEPENDENT ADVICE

All directors have unrestricted access to the Company Secretary, 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.

The Company Secretary is accountable directly to the Board, through the Chairman, on all matters to do with the proposer functioning of the Board. The role of the Company Secretary includes:

- Advising the Board and its Committees on governance matters;
- Monitoring that Board and Committee policy and procedures are followed;
- Coordinating, in unison with the Company, the timely completion and despatch of Board and Committee papers;
- Ensuring that the business at Board and Committee meetings is accurately captured in the minutes; and
- Helping to organise and facilitate the induction and professional development of directors.

BOARD AND MANAGEMENT EFFECTIVENESS

The Board 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 for the year ended 30 June 2016 was undertaken through an internal evaluation and review process managed by the Chairman of the Remuneration and Nomination Committee the results of which are summarised and presented to the Board for discussion and analysis.

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 senior executives' performance appraisals are undertaken by the Chief Executive Officer and reported to the Remuneration and Nomination Committee. The review processes involves the discussion and evaluation of the executives against the KPIs both financial and non-financial set at the beginning of each year, competency assessments involving self-assessment and manager assessment of performance and training and career development plans. New KPI's are established as a result of the assessment.

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 and Risk Committee. They review matters on behalf of the Board and make recommendations for consideration by the entire Board.

REMUNERATION AND NOMINATION COMMITTEE

The Remuneration Committee was enhanced and its Charter expanded in July 2014 to include matters in respect to the nomination of new directors. The Committee was renamed the Remuneration and Nomination 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 consider and assess the performance of directors seeking re-election as a director of the Company
- To consider and assess the existing skill set of the Board and make recommendations in respect to the appointment of any new directors subsequent to completing all the appropriate checks.
- 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. And;
- 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:

Grant Pestell (Chairman)

Ian Campbell

Stephen Johnston

AUDIT, AND RISK COMMITTEE

In February 2014, the scope of the previous Audit Committee was expanded to include Risk. As such the Committee is now the Audit and Risk Committee.

The Audit and Risk 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. Risk reviews are regularly undertaken throughout the year.
- 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. And;
- Adhering to ethical standards, and in particular conflict of interest matters and related party transactions.

The current members of the Audit and Risk Committee are:

Stephen Johnston (Chairman)

Ian Campbell

Grant Pestell

The Audit and Risk 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 and Risk Committee meetings as required.

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

INTEGRITY OF FINANCIAL REPORTING

The Company does not presently have an internal audit function. This is mitigated by the Board implementing the matters set out below under Risk Identification and management, through the Audit and Risk Committee and having 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 and;
- 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 and formed on the basis of a sound system of risk management and internal control which is operating effectively."
- The activities of the Audit and Risk 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.

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, half-yearly and annual reports to shareholders and to the ASX.

In addition, the Audit and Risk Committee reviews the nomination and performance of the auditor. The external auditor regularly meets with members of the Audit and Risk Committee. The Audit and Risk 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 Rotation of the audit partner again occurred for the year ended 30 June 2015. A new audit partner has subsequently been appointed. 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. And;
- Risk Assessment and management systems for all the activities in the group.
- Management is responsible to the Board through the Audit and Risk Committee for ASG's system of internal control and risk management.

ECONOMIC, ENVIRONMENTAL AND SOCIAL SUSTAINABILITY RISKS

The Audit and Risk committee receive regular updates from the business on the various economic, environmental and social responsibilities that face the organisation. As part of regular meetings, the committee identifies the key risks in each of these areas, reviews and updates it treatment towards them. Both the risks and the treatments can be updated at any time when the committee believes there is information to suggest this action is required. The Board believes that the Group has adequate systems in place for the management its economic, environmental and social responsibilities.

Below outlines the key risk to the Group in each category of risk, as identified by the Audit & Risk Committee:

RISK	CONSEQUENCE	TREATMENT PLAN	TREATMENT STATUS
Economic: Adverse change in economic cycle and inability to compete in our market place	Major	Ensure adequate cash flow to support the business. Forward planning and ongoing scanning of external economic climate, continual review of existing client base and detailed analysis of new customers	Treatment in progress (adequate management control)
Environment: Continue to operate in a manner that does not compromise the health of the ecosystem in which the Group operates	Major	Continue to comply with environment standards as required by Federal and State or Territory environmental legislation. Maintain current certification of ASG's operating system to the international standard for Environmental Managements Systems, ISO 14001.	Treatment in progress (adequate management control)
Social: Ability to attract and keep critical talent at ASG	Major	Establish ASG as an employer of choice. Develop corporate programs/strategies to address process, capability and culture gaps which are then to be adopted and reinforced by business units and managers throughout the organisation	Treatment in progress (adequate management control)

REMUNERATION POLICIES

NON-EXECUTIVE DIRECTORS

Non-executive directors' fees are paid within an aggregate limit (currently $600,000), which is approved by the shareholders from time to time. Each non-executive director is paid fees of $100,000 per annum plus superannuation, and the Chairman receives $150,000 per annum plus superannuation. An additional $25,000 is payable if the non-executive director is a chair of any Board committee and $10,000 if a member 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 as set out within the Company's Remuneration Report contained with the Financial Statements each year. 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 and Nomination 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.

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. And;
- 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:

- ASG half year results.
- ASG year end results. And;
- 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.
- The ASG Share Trading Policy provides that where Key Management Personnel intending to enter into a margin loan or other financing arrangement ('margin loan') where there is a risk that ASG securities may be traded pursuant to the terms of a margin loan must obtain prior written approval from the Chairman. The Chairman must be informed of the following information of the margin loan:

a. number of ASG securities involved,

b. key terms and trigger points,

c. the rights of the lender to sell securities, and

any other material information.

CONTINUOUS DISCLOSURE

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

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

A detailed Disclosure Procedure exists to maintain the market integrity of the Company's shares listed on the Australian 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 and Risk 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.
- Board Room Radio interviews and webcasts, investor roadshows and individual meetings with shareholders.
- 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 in various forms including electronically if they so desire.. And;
- 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 victimisation).
- Promoting diversity across all levels of the business.
- Undertaking diversity initiatives and measuring their success and;
- 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. At present, there are no female directors of the Company.

In 2011 the Board set the following measurable objectives and our results as at 30 June 2016 are below.

FOCUS AREA	OBJECTIVE	TARGET	PROGRESS AT 30 JUNE 2016
Gender participation	Increase the percentage of females in ASG workforce	Achieve 25% participation rate	22%
	To increase female participation in leadership positions.	Achieve 25% participation rate	23%
	To increase retention of female employees at ASG	Achieve 88% retention rate (excluding redundancies)	86.1%
Remuneration Equity	Improve and monitor remuneration equity across all organisational groups.	Achieve remuneration equity across all major organisational groups	Equity achieved across Senior Management, Middle Management, Technicians & Consultants Equity still to be achieved with in Business Development, Team Leaders / Supervisors & Delivery Management.
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 No formal complaints in 2016

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.

In accordance with the requirements of the Workplace Gender Equality Act 2012 (Act), ASG Group lodged its annual public report with the Workplace Gender Equality Agency (Agency) on Friday 27th May 2016.

ASG Group was notified that it was compliant with the Workplace Gender Equality Act 2012 (Act) on Wednesday 6th July 2016.

A copy of this report is available on our website.

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.

The Directors present their financial report of the consolidated entity, being the Company and its controlled entities, for the year ended 30 June 2016 and the auditors' report thereon.

1. DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this report:

MR GEOFFREY LEWIS

Managing Director/ Chief Executive Officer

Geoff Lewis established ASG 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
Nil

Special responsibilities
Managing Director/ Chief Executive Officer

Interest in shares and options
14,841,797 shares
3,000,000 options

Age 56 - Director since 27th June 2003

MR IAN CAMPBELL

Director - Non Executive

Ian Campbell was 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, Minister for Local Government, Territories and Roads, and 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 where he pioneered government and online service delivery. 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
Nil

Former listed directorships in the last three years
Non-Executive Director - Solco Limited, to August 2015

Chairman – Enerji Limited, to December 2013

Special responsibilities
Chairman of the Board

Member of the Remuneration Committee

Member of the Audit and Risk Committee

Interest in shares and options
130,000 shares
2,000,000 options

Age 57 - Director since 12th June 2008

MR STEPHEN JOHNSTON CA.

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 and Risk Committee

Member of the Remuneration Committee

Interest in shares and options
3,772,605 shares

Age 56 - Director since 15th August 2013

MR GRANT PESTELL LLB

Director - Non Executive

Grant Pestell is the managing director of legal firm Murcia Pestell Hillard since 2000. He has extensive experience advising both listed and private companies particularly in the ICT, Energy and Resources and Mining Services Industries.

Mr Pestell is regularly involved in and advises on complex commercial disputes, strategic contract negotiations, mergers and acquisitions, risk management and large scale financing. He is a winner of Leading Lawyers Global 250 list for 2014 by Lawyer Monthly Magazine.

Other current listed directorships

Nil

Former listed directorships in the last three years

Non executive director -AusGroup Limited (SGX Listed)

Special responsibilities

Chairman of the Remuneration Committee

Member of the Audit and Risk Committee

Interest in shares and options

Nil

Age 44 - Director since 5th May 2014

2. COMPANY SECRETARY

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 10 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. MEETING OF THE DIRECTORS

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:

	FULL MEETINGS OF DIRECTORS		COMMITTEE MEETINGS			
			AUDIT & RISK		REMUNERATION & NOMINATION	
DIRECTORS	TOTAL HELD [1]	ATTENDED [2]	TOTAL HELD [1]	ATTENDED [2]	TOTAL HELD [1]	ATTENDED [2]
G Lewis	12	12	N/A	N/A	N/A	N/A
I Campbell	12	11	2	2	2	2
S Johnston	12	12	2	2	2	2
G Pestell	12	12	2	2	N/A	N/A

1. Total number of meetings held during the time the director held office or was a member of the committee
2. Number of meetings attended

N/A Not a member of the relevant committee

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 profit after income tax of $12,024,300 (2015: Net profit after income tax of $9,538,480).

6. DIVIDENDS

No dividends were paid or declared by the Company to members since the end of the previous year.

7. REVIEW OF OPERATIONS

A review of the operations of the consolidated entity during the financial year is set out in pages 2 to 19 of this report.

8. SIGNIFICANT CHANGE IN AFFAIRS

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

9. LIKELY DEVELOPMENTS

There are no likely developments in the Group's future operations of the consolidated entity which are likely to impact the financial position or performance of the Group.

10. EVENTS SUBSEQUENT TO 30 JUNE 2016

No matter or circumstance has arisen since 30 June 2016 that has significantly affected the groups operations, results or state of affairs, or may do so in future years.

11. ENVIRONMENTAL REGULATION

The consolidated entity's operations are subject to the Federal and State or Territory environmental legislation.

12. REMUNERATION REPORT (AUDITED)

The directors are pleased to present your company's 2016 remuneration report which sets out remuneration information for ASG Group Limited's non-executive directors, executive directors and other Key Management Personnel.

The report contains the following sections:

a. Key Management Personnel Disclosed in this report.

b. Remuneration policy and link to performance.

c. Elements of Remuneration

d. Link between Remuneration and performance.

e. Remuneration expenses for KMP.

f. Contractual arrangements for executive KMP.

g. Non-executive director arrangements.

h. Additional statutory information.

A. KEY MANAGEMENT PERSONNEL DISCLOSED IN THIS REPORT

Non-executive and executive directors (see pages 20 to 21) for details about each director.

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

Geoffrey Lewis

Managing Director/
Chief Executive Officer

Ian Campbell

Director - Non Executive

Stephen Johnston

Director - Non Executive

Grant Pestell

Director - Non Executive

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 and
Chief Financial Officer

Gerald Strautins

Executive, Strategy

There are no other employees considered to be Key Management Personnel. There have been no changes in key management personnel since the end of the reporting period.

B. REMUNERATION POLICY AND LINK TO PERFORMANCE

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 Board has established a Remuneration and Nomination 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 committee is made up entirely of non-executive directors. The Corporate Governance Statement provides further information on the role of this Committee.

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 Executive pay and reward framework has four components:

- Base pay and benefits;
- Superannuation;
- Short term performance incentives.
- Long term incentives through participation in the ASG Group Employee Option Plan.

In September 2013, the Company engaged the services of an external remuneration consultant and as a result of the consultant's recommendations, the Remuneration and Nomination Committee implemented a formal Short Term incentive payment for key management personnel to ensure remuneration is paid to executives to reward them for the company's annual performance. The total value of the Short Term Incentive payable to an executive is directly related to the performance of the company in the year to which the bonus relates. To maximise company performance, there is no upper limit imposed on the value of this incentive.

Long Term Incentive is provided to executives to reward them for their commitment to the company and for achievement of performance conditions in the year on which the vesting of the Long Term Incentive with will be judged against. Achieving the set performance conditions will require continued commitment by the executives to maximising shareholder returns. The value of the Long Term Incentive is known in advance but is only allocable to the executives upon satisfaction of the pre-determined conditions.

C. ELEMENTS OF REMUNERATION

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.

The base pay of the three executive Key Management Personnel for the 2016 financial year is consistent with the 2015 financial year.

SUPERANNUATION

The company pays superannuation as required by the relevant legislation in relation to remuneration paid to Director's.

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 paid to executives based on company performance. Bonus payments paid to executives are calculated on the basis of the company's cash earnings and bonus payment rate. Cash earning's in each year is equal to the sum of the group's profit after tax and depreciation expense.

The Managing director/Chief Executive Officer is entitled to a bonus payment rate of 2% of cash earnings, while the other executives are entitled to a bonus payment rate of 1%. The bonus payments are calculated as the specific executives bonus payment rate multiplied by the calculated cash earnings.

A portion of the Managing director/Chief Executive Officer's anticipated bonus payment is paid in instalments during the year. The bonus is paid at such a rate that the amount of bonus paid in that year will be less than the total amount of bonus to which the Managing director/Chief Executive Officer will become entitled to as a result of the entity's actual financial performance for the year.

Bonus payments to the other executives are paid within 6 months following the end of the end of the financial year, with the amount of the bonus paid being calculated on the Company's audited cash earnings generated in the previous financial year.

The amount of bonus paid to Key Management Personnel in the 2016 year is disclosed within section H "Additional Statutory Information".

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.

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

Options are issued under the plan for no consideration, and carry no dividend or voting rights. No options were issued to executives in the 2016 financial year.

The portion of the options which have been expensed in 2016 financial year is shown in the KMP remuneration table on page 27 and relates to options granted to KMP in the 2014 and 2015 financial years. The option value that has been expensed in 2016 is based on management's expectation that the options will ultimately vest to the recipients.

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 potential dismissal.

D. LINK BETWEEN REMUNERATION AND PERFORMANCE

The Company's stronger financial performance in recent years is consistent with the level of remuneration for the Company's Key Management Personnel. The nature of the Company's incentive scheme's mean's that the financial performance of the entity has a direct relationship with the value of Short Term Incentive payments to key management personnel.

STATUTORY PERFORMANCE INDICATORS

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

YEAR	EPS	INCREASE/ (DECREASE) IN SHARE PRICE	DIVIDEND	EBITDA*	TOTAL KMP INCENTIVES AS A PERCENTAGE OF EBITDA FOR THE YEAR**
	(CENTS)	(%)	(CENTS)	(000'S)	(%)
2016	5.88	0.00	-	26,727	4.38%
2015	4.61	102.22	-	20,232	4.39%
2014	4.34	32.35	-	22,011	(0.38%)
2013	(13.70)	(59.04)	3.0	(19,892)	(0.79%)
2012	6.90	(16.16)	7.5	20,625	0.89%

Reconciliation of Profit before tax to EBITDA

YEAR	PROFIT BEFORE TAX	DEPRECIATION AND AMORTISATION	NET INTEREST INCURRED/ (RECEIVED)	EBITDA*
	(000'S)	(000'S)	(000'S)	(000'S)
2016	16,988	8,309	1,430	26,727
2015	11,636	6,945	1,651	20,232
2014	12,586	6,494	2,931	22,011
2013	(29,936)	7,315	2,729	(19,892)
2012	14,377	4,001	2,247	20,625

* Earnings before Interest, Taxes, Depreciation and Amortisation.

** The 2014 (0.25%) total KMP incentives as a percentage of EBITDA reflects the impact of the options granted to executives in 2012 not vesting during the year, and as such the value of these options previously expensed in the 2012 and 2013 financial years was credited back to the statement of profit or loss and comprehensive income in the 2014 financial year. The (0.79%) in the 2013 financial year relates to the EBITDA being a loss.

E. REMUNERATION EXPENSES FOR KMP

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.

2016	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS		LONG TERM BENEFITS	SHARE BASED PAYMENTS	
NAME	CASH SALARY AND FEES*	BONUS	NON-MONETARY BENEFITS**	SUPERAN-NUATION	RETIREMENT BENEFITS***	ANNUAL AND LONG SERVICE LEAVE	OPTIONS	TOTAL
	$	$	$	$	$	$	$	$
NON-EXECUTIVE DIRECTORS								
I Campbell	228,269	-	-	14,846	36,500	-	142,943	**422,558**
S Johnston	118,616	-	-	25,000	48,582	-	-	**192,198**
G Pestell	130,087	-	-	10,309	42,358	-	-	**182,754**
EXECUTIVE DIRECTORS – MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER								
G Lewis	650,000	406,662	201,265	35,000	-	53,491	214,414	**1,560,832**
OTHER KEY MANAGEMENT PERSONNEL								
D Langenbach Chief Operating Officer	390,000	165,000	49,646	51,775	-	38,683	38,645	**733,749**
G Strautins Executive, Strategy	360,000	165,000	37,044	48,925	-	33,509	38,645	**683,123**
TOTAL (NOTE 25)	**1,876,972**	**736,662**	**287,955**	**185,855**	**127,440**	**125,683**	**434,647**	**3,775,214**

* Cash salary and fees for non-executive directors includes committee, consulting and advisory fees accrued/paid during the year. Mr I Campbell was paid consulting fees of $72,000 the Company during the year for services performed in addition to his role as Chairman of the Company.

** Non-monetary benefits relate to the use of motor vehicles, parking and property fringe benefits.

***The retirement benefit expense recognised above represents the increase in the retirement benefit provision during the year.

E. REMUNERATION EXPENSES FOR KMP (continued)

2015	SHORT-TERM EMPLOYEE BENEFITS			POST EMPLOYMENT BENEFITS		LONG TERM BENEFITS	SHARE BASED PAYMENTS	
NAME	CASH SALARY AND FEES*	BONUS	NON-MONETARY BENEFITS**	SUPERAN-NUATION	RETIREMENT BENEFITS***	ANNUAL AND LONG SERVICE LEAVE	OPTIONS	TOTAL
	$	$	$	$	$	$	$	$
NON-EXECUTIVE DIRECTORS								
R Baxter (From 1 July 2014 until 20 October 2014)	33,076	-	-	3,304	250,000	-	-	**286,380**
I Campbell	148,557	-	-	8,413	10,925	-	100,372	**268,267**
S Johnston	51,474	-	-	25,000	25,492	-	-	**101,966**
G Pestell	64,705	-	-	-	23,671	-	-	**88,376**
EXECUTIVE DIRECTORS – MANAGING DIRECTOR/CHIEF EXECUTIVE OFFICER								
G Lewis	650,230	250,000	176,955	35,000	-	31,008	150,559	**1,293,752**
OTHER KEY MANAGEMENT PERSONNEL								
D Langenbach Chief Operating Officer	390,000	155,000	44,408	51,775	-	41,098	38,540	**720,821**
G Strautins Executive, Strategy	305,769	155,000	47,423	45,417	-	63,604	38,540	**655,753**
TOTAL (NOTE 25)	**1,643,811**	**560,000**	**268,786**	**168,909**	**310,088**	**135,710**	**328,011**	**3,415,315**

* Cash salary and fees for non-executive directors includes committee, consulting and advisory fees accrued/paid during the year. Mr I Campbell was paid consulting fees of $60,000 the Company during the year for services performed in addition to his role as Chairman of the Company.

** Non-monetary benefits relate to the use of motor vehicles, parking and property fringe benefits.

***The retirement benefit expense recognised above represents the increase in the retirement benefit provision during the year.

F. CONTRACTUAL ARRANGEMENTS FOR EXECUTIVE KMP

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: $686,500 per annum plus the provision of motor vehicles for year ending 30th June 2016. Bonus: Refer to page 25 of the directors' report for the calculation basis of cash incentives payable.	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 that worked out using the formula in section 200G(3) of the Corporations Act. If for some reason the formula does not apply for the circumstances surrounding the termination and the Company are such that the formula may not be applied then the severance benefit payable to the Executive will be an amount for the executives continuous service with the Company determined as four weeks salary for each year or part thereof of service but will not exceed any limit set by the Corporations Act or the Listing Rules in the relevant circumstances.
D. Langenbach, Chief Operating Officer, Chief Financial Officer	This agreement has no set term. Termination of the agreement is 6 months' notice by the Executive or by the Company.	Base: $427,050 per annum plus a motor vehicle allowance for the year ending 30th June 2016. Bonus: Refer to page 25 of the directors' report for the calculation basis of cash incentives payable.	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: $383,250 per annum plus the provision of a motor vehicle for year ending 30th June 2016. Bonus: Refer to page 25 of the directors' report for the calculation basis of cash incentives payable.	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 including superannuation are quoted as current at the year ended 30 June 2016. They are reviewed annually by the Remuneration Committee.

G. NON-EXECUTIVE DIRECTOR ARRANGEMENTS

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.

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.

Subject to shareholder approval, share options may be issued to non-executive directors.

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.

The current base fees are reviewed annually and were last amended effective 1 September 2015. Base fees are exclusive of committee fees. For additional duties, from 1 September 2015, Committee Chairs receive an additional $25,000 over and above their non-executive director fee, and Committee members receive an additional $10,000.

The Company engaged an external, Sherwood Love and Associates for a fee of $7,000 to provide recommendations in respect to Non-Executive Directors' remuneration. The remuneration committee considered in detail the remuneration data provided by the external remuneration consultant, and so resolved to increase director's fee's upon this advice. Annualised Total fees payable to directors is within the $600,000 limit currently in place, while still allowing for the appointment of one additional director.

The following fees (excluding superannuation) have applied:

	2016	2015
	A$	A$
BASE FEES		
Chairman – I Campbell	150,000	100,000
Other non-executive directors	100,000	65,000
ADDITIONAL FEES		
Committee Chair	25,000	5,000
Committee member	10,000	-

All Director fee's paid are exclusive of the superannuation contributions required under the Australian superannuation guarantee legislation.

RETIREMENT ALLOWANCES FOR NON-EXECUTIVE DIRECTORS

The Non-Executive Directors are entitled to a payment on retirement from office. The maximum quantum of which is three times the average annual directors' fees calculated over the three years preceding retirement. All current Non-Executive directors have signed a retirement deed to this effect.

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.

H. ADDITIONAL STATUTORY INFORMATION

RELATIVE PROPORTIONS OF FIXED VS VARIABLE REMUNERATION EXPENSE

The following table shows the relative proportions of remuneration that are linked to performance and those that are fixed. The proportions below are based on the amounts disclosed above at Remuneration expenses for KMP on page's 27 to 28. The at risk LTI proportion for I Campbell relates to the options granted to him in October 2014.

	FIXED REMUNERATION		AT RISK – STI		AT RISK – LTI*	
NAME	2016	2015	2016	2015	2016	2015
NON EXECUTIVE DIRECTORS						
I Campbell	**66%**	61%	**-**	-	**34%**	39%
S Johnston	**100%**	100%	**-**	-	**-**	-
G Pestell	**100%**	100%	**-**	-	**-**	-
EXECUTIVE DIRECTORS						
G Lewis	**60%**	69%	**26%**	19%	**14%**	12%
OTHER KEY MANAGEMENT PERSONNEL						
D Langenbach	**72%**	73%	**22%**	22%	**5%**	5%
G Strautins	**70%**	70%	**24%**	24%	**6%**	6%

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

PERFORMANCE BASED REMUNERATION GRANTED AND FORFEITED DURING THE YEAR

The table below shows those KMP who were entitled to STI or LTI remuneration during the financial year, the table shows the proportions of the STI awarded and forfeited during the year. The number of options granted during the year is disclosed below at reconciliation of options and shares held by KMP on page 27.

The bonuses paid to the above Key Management Personnel is reflective of the methodology disclosed at *Elements of Remuneration; Short-Term Incentives* above.

The bonus paid to Mr Lewis is based on the company's 2016 performance while the bonuses paid to Mr Langenbach and Mr Strautins are based on the performance of the entity for the 2015 financial year.

The payments of bonuses are included above in the remuneration tables at Remuneration expenses for KMP on page's 27 to 28.

	TOTAL STI BONUS (CASH)		
2016	**TOTAL OPPORTUNITY $**	**AWARDED %**	**FORFEITED %**
G Lewis	406,662	100%	-
D Langenbach	165,000	100%	-
G Strautins	165,000	100%	-

TERMS AND CONDITIONS OF SHARE-BASED PAYMENT ARRANGEMENTS

OPTIONS

The terms and conditions of each grant of options affecting remuneration in the current or a future reporting period are as follows:

GRANT DATE	VESTING AND EXERCISE DATE	EXPIRY DATE	EXERCISE PRICE ($)	VALUE PER OPTION AT GRANT DATE ($)	PERFORMANCE ACHIEVED	% VESTED
29-Apr-14	1-Aug-17	29-Apr-20	0.44	0.08	to be determined	n/a
16-Oct-14	1-Aug-17	29-Apr-20	0.87	0.20	to be determined	n/a

The number of options over ordinary shares in the company provided as remuneration to key management personnel is shown in the table directly below. Options granted under the plan carry no dividend or voting rights. See page 33 below for the conditions that must be satisfied for the options to vest.

When exercisable, each option is convertible into one ordinary share of the Company. The exercise price of options is based on the weighted average exercise price at which the company's shares are trade on the Australian Securities Exchange during the twenty days immediately before grant date plus an additional 20%.

The value per option at grant date for options granted on the 16th of October 2014 above is significantly higher than the options granted on the 29th of April 2014 due to the large increase in the Company's share price during the intervening period where by the share price increased by 111%.

RECONCILIATION OF OPTIONS AND SHARES HELD BY KMP

OPTIONS OVER ORDINARY SHARES IN THE COMPANY

The table below shows a reconciliation of options held by each KMP from the beginning to the end of FY 2016.

		BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION	BALANCE AT THE END OF THE YEAR	
	GRANT DATE	UNVESTED		VESTED AND EXERCISABLE	UN-VESTED
DIRECTORS					
I Campbell	16 October 2014	2,000,000	-	-	2,000,000
G Lewis	16 October 2014	3,000,000	-	-	3,000,000
OTHER KEY MANAGEMENT PERSONNEL					
D Langenbach	29 April 2014	1,500,000	-	-	1,500,000
G Strautins	29 April 2014	1,500,000	-	-	1,500,000

The options will vest to the recipients who remain directors of and/or employed with the company until 1 August 2017 and if both of the following criteria are satisfied:

CRITERIA	CALCULATION	PERCENTAGE OF AWARD	THRESHOLD
Return on capital employed	Earnings before interest and taxes (EBIT) /(Shareholders Equity + Total Borrowings less Cash on Hand)	50%	>17.8% at 30 June 2017
Diluted earnings per share	Profit After Tax/Shares Outstanding	50%	>$0.07/share at 30 June 2017

Satisfaction of the criteria conditions will be based on the audited group financial statements for the 2017 Financial Year. Both criteria must be satisfied for the options to vest.

SHARES IN THE COMPANY

SHARES

2016 NAME	BALANCE AT THE START OF THE YEAR	NET ACQUISITIONS/ DISPOSALS	OTHER CHANGES DURING THE YEAR	BALANCE AT THE END OF THE YEAR	BALANCE HELD NOMINALLY
DIRECTORS					
G Lewis	15,841,797	(1,000,000)	-	14,841,797	-
I Campbell	-	130,000	-	130,000	-
S Johnston	3,772,605	-	-	3,772,605	-
OTHER KEY MANAGEMENT PERSONNEL					
D Langenbach	2,800,000	150,000	-	2,950,000	-
G Strautins	550,000	-	-	550,000	-

LOANS GIVEN TO KEY MANAGEMENT PERSONNEL

There were no outstanding balances between ASG Group Limited and directors or Key Management Personnel as at 30 June 2016.

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL

A director of the Company, Mr Grant Pestell, is Managing Director of Murcia Pestell Hillard. Murcia Pestell Hillard are the company's solicitors and have provided Legal services to the company for several years. The services have been provided on normal commercial terms and conditions.

Amounts recognised as expense:

	2016	2015
	$	$
Legal Fees	258,086	156,180

Amounts recognised as assets and liabilities

	2016	2015
	$	$
Other Assets	91,090	-
Trade and Other Payables	59,603	47,853

VOTING OF SHAREHOLDERS AT LAST YEAR'S ANNUAL GENERAL MEETING

ASG Group Limited received approximately 97% of "Yes" votes on its remuneration report for the 2015 financial year. The company did not receive any specific feedback at the AGM or throughout the year on its remuneration practices.

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	NUMBER OF OPTIONS
31-Dec-16	$0.87	30,000
30-Jun-17	$0.79	10,000
30-Jun-17	$0.79	10,000
30-Jul-17	$0.79	10,000
30-Dec-17	$1.19	90,000
30-Jun-17	$1.74	60,000
7-Oct-17	$1.72	20,000
30-Dec-18	$1.63	50,000
30-Jun-19	$1.01	80,000
30-Jun-19	$1.01	10,000
30-Jun-19	$0.91	60,000
31-Dec-19	$1.43	90,000
30-Dec-19	$0.73	60,000
1-Aug-19	$0.47	1,000,000
29-Apr-20	$0.44	500,000
29-Apr-20	$0.44	3,000,000
29-Apr-20	$0.87	5,000,000
30-Sep-21	$1.09	2,000,000
	TOTAL	**12,080,000**

INDEMNIFICATION AND INSURANCE OF OFFICERS AND AUDITORS

INSURANCE OF OFFICERS

During the financial year, the Company paid a premium of $88,945 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

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 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.

No non-audit services were provided by our auditors (BDO Audit (WA) Pty Ltd) for either the 2016 or 2015 financial years.

A copy of the auditor’s independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 38.

ROUNDING OF AMOUNTS

The Group is of a kind referred to in ASIC Corporations Legislative Instrument 2016/191, 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: 16 August 2016

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DECLARATION OF INDEPENDENCE BY NEIL SMITH TO THE DIRECTORS OF ASG GROUP LIMITED

As lead auditor of ASG Group Limited for the year ended 30 June 2016, I declare that, to the best of my knowledge and belief, there have been:

1. No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
2. No contraventions of 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.

Neil Smith

Director

BDO Audit (WA) Pty Ltd

Perth, 16 August 2016

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 A$'000	2015 A$'000
Revenue from continuing operations	5	**188,720**	162,708
Total Revenue		**188,720**	162,708
Other Income	6	**39**	1,565
EXPENSES			
Change in inventories of finished goods and work in progress		**2,583**	621
Raw materials and consumables used	7(a)	**(27,205)**	(17,744)
Employee benefits expense		**(119,864)**	(109,135)
Depreciation and amortisation expenses	7(b)	**(8,309)**	(6,945)
Finance costs	7(c)	**(1,442)**	(1,737)
Operating lease payments		**(1,295)**	(1,137)
Other expenses	7(d)	**(16,239)**	(16,210)
Acquisition expenses		**-**	(350)
Total Expenses		**(171,771)**	(152,637)
Profit before income tax		**16,988**	11,636
Income tax expense	8	**(4,964)**	(2,097)
Profit for the year attributable to members of ASG Group Ltd		**12,024**	9,539
Other Comprehensive Income		**-**	-
Total Comprehensive Income for the year, net of tax attributable to members of ASG Group Limited		**12,024**	9,539
Basic earnings per share (cents)	29	**5.88**	4.61
Diluted earnings per share (cents)	29	**5.79**	4.58

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Notes	2016 A$'000	2015 A$'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**18,095**	13,846
Trade and other receivables	10	**31,869**	31,014
Work in Progress	11	**3,434**	817
Other Assets	12	**5,554**	1,126
Total current assets		**58,952**	46,803
Non-current assets			
Trade and other receivables	10	**1,545**	2,190
Property, plant and equipment	13	**21,601**	20,417
Intangible Assets	14	**95,319**	94,440
Deferred Tax Assets	15	**9,935**	13,278
Total non-current assets		**128,400**	130,325
Total assets		**187,352**	177,128
LIABILITIES			
Current liabilities			
Trade and other payables	16	**33,536**	30,319
Unearned Revenue	17	**2,974**	245
Provisions	18	**6,963**	6,446
Borrowings	19	**5,733**	5,902
Current Tax Liabilities	8	**-**	2,219
Total current liabilities		**49,206**	45,131
Non-current liabilities			
Trade and other payables	16	**2,573**	1,309
Provisions	18	**485**	402
Borrowings	19	**15,296**	19,296
Deferred tax liabilities	15	**8,979**	7,670
Total non-current liabilities		**27,333**	28,677
Total liabilities		**76,539**	73,808
Net assets		**110,813**	103,320
EQUITY			
Contributed equity	21	**114,927**	120,034
Reserves	22	**2,302**	1,726
Accumulated losses		**(6,416)**	(18,440)
Total equity		**110,813**	103,320

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 2016

	Notes	CONTRIBUTED EQUITY	ACCUMULATED LOSSES	SHARE BASED PAYMENTS RESERVE	OTHER RESERVES	TOTAL EQUITY
		A$'000	A$'000	A$'000	A$'000	A$'000
Balance at 1 July 2014		**120,087**	**(27,979)**	**1,182**	**167**	**93,457**
Profit/(Loss) for the period		-	9,539	-	-	9,539
Total comprehensive loss for the year		**-**	**9,539**	**-**	**-**	**9,539**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Contributions of equity, net of transaction costs	21	(74)	-	-	-	(74)
Issues of ordinary shares from options	21	21	-	-	-	21
Share based payments	30	-	-	377	-	377
Balance at 30 June 2015		**120,034**	**(18,440)**	**1,559**	**167**	**103,320**
Balance at 1 July 2015		**120,034**	**(18,440)**	**1,559**	**167**	**93,457**
Profit/ (Loss) for the period		-	12,024	-	-	12,024
Total comprehensive income for the year		**-**	**12,024**	**-**	**-**	**12,024**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS:						
Share buy back	21	(5,067)	-	-	-	(5,067)
Contributions of equity, net of transaction costs	21	(45)	-	-	-	(45)
Issues of ordinary shares from options	21	5	-	-	-	5
Share based payments	30	-	-	576	-	576
Balance at 30 June 2016		**114,927**	**(6,416)**	**2,135**	**167**	**110,813**

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 2016

	Notes	2016 A$'000	2015 A$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts in the course of operation		**209,802**	173,728
Cash payments in the course of operations		**(182,282)**	(161,845)
Interest received		**11**	86
Finance expenses		**(1,442)**	(1,737)
Income Tax Paid		**(2,234)**	(1,736)
Net cash inflow from operating activities	28	**23,855**	8,496
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(4,530)**	(1,236)
Payments for software		**(3,825)**	(4,897)
Proceeds from sale of assets		**-**	10,710
Payments for purchase of business (net of cash received)		**-**	(350)
Net cash inflow/(outflow) from/(used in) investing activities		**(8,355)**	4,227
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**-**	3,000
Repayment of borrowings		**(4,000)**	(15,808)
Finance lease payments		**(2,189)**	(2,213)
Proceeds from Issue of Shares		**5**	-
Share buy back		**(5,067)**	21
Net cash inflow/(outflow) from/(used in) financing activities		**(11,251)**	(15,000)
Net increase/(decrease) in cash held		**4,249**	(2,277)
Cash and cash equivalents at beginning of reporting period		**13,846**	(2,000)
Cash and cash equivalents at end of reporting period	9	**18,095**	13,846

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

1 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. The financial report of ASG Group Limited for the year ended 30 June 2016 was authorised for issue in accordance with a resolution of the Directors on 16 August 2016.

COMPLIANCE WITH IFRS

The financial statements of ASG Group Ltd 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 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.

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.

Disclosure in relation to significant estimates and judgements affecting the carrying amounts of statement of financial position items is included throughout notes 2 through 30; Specifically:

I. Research and Development, note 6

II. Accrued Revenue, note 10

III. Work in Progress, note 11

IV. Intangible Assets, note 14

V. Deferred Tax Assets, note 15

VI. Employee Provisions, note 18

VII. Contingencies, note 20

VIII. Share Based Payments, note 30

NEW AND AMENDED STANDARDS ADOPTED

The Group has adopted all of the new, revised or amending accounting standards and interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. The adoption of these Accounting Standards did not have any significant impact on the financial performance or position of the Group during the financial year.

OTHER ACCOUNTING POLICIES

Significant and other accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements. The accounting policies disclosed at each note have been consistently applied to all the years presented, unless otherwise stated.

1 BASIS OF PREPARATION (continued)

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The table below identifies those new accounting standards and interpretations which have been issued but are not yet effective. The Group has not early adopted any standards which are not yet effective.

TITLE

AASB 9 Financial Instruments (issued December 2009 and amended December 2010)

AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments (issued December 2013)

NATURE OF CHANGE

AASB 9 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. Under AASB 9, there are three categories of financial assets:

- Amortised cost.
- Fair value through profit or loss. And;
- Fair value through other comprehensive income.

The following requirements have generally been carried forward unchanged from AASB 139 *Financial Instruments: Recognition and Measurement* into AASB 9:

- Classification and measurement of financial liabilities. And;
- Derecognition requirements for financial assets and liabilities.

However, 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.

AASB 2013-9 Makes three amendments to AASB 9:

- Adding the new hedge accounting requirements into AASB 9.
- Deferring the effective date of AASB 9 from 1 January 2015 to 1 January 2017. And;
- Making available for early adoption the presentation of changes in 'own credit' in other comprehensive income (OCI) for financial liabilities under the fair value option without early applying the other AASB 9 requirements.

Under the new hedge accounting requirements:

- The 80-125% highly effective threshold has been removed.
- Risk components of non-financial items can qualify for hedge accounting provided that the risk component is separately identifiable and reliably measurable.
- An aggregated position (i.e. combination of a derivative and a non-derivative) can qualify for hedge accounting provided that it is managed as one risk exposure.
- When entities designate the intrinsic value of options, the initial time value is deferred in OCI and subsequent changes in time value are recognised in OCI.When entities designate only the spot element of a forward contract, the forward points can be deferred in OCI and subsequent changes in forward points are recognised in OCI. Initial foreign currency basis spread can also be deferred in OCI with subsequent changes be recognised in OCI. And;
- Net foreign exchange cash flow positions can qualify for hedge accounting.

1 BASIS OF PREPARATION (continued)

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

APPLICATION DATE

Annual reporting periods beginning on or after 1 January 2018

IMPACT ON INITIAL APPLICATION

- There will be a change in the way the Group calculates it's allowance for credit losses, however the Group has not estimated the financial impact of this change in calculation method.
- All of the financial assets which the Group currently controls are categorised as loans and receivables and are therefore measured at amortised cost. The Group will be able to continue to measure it's financial assets on this basis when AASB 9 becomes effective.
- The Group does not have any financial liabilities measured at fair value through profit or loss and therefore there will be no impact on their measurement when AASB 9 becomes effective.
- The Group does not apply hedge accounting and therefore there will be no impact on the accounting policies of the Group when this standard becomes effective.

TITLE

AASB 15 Revenue from Contracts with Customers (issued June 2014)

NATURE OF CHANGE

An entity will recognise revenue to depict the transfer of promised good or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This means that revenue will be recognised when control of goods or services is transferred, rather than on transfer of risks and rewards as is currently the case under AASB 118 Revenue.

APPLICATION DATE

Annual reporting periods beginning on or after 1 January 2018

IMPACT ON INITIAL APPLICATION

Management is in the process of reviewing it's systems, processes and customer contracts to ensure revenue will be accurately reported when the standard becomes effective. Management is not in a position to quantity the impact on the Group upon initial application of this standard however it is expected that that the implementation of this standard will require the Group to consider and therefore possibly have an impact on;

- The timing and amount of revenue recognised.
- The timing and amount of expenditure recognised.
- The extent of disclosures required in relation to revenue recognition
- The need for additional balance sheet line items relating to fulfilment of customer contracts

1 BASIS OF PREPARATION (continued)

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS NOT YET ADOPTED (continued)

TITLE

AASB 16 Leases (issued Feb 2016)

NATURE OF CHANGE

Under AASB 16 lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for almost all lease contracts.

This is a significant change compared to AASB 117 under which lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet).

APPLICATION DATE

Annual reporting periods beginning on or after 1 January 2019.

IMPACT ON INITIAL APPLICATION

The Group is not in a position to quantity the impact on the entity upon initial application of this standard. However management expects that the implementation of this standard will;

- Increase the value of depreciation and interest expense recognised, while reducing expenditure such as rent.
- Gross up the Group's balance sheet due to the recognition of 'right of use' assets and additional 'lease liabilities'
- Require management to re-consider how incentives payable to executives are determined, given the reduction depreciation expense, increase in interest expense and reduction in expenditure such as rent.
- Impact on the Group's debt covenants, and the extent to which the Group complies with these covenants.
- Impact on the on the appearance of the cash flow statement by increasing finance expenses and increasing finance lease payments, while reducing cash payments in the course of operations by the same amount.

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

INTEREST RATE RISK

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to interest rate risk. The Group's borrowings are in Australian Dollars. 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. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group analyses its interest rate exposure on monthly basis. Management receives daily updates from the Group's financier's markets department analysing economic data and current trends. Management uses this data to assist in optimising the Group's interest rate strategy, which is reported to the board on a monthly basis.

At the reporting date, the Group had the following variable borrowings outstanding:

	30 JUNE 2016		30 JUNE 2015	
FACILITY	WEIGHTED AVERAGE INTEREST RATE	BALANCE ($000)	WEIGHTED AVERAGE INTEREST RATE	BALANCE ($000)
Bank Loans (Variable)	3.94%	16,183	4.04%	20,000

The Group also has a multi option facility, however at reporting date, the facility is only utilised for bank guarantee's and as a result there is no interest rate risk applicable to this facility.

SENSITIVITY

At 30 June 2016, if interest rates had changed by -/+ 40 basis points from the year-end rates with all other variables held constant, post-tax profit for the year and equity would have been $46,242 higher/lower, as a result of higher/lower interest payable on bank overdraft and loan facility.

At 30 June 2015, if interest rates had changed by -/+ 40 basis points from the year-end rates with all other variables held constant, post-tax profit for the year and equity would have been $63,000 higher/lower, as a result of higher/lower interest payable on bank overdraft and loan facility.

The sensitivity analysis is prepared by analysing the interest which the Group has been charged during the year and considering the change in the total interest rate charged per facility/per interest period.

OTHER MARKET RISK'S

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. The Group manages its credit risk by imposing credit limits on customers and the regular monitoring of amounts owed by customers against these limits.

i. SUMMARY OF EXPOSURE

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% of the Group's Trade Receivables balance is attributable to State and Federal Government agencies, one customer represented more than 10% of the balance, totalling 15.14% of the trade receivable balance.

In 2015, approximately 32% of the Group's Trade Receivables balance was attributable to State and Federal Government agencies, two customers each represented more than 10% of the total balance, totalling 22.55% of the trade receivable balance.

Geographically there is no concentration of 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:

		CARRYING AMOUNT	
	Notes	2016	2015
		A$'000	A$'000
Cash and cash equivalents	9	**18,095**	13,846
Trade and other receivables	10	**33,414**	33,204

ii. CREDIT QUALITY

The credit quality of financial assets that are not impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterpart default rates:

	2016	2015
	A$'000	A$'000
CASH AND CASH EQUIVALENTS		
AA	**18,095**	13,846
TRADE AND OTHER RECEIVABLES		
Counterparties with external credit rating		
A	**21,409**	14,074
BBB	**5,297**	8,552
Counterparties without external credit rating	**6,708**	10,578
Total Trade and Other Receivables	**33,414**	33,204

In relation to the current reporting period, the balance owing by Counterparties without an external credit rating represents various customers, of the total amount in this category, $2,947,916 (43.95%) is from one customer and no provision has been recognised or previously been required in relation to this customer, (2015: $4,322,963 (40.87%) of the balance owed by counterparties without an external credit rating related to one customer).

2 FINANCIAL RISK MANAGEMENT (continued)

The trade and other receivables above includes $28,663,413 (2015: $31,041,078) of receivables which are neither past due nor impaired, counterparties with an external rating of A represent 70.00% (2015: 45.4%), counterparties with an external rating of B represent 11.8% (2015: 24.3%) and counterparties without an external rating represent the remaining 18.20% (2015: 30.3%).

iii. IMPAIRED TRADE RECEIVABLES

Individual receivables which are known to be uncollectable are written off by reducing the carrying amount directly. The other receivables are assessed collectively to determine whether there is objective evidence that an impairment has been incurred but not yet been identified. For these receivables the estimated impairment losses are recognised in a separate provision for impairment. The following factors are considered before recognising an impairment loss:

- 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.

Receivables for which an impairment provision was recognised are written off against the provision when there is no expectation of recovering additional cash. Impairment losses are recognised in profit or loss within doubtful debt expenses.

At 30 June 2016, one customer represents more than 50% of the amount which has been provided for as doubtful (2015: one customer represented 20% of the balance). The total owing to the Group by this customer is $65,636 (2015: one customer owed a total of $65,636). The remainder of the provision relates to Ten other customers (2015: Twelve customers).

	2016	2015
	A$'000	A$'000
1 to 3 months	**-**	-
3 to 6 months	**9**	87
Over 6 months	**104**	87
Total	**113**	174

Movements in the provision for impairment of trade receivables that are assessed for impairment collectively are as follows:

	2016	2015
	A$'000	A$'000
At 1 July	**(174)**	(155)
Provision for impairment recognised during the year	**(50)**	(269)
Receivables written off during the year as uncollectible	**27**	126
Unused amount reversed	**84**	124
At 30 June	**(113)**	(174)

2 FINANCIAL RISK MANAGEMENT (continued)

iv. PAST DUE BUT NOT IMPAIRED

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

	2016	2015
	A$'000	A$'000
Receivables less than 30 days past due	**3,697**	506
Receivables 30 days or more but less than 60 days past due	**786**	691
Receivables 60 days or more but less than 90 days past due	**134**	1,102
Receivables 90 days or more past due	**133**	107
Total receivables past due but not impaired	**4,750**	2,406

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:

	30 JUNE 2016		30 JUNE 2015	
	A$ '000	A$ '000	A$ '000	A$ '000
FACILITY	VALUE OF FACILITY	VALUE UNDRAWN	VALUE OF FACILITY	VALUE UNDRAWN
Corporate Flexi Loan	16,000	-	20,000	-
Multi Option Facility	20,000	18,061	17,000	13,672
Comprising:				
- *Corporate Receivables Finance Facility*	14,200	14,200	11,200	11,200
- *Bank Guarantee*	4,800	2,044	3,800	472
- *Overdraft*	2,000	1,817	2,000	2,000
Surety Bond Facility	5,000	3,500	-	-

2 FINANCIAL RISK MANAGEMENT (continued)

The Corporate Flexi Loan has a termination date of 31st December 2019 and is repayable quarterly by equal instalment's of $1,000,000. This is consistent with the terms of the loan at 30 June 2015.

The limit of the corporate receivables finance facility is the lesser of 65% of debtors less than 60 days outstanding or $20,000,000. The limit of this facility is reduced to the extent that the remaining multi option facility sub facilities are drawn. This facility is subject to review twice yearly.

The bank guarantee facility has a limit of $4,800,000 (30 June 2015: $3,800,000). At 30 June 2016, bank guarantees on issue amount to $2,755,543 (30 June 2016: $3,328,462).

The overdraft facility is undrawn at at 30 June 2016 (30 June 2015: Undrawn). The Group also has the option to use a master asset finance facility, which would reduce the value of the above multi option subfacilities to the same extent.

The Surety Bond Facility has a limit of $5,000,000 (30 June 2015: No facility). At 30 June 2016, surety bonds on issue amount to $1,500,000 (30 June 2015: No facility). The facility is subject to yearly review.

In addition to those above, the Group has a forward exchange contract with the bank of $54,313 Euro at 30 June 2016, this represents the payment to a supplier which was not settled by the bank until after 30 June 2016. There were no such contracts at 30 June 2015.

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.

	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
GROUP – AT 30 JUNE 2016							
Non-Interest Bearing							
Trade and Other Payables	36,109	36,109	32,398	1,138	2,275	298	-
Variable Rate							
Bank Borrowings	16,000	17,302	2,344	2,256	4,395	8,307	-
Fixed Rate							
Finance Lease	5,029	5,519	1,254	733	1,836	1,696	-
Total	**57,138**	**58,930**	**35,996**	**4,127**	**8,506**	**10,301**	**-**

	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
GROUP – AT 30 JUNE 2015							
Non-Interest Bearing							
Trade and Other Payables	31,628	31,628	29,888	431	861	448	-
Variable Rate							
Bank Borrowings	20,000	22,014	2,386	2,342	4,565	12,721	-
Fixed Rate							
Finance Lease	5,198	5,761	1,458	710	1,507	2,086	-
Total	**56,826**	**59,403**	**33,732**	**3,483**	**6,933**	**15,255**	**-**

3 CAPITAL MANAGEMENT

A. 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. Where the board considers it to be in the best interests of the company, The Group carries out share buy back arrangements to facilitate the return of capital to shareholders.

The Group monitors capital on the basis of leverage ratio and debt service cover ratio.

The Leverage ratio is defined as Total Gross Debt plus Total Bank Guarantee's on issue divided by 12 month rolling Earnings Before Interest, Tax, Depreciation and Amortisation ("EBIDTA"). Gross Debt is calculated as total borrowings including bank debt and finance leases. The Leverage ratios at 30 June 2016 and 30 June 2015 were as follows:

	2016	**2015**
	A$'000	A$'000
Gross Debt	**21,029**	25,198
Bank Guarantees	**2,755**	3,328
Total Debt, including Bank Guarantees	**23,784**	28,526
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**26,727**	20,231
Gearing Ratio	**0.89**	1.4

The Debt Service Cover Ratio is defined as the sum of 12 month rolling EBITDA and operating lease payments and finance lease payments divided by the sum of 12 month rolling interest expense, contracted term debt repayments, operating lease payments and finance lease payments. The Debt Service Cover ratio's at 30 June 2016 and 30 June 2015 were as follows:

	2016	**2015**
	A$'000	A$'000
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	**26,727**	20,231
Operating Lease Payments	**1,295**	1,137
Finance Lease Payments	**4,274**	2,030
Total EBITDA and lease payments	**32,296**	23,398
Interest Expense	**1,442**	1,737
Term Debt Repayments	**4,000**	4,000
Operating Lease Payments	**1,295**	1,137
Finance Lease Payments	**4,274**	2,030
Total Interest, Debt Repayments and lease payments	**11,011**	8,904
Debt Service Cover Ratio	**2.93**	2.63

3 CAPITAL MANAGEMENT (continued)

i. LOAN COVENANTS

Under the terms of the Group's borrowing facilities, the Group is required to comply with covenants related to Leverage, Debt Service Cover, Minimum equity and Aged Trade Debtors.

LEVERAGE AND DEBT SERVICE COVER RATIOS

The aforementioned ratio's are the basis of two covenants with which the Group must comply. The Leverage and Debt Service Cover ratios are tested on a quarterly basis, the Group's Leverage ratio must not exceed a specified maximum and and the Debt Service Coveratio must be maintained above a specified minimum. The Group complied with both of these covenants throughout the reporting period.

MINIMUM EQUITY

The Group is required to maintan a minimum level of equity at all times. The Group complied with this covenant.

AGED TRADE DEBTORS

Compliance with the Aged Trade Debtors covenant was tested on a quarterly basis, the Group complied with this covenant. The Group complied with this covenant.

The Group complied with the the above Loan covenants imposed by the National Australia Bank at all times throughout the financial year. The covenants above are consistent with the covenants imposed at 30 June 2015.

B. DIVIDENDS

No dividends were paid or declared in relation to the financial year ended 30 June 2016 or 2015.

4 SEGMENT INFORMATION

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.

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 one customer during the year end 30th June 2016. Entities controlled by the Western Australian Government contributed 16% (2015: 19%) of the total revenue and clients controlled by the Federal Government of Australia contributed 29% (2015: 22%) of the total revenue for the year ended 30th June 2016 of the Group.

5 REVENUE

	2016	2015
	A$'000	A$'000
FROM CONTINUING OPERATIONS		
Sale of goods	**31,423**	18,619
Rendering of service	**157,297**	144,089
Total Revenue from Continuing Operations	**188,720**	162,708

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.

SINGLE TRANSACTIONS ENCOMPASING BOTH GOODS AND SERVICES

In circumstances when a transaction has both goods and services inclusive in one transaction, the recognition criteria of AASB 118 is applied in order to reflect the substance of the transaction.

6 OTHER INCOME

	2016	2015
	A$'000	A$'000
Interest income	**11**	86
Research and development grant	**124**	838
Net Gain/(Loss) on disposal of property, plant and equipment	**(96)**	641
Total Other Income	**39**	1,565

RESEARCH AND DEVELOPMENT GRANT

The Group has recognised the benefit from a Research and Development claim of $123,717 (2015: $837,153). The Group's underlying research and development activity is the "Development of ASG's fully automated Service Management as a Service (SMaaS) solution for a multi-tenanted, multi-vendor environment". This government grant has been recognised as an increase in deferred tax asset, information on deferred tax assets is disclosed in note 15.

The Research and Development grant in the current financial year, is based on research and development activity expenditure in the 2016 financial year, while the grant recognised in the comparative period is based on expenditure in the 2015 and 2014 financial year's.

BASIS OF RECOGNITION AND MEASUREMENT

Research and Development Grant income includes Research and Development ("R&D") concessions received or receivable in respect of eligble R&D as registered with AusIndustry. The R&D concession is brought to account when the eligible R&D has been quantified. The income is only recoverable when there are sufficient taxable profits in which to utilise it. The R&D concession amount is recognised in other income as it relates to spending that has been expensed to the statement of profit or loss and other comprehensive income.

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

NET GAIN/(LOSS) ON DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

In both the 2016 and 2015 financial years, the Net Gain/(Loss) on disposal of property, plant and equipment substantially relates to the sale of the Group's data centre which was sold in August 2014. The disposal of the data centre accounts for $92,239 of the total loss on disposal of property plant and equipment, $95,984.

The terms of the sale of the data centre included a deferred vendor payment which was settled in August 2015, the final amount owing of $537,748, was settled against unrelated outstanding invoices payable to the purchaser. This amount was less than the amount which the Group expected to receive of $629,987 and therefore has recognised a loss in the current financial year.

7 EXPENSES

	2016	2015
	A$'000	A$'000
PROFIT BEFORE INCOME TAX INCLUDES THE FOLLOWING SPECIFIC EXPENSES:		
A. COST OF PRODUCTS SOLD		
Cost of hardware	**6,891**	6,733
Cost of software	**20,314**	11,011
Total Cost of Products Sold	**27,205**	17,744
B. DEPRECIATION AND AMORTISATION		
Depreciation	**5,363**	4,647
Amortisation	**2,946**	2,298
Total Depreciation and Amortisation	**8,309**	6,945
C. FINANCE COSTS		
Finance charges paid/payable for financial liabilities at amortised cost	**1,140**	1,371
Finance charges on capitalised leases	**302**	366
Total Finance Costs	**1,442**	1,737
D. OPERATING EXPENSES		
Insurance	**587**	727
Marketing and administration	**15,072**	14,600
Bank and compliance expense	**616**	738
Doubtful debt expense	**(36)**	145
Total Operating Expenses	**16,239**	16,210

8 INCOME TAX EXPENSE AND CURRENT TAX

	2016	2015
	A$'000	A$'000
INCOME TAX EXPENSE		
RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME		
Current Tax		
Current Year	**15**	2,221
Under/(Over) Provision for Prior Year	**-**	18
Deferred tax		
Origination and Reversal of Temporary Differences	**5,316**	1,041
Benefit on tax losses recognised		
Under/(Over) Provision for Prior Year	**(367)**	(1,183)
Total Income Tax Expense/(Benefit) per Statement of Comprehensive Income	**4,964**	2,097

NUMERICAL RECONCILIATION BETWEEN TAX EXPENSES AND PRE-TAX NET LOSS	2016	2015
Net profit/(loss) before tax	**16,988**	11,596
Income tax expense/(benefit) on the above at 30% (2015: 30%)	**5,096**	3,479
Increase in Income Tax due to:		
Non-deductible expenses	**310**	458
Decrease in income tax expense due to:		
Under/(Over) Provision for Prior Year	**(367)**	(1,165)
Movement in unrecognised temporary differences		
Non-assessable income	**(30)**	(275)
Utilisation of previously unrecognised prior year capital losses	**-**	(326)
Deductibility equity raising costs	**(45)**	(74)
Income tax expense attributable to entity	**4,964**	2,097

	2016	2015
Current Tax Assets/ (Liabilities)		
Franking Deficit Tax (Payable)/ Refundable	**-**	(2,219)
Total	**-**	(2,219)

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.

8 INCOME TAX EXPENSE AND CURRENT TAX (continued)

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.

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. Details about the tax funding agreement are disclosed in note 31.

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.

9 CURRENT ASSETS – CASH AND CASH EQUIVALENTS

	2016	2015
	A$'000	A$'000
Cash at bank and in hand	**18,095**	13,846
Cash and cash equivalents	**18,095**	13,846

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.

B. INTEREST RATE RISK EXPOSURE

The Group's exposure to interest rate risk is discussed in note 2.

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.

10 TRADE AND OTHER RECEIVABLES

	2016			2015		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Trade receivables	**23,529**	**-**	**23,529**	22,686	-	22,686
Provision for impairment	**(113)**	**-**	**(113)**	(174)	-	(174)
Total net Trade receivables	**23,416**	**-**	**23,416**	22,512	-	22,512
Amount receivable from:						
Other receivables	**8,453**	**1,545**	**9,998**	7,872	2,190	10,062
Deferred Consideration Receivable	**-**	**-**	**-**	630	-	630
Total Trade and other receivables	**31,869**	**1,545**	**33,414**	31,014	2,190	33,204

TRADE RECEIVABLES

Trade receivables represent amounts owing from customers arising from the entity's ordinary trading.

MEASUREMENT

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.

CLASSIFICATION

All trade receivables are classified as current as the amounts are contracted to be received within 12 months.

OTHER RECEIVABLES

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

MEASUREMENT

Accrued revenue amouts are recognised at their nominal amounts unless the amounts are not contracted to be received within twelve months of the reporting date, in which case the amount to received is discounted using an appropriate interest rate.

Consistent with our approach to the measurement of trade receivables, collectability of accrued revenue is reviewed on an ongoing basis any reductions to accrued revenue are recognised as a reduction in revenue.

10 TRADE AND OTHER RECEIVABLES (continued)

CLASSIFICATION

All accrued revenue amounts are classified as current, with the exception of accrued revenue amounts recognised which are not contracted to be settled within twelve months.

Where we have accrued revenue recognised in relation to long term contracts and we do not expect settlement until beyond twelve months after the reporting date, these amounts are classified as non-current.

FAIR VALUE AND RISK EXPOSURE

The carrying amounts of trade and other receivables are assumed to be the same as their fair values due to their short-term nature.

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.

11 WORK IN PROGRESS

	2016	2015
	A$'000	A$'000
WIP	**3,434**	817
Total WIP	**3,434**	817

WORK IN PROGRESS

RECOGNITION, MEASUREMENT AND CLASSIFICATION

Work in progess respresents the cost of employee's time on projects which have commenced and and cost incurred. All WIP is classified as current as it is expected to be expensed in the Statement of Profit or Loss and Other Comprehensive Income within 12 months of the reporting date.

12 OTHER ASSETS

	2016	2015
	A$'000	A$'000
Prepayments	**5,554**	1,126
Total Prepayments	**5,554**	1,126

PREPAYMENTS

RECOGNITION, MEASUREMENT AND CLASSIFICATION

The Group recognises an asset for costs incurred where the benefit associated with that cost has not yet been received by the Group. Prepayments are measured at the initial cost incurred by the Group less any amortisation to the extent that the Group has received benefit from the transaction. All prepayments are classified as current assets as the Group will receive the benefit associated with the asset within 12 months of the reporting 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
YEAR ENDED 30 JUNE 2015					
Opening book amount	2,986	12,216	5,687	683	**21,572**
Additions	140	990	2,073	336	**3,539**
Disposals	-	-	-	(47)	**(47)**
Depreciation charge	(308)	(2,235)	(1,950)	(154)	**(4,647)**
Closing net book amount	**2,818**	**10,971**	**5,810**	**818**	**20,417**

	LEASEHOLD IMPROVEMENTS	PLANT AND EQUIPMENT	LEASED PLANT AND EQUIPMENT	MOTOR VEHICLES	TOTAL
	A$'000	A$'000	A$'000	A$'000	A$'000
AS AT 30 JUNE 2015					
Cost	4,791	20,404	13,190	1,383	**39,768**
Accumulated depreciation	(1,973)	(9,433)	(7,380)	(565)	**(19,351)**
Net book amount	**2,818**	**10,971**	**5,810**	**818**	**20,417**

	LEASEHOLD IMPROVEMENTS	PLANT AND EQUIPMENT	LEASED PLANT AND EQUIPMENT	MOTOR VEHICLES	TOTAL
	A$'000	A$'000	A$'000	A$'000	A$'000
YEAR ENDED 30 JUNE 2016					
Opening book amount	2,818	10,971	5,810	818	**20,417**
Additions	1,697	2,833	2,021	-	**6,551**
Disposals	-	-	-	(4)	**(4)**
Depreciation charge	(564)	(2,661)	(1,965)	(173)	**(5,363)**
Closing net book amount	**3,951**	**11,143**	**5,866**	**641**	**21,601**
AS AT 30 JUNE 2016					
Cost	6,488	23,237	15,210	1,383	**46,208**
Accumulated depreciation	(2,537)	(12,094)	(9,344)	(742)	**(24,607)**
Net book amount	**3,951**	**11,143**	**5,866**	**641**	**21,601**

13 NON-CURRENT ASSETS – PROPERTY, PLANT AND EQUIPMENT (continued)

RECOGNITION AND MEASUREMENT

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 statement of profit or loss and other comprehensive income during the reporting period in which they are incurred.

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. Depreciation is calculated using the straight-line method to allocation the cost of property, plant and equipment items, net of their residual values. Useful lives of the plant and equipment is 2 to 10 years.

FAIR VALUES

The Group measures Property, Plant and Equipment at cost less accumulated depreciation and therefore is not required to calculate and disclose fair value.

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 2015						
Opening net book amount	10,930	71,191	9,402	629	332	**92,484**
Net Additions	-	-	4,254	-	-	**4,254**
Amortisation	-	-	(1,854)	(112)	(332)	**(2,298)**
Closing Net book amount	**10,930**	**71,191**	**11,802**	**517**	**-**	**94,440**
AT 30 JUNE 2015						
Cost	10,944	102,156	21,506	2,671	1,297	**138,574**
Accumulated amortisation and impairment	(14)	(30,965)	(9,704)	(2,154)	(1,297)	**(44,134)**
Net book amount	**10,930**	**71,191**	**11,802**	**517**	**-**	**94,440**

14 NON-CURRENT ASSETS – INTANGIBLES (continued)

	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 2016						
Opening net book amount	10,930	71,191	11,802	517	-	**94,440**
Net Additions	-	-	3,825	-	-	**3,825**
Amortisation	-	-	(2,831)	(115)	-	**(2,946)**
Closing Net book amount	**10,930**	**71,191**	**12,796**	**402**	**-**	**95,319**
AT 30 JUNE 2016						
Cost	10,944	102,156	25,330	2,671	1,297	**142,398**
Accumulated amortisation and impairment	(14)	(30,965)	(12,534)	(2,269)	(1,297)	**(47,079)**
Net book amount	**10,930**	**71,191**	**12,796**	**402**	**-**	**95,319**

RECOGNITION AND MEASUREMENT

RESEARCH AND DEVELOPMENT (CAPITALISATION OF DEVELOPMENT COSTS)

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.

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.

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, over a period of 2 to 12 years.

14 NON-CURRENT ASSETS – INTANGIBLES (continued)

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, being 5 to 10 years.

SIGNIFICANT ESTIMATE: IMPAIRMENT REVIEW

BASIS OF REVIEW AND METHODOLOGY:

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 tangible and intangible 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 Group's of assets (cash-generating units).

All goodwill acquired has been integrated into the ASG national platform as one cash generation unit (CGU), and it is at this level that the recoverable amount is tested.

The recoverable amount of goodwill and other intangible assets, including those with indefinite useful lives are determined based on value in use of the one ASG Cash Generating Unit (CGU) through the application of a discounted cash flow methodology. 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.

As required by AASB 136, each individual intangible asset is also reviewed for impairment. Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

ESTIMATES:

Value in use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

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. The key assumptions used in the impairment model are listed below:

- Discounted cash-flow model for 5 years and a terminal value (2015: 5 years model and a terminal value)
- Cash flows have been determined using an updated forecast for the year ended 30 June 2017
- Sales Growth rates of 3.5% have been used for the term of the model (2015: 3.5%)
- Budgeted Gross Margin of 23% has been used for the term of the model (2015: 26.4%)
- Cash flows have been discounted at 11.3% pre-tax (2015: 12.4%)

IMPACT OF POSSIBLE CHANGES IN KEY ASSUMPTIONS:

At 30 June 2016, the directors and management performed an assessment of reasonably possible changes in key assumptions and did not identified any instances which could have caused the carrying amount of the Group's sole CGU to exceed its recoverable amount.

14 NON-CURRENT ASSETS – INTANGIBLES (continued)

IMPAIRMENT CHARGE:

Following impairment testing for the current reporting period, no impairment of intangible assets has been recognised as the recoverable amount of the Group's CGU to which all of it's assets are assigned exceeds the carrying amount of the CGU by $76,236,779 (2015: $57,373,549).

FAIR VALUES

The Group measures Software, Customer List and Customer Contracts at cost less accumulated depreciation and therefore is not required to calculate and disclose fair value. The Group measures Development Costs at cost and Goodwill at it's initial value upon recognition. Intangible assets that are not amortised are subject to impairment testing annually and an impairment loss is recognised if required. Fair value is not required to be disclosed for these assets.

15 DEFERRED TAX ASSETS / DEFERRED TAX LIABILITIES

	2016	**2015**
	A$'000	A$'000
RECOGNISED DEFERRED TAX ASSETS		
Deferred tax assets are attributable to the following:		
Provision for bad debts, warranties & discounts	**34**	52
Annual Leave	**1,117**	1,039
Long Service Leave	**1,118**	1,015
Accrued superannuation	**434**	426
Other accruals	**10**	4
Previously expensed borrowing costs	**-**	-
Unused tax credits	**6,023**	9,096
Previously expensed capital raising costs	**19**	23
Capital Raising Costs reflected in Equity	**43**	88
Tax losses recognised	**1,137**	1,509
Plant & equipment	**-**	26
Deferred tax assets	**9,935**	13,278
UNRECOGNISED DEFERRED TAX ASSETS		
Tax capital losses	**55**	434
	55	434

SIGNIFICANT ESTIMATE: 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.

15 DEFERRED TAX ASSETS / DEFERRED TAX LIABILITIES (continued)

RECOVERABILITY: DEFERRED TAX ASSET.

Management is of the expectation that the Group will recover the above deferred tax asset through the generation of sufficient taxable profits in future years.

	2016	2015
	A$'000	A$'000
DEFERRED TAX LIABILITIES ARE ATTRIBUTABLE TO THE FOLLOWING:		
Capitalised costs	**(3,419)**	(2,634)
Plant & equipment	**(5,560)**	(5,036)
Deferred Tax Liabilities	**(8,979)**	(7,670)

Capitalised costs largely relate to salary and wages in relation to establishing intangible assets, these costs are capitalised for accounting purposes but deductible immediately for tax, and and hence the Deferred Tax Liability has arisen.

CURRENT YEAR:

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE AT 1 JUL 2015	UNDER/ OVER	GOVT GRANT TAX CREDIT	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 30 JUNE 2016
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
DEFERRED TAX ASSETS						
Provision for Bad Debts	52	-	-	(18)	-	**34**
Annual Leave	1,039	-	-	78	-	**1,117**
Long Service Leave	1,015	-	-	103	-	**1,118**
Accrued superannuation	426	-	-	8	-	**434**
Other accruals	4	-	-	6	-	**10**
Unused tax credits	9,096	375	343	(3,791)	-	**6,023**
Previously expensed capital raising costs	23	-	-	(4)	-	**19**
Capital raising cost reflected in equity	88	-	-	-	(45)	**43**
Tax losses recognised	1,509	17	-	(389)	-	**1,137**
Plant & Equipment	26	-	-	(26)	-	**-**
Net Deferred Tax Assets	**13,278**	**392**	**343**	**(4,033)**	**(45)**	**9,935**
DEFERRED TAX LIABILITIES						
Capitalised Costs	2,634	-	-	785	-	3,419
Plant & Equipment	5,036	-	-	524	-	**5,560**
Other DTL's	-	26	-	(26)	-	**-**
Net Deferred Tax Liability	**7,670**	**26**	**-**	**1,283**	**-**	**8,979**

15 DEFERRED TAX ASSETS / DEFERRED TAX LIABILITIES (continued)

COMPARATIVE (2015) YEAR:

MOVEMENT IN TEMPORARY DIFFERENCES DURING THE YEAR	BALANCE AT 1 JUL 2014	UNDER/ OVER	GOVT GRANT TAX CREDIT	RECOGNISED IN INCOME	RECOGNISED IN EQUITY	BALANCE AT 30 JUNE 2015
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
DEFERRED TAX ASSETS						
Provision for Bad Debts	46	-	-	6	-	**52**
Annual Leave	1,133	-	-	(94)	-	**1,039**
Long Service Leave	944	-	-	71	-	**1,015**
Accrued superannuation	427	-	-	(1)	-	**426**
Other accruals	204	(48)	-	(152)	-	**4**
Unused tax credits	4,686	2,327	1,587	496	-	**9,096**
Previously expensed borrowing costs	29	-	-	(29)	-	**-**
Previously expensed capital raising costs	36	-	-	(13)	-	**23**
Capital raising cost reflected in equity	162	-	-	-	(74)	**88**
Tax losses recognised	1,956	(136)	-	(311)	-	**1,509**
Plant & Equipment	41	-	-	(15)	-	**26**
Net Deferred Tax Assets	**9,664**	**2,143**	**1,587**	**(42)**	**(74)**	**13,278**
DEFERRED TAX LIABILITIES						
Capitalised Costs	2,448	-	-	186	-	**2,634**
Plant & Equipment	3,264	959	-	813	-	**5,036**
Net Deferred Tax Liability	**5,712**	**959**	**-**	**999**	**-**	**7,670**

RECOGNITION AND MEASUREMENT OF DEFERRED INCOME TAX

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.

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.

16 TRADE AND OTHER PAYABLES

	2016			2015		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Trade creditors	**17,864**	**-**	**17,864**	15,648	-	15,648
Other creditors and accruals	**14,094**	**2,573**	**16,667**	13,085	1,309	14,394
Net GST Payable	**1,578**	**-**	**1,578**	1,586	-	1,586
Total	**33,536**	**2,573**	**36,109**	**30,319**	**1,309**	**31,628**

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.

OTHER CREDITORS AND ACCRUALS

Other creditors and accruals includes un-invoiced goods and services, accrued wages, insurance premium funding loan, superannuation and employment related taxes.

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.

FAIR VALUE AND LIQUIDITY RISK

The carrying amounts of trade and other payables are assumed to be the same as their fair values due to their short-term nature.

Refer to note 2 for more information on the risk management policy of the Group.

17 UNEARNED REVENUE

	2016	2015
	A$'000	A$'000
Unearned Revenue	**2,974**	245
Total Unearned Revenue	**2,974**	245

Unearned revenue represents the services for which, under the terms of contracts with our customers, we are entitled to invoice the customer for, however as at reporting date we have not yet performed the underlying services and therefore we have not recognised revenue.

17 UNEARNED REVENUE (continued)

We measure unearned revenue at the amount of the invoice which we issued the customer, to the extent of which services underying that invoice have not yet been performed.

FAIR VALUE AND LIQUIDITY RISK

The carrying amount of unearned revenue is assumed to be the same as the fair value due to the short-term nature of the underlying items.

18 PROVISIONS

	2016			2015		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
Employee Benefits	**6,673**	**485**	**7,158**	6,283	402	6,685
Non-Executive Director Retirement Benefits	**290**	**-**	**290**	163	-	163
Total	**6,963**	**485**	**7,448**	6,446	402	6,848

EMPLOYMENT BENEFITS

Employment Benefits encapsulates liabilities for long service leave and annual leave.

MEASUREMENT

Liabilities for employee benefits 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.

Long service leave and annual leave obligations which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the service 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.

SIGNIFICANT ESTIMATE: EMPLOYEE BENEFITS

Measurement of the employee benefits provision involves the use of various inputs including the use of historical trends to estimate future expectations, in valuing the employee benefits provision, consideration is given to expected future wage and salary levels, historical trend of employees taking leave and experience of employee departures, and periods of service. Expected future payments are discounted using deep corporate bond rates at the reporting date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

CLASSIFICATION

The current portion of the employee benefits provision includes accrued annual leave and long service leave for which payment could be required to pay out within the next twelve months. 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.

The non-current portion of the employee benefits provision represents long service leave for which the company will not be required to pay out within the next twelve months.

18 PROVISIONS (continued)

TIMING OF EXPECTED SETTLEMENT

Based on past experience, the Group does not expect all employees to take the full amount of accrued annual leave or long service leave which is currently due, or require payment, within the next 12 months. The Group expects that $4,820,962 of the current employee benefits provision will be settled after 12 months (2015: $4,333,541).

NON-EXECUTIVE DIRECTOR RETIREMENT BENEFITS

The retirement benefits provision represents the amount payable to the Group's non-executive directors upon retirement from office.

MEASUREMENT

Retirement benefits are measured at the undiscounted amount which the entity would be required to pay out in the event of the retirement of the relevant non-executive director. With the exception of the company chairman, the maximum payable to non-executive directors is the average of their annual directors fees for the three years up to and including the year in which the director retires. Directors must maintain their directorship with the company for three years before becoming entitled to this maximum amount, should a particular director cease to serve the company before their third anniversary, they will be entitled to a pro-rata payout of their retirement benefit.

CLASSIFICATION

Due to the nature of the retirement benefit provision, as explained above, the entire amount of the retirement benefit is classified as current.

TIMING OF EXPECTED SETTLEMENT

The Group expects to settle the entire provision beyond the next 12 months (2015: entire provision expected to be settled beyond 12 months).

19 BORROWINGS

			2016			2015
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
	A$'000	A$'000	A$'000	A$'000	A$'000	A$'000
SECURED						
Bank Loan	**4,000**	**12,000**	**16,000**	4,000	16,000	20,000
Lease Liabilities	**1,733**	**3,296**	**5,029**	1,902	3,296	5,198
Total Secured Borrowings	**5,733**	**15,296**	**21,029**	5,902	19,296	25,198

BANK LOAN

Refer to note 2 for detailed disclosure in relation to the Group's bank loan.

19 BORROWINGS (continued)

FINANCE LEASES

	2016	2015
	A$'000	A$'000
COMMITMENTS IN RELATION TO FINANCE LEASES ARE PAYABLE AS FOLLOWS:		
Within One year	**1,987**	2,167
Later than one year but not later than five years	**3,532**	3,594
Later than five years	**-**	-
Minimum lease payments	**5,519**	5,761
Future Finance charges	**(490)**	(563)
Total lease liabilities	**5,029**	5,198

The present value of finance lease liabilities is as follows:		
Within one year	**1,733**	1,902
Later than one year but not later than five years	**3,296**	3,296
Later than five years	**-**	-
Minimum lease payments	**5,029**	5,198

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to 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 24). 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.

RECOGNITION AND MEASUREMENT OF 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 pai d 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.

19 BORROWINGS (continued)

TREATMENT OF BORROWING COSTS

Financing establishment fee's recognised over the life of the borrowing, other borrowing costs are expensed as incurred.

SECURED LIABILITIES AND ASSETS PLEDGED AS SECURITY

The security for the loans and overdraft facility with National Australia Bank is a first ranking general security interest over all the assets and undertakings of the Group.

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.

COMPLIANCE WITH LOAN COVENANTS

ASG Group Ltd has complied with the financial covenants of it's borrowing facilities during the 2016 and 2015 reporting periods.

FAIR VALUE AND RISK EXPOSURE

The Group's borrowings are stated above. Due to it's size and long term nature, the fair value of the bank loan is different to it's carrying amount. The carrying amount of the Group's lease liabilities are considered to be representative of their fair values.

	2016			2015		
	CARRYING AMOUNT	FAIR VALUE	DISC. RATE	CARRYING AMOUNT	FAIR VALUE	DISC. RATE
	A$'000	**A$'000**	**%**	A$'000	A$'000	%
Bank Loan	**16,000**	**15,958**	**3.94**	20,000	19,951	4.04

The fair value of non-current borrowings for disclosure purposes is based on discounted cash flows, the calculation was performed by considering the interest rate applicable to the loan and discounting the interest rate accordingly using the rate as stated above. The Bank Loan is classified as level 3 fair value in the fair value hierarchy due to the use of unobservable inputs, including expectations of possible movement in the bank bill reference rate.

No further fair value disclosures are required in relation to the Group's financial liabilities as the Group does not subsequently measure liabilities at fair value in the statement of financial position.

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 2.

20 CONTINGENCIES

The Group's contingent liabilities are represented by:

GUARANTEES

The Group has Bank Guarantees of $2,755,543 (2015: $3,328,462) that are not yet due but may be called upon at any time that is not included in the Financial Liabilities.

SURETY BONDS

The Group has Surety Bonds of $1,500,000 (2015: N/A). The Group's finance bond facility was first used in the 2016 financial year and the facility has a limit of $5,000,000, the un-used portion of the facility at 30 June 2016 is therefore $3,500,000 (30 June 2015: N/A).

20 CONTINGENCIES (continued)

LEGAL PROCEEDINGS

In October 2013, ASG entered into a contract with the Victorian Department of Environment, Land, Water and Planning (DELWP) to deliver a Finance, HR/Payroll and Reporting system and associated Managed Services for a further minimum period of three years.

In October 2015, DELWP gave notice to ASG that it was electing to terminate the contract for convenience. Pursuant to that contract the State is obliged to indemnify ASG for its liabilities and expenses arising from the termination.

Having failed to negotiate agreement with DEWLP over the indemnity ASG has elected to initiate legal proceedings in the Victorian Supreme Court against the State of Victoria to recover the full amount of its claim.

ASG expects that there will be no material adverse impact on the Group's financial position and profitability as a result of the proceeding.

21 CONTRIBUTED EQUITY

		2016		2015	
		No. '000	A$'000	No. '000	A$'000
Fully paid ordinary shares					
Balance at beginning of financial year	(a)	**206,760**	**120,034**	206,720	120,087
Shares issued:					
- Share buy back	(b)	**(4,999)**	**(5,067)**	-	-
- Exercise of options	(c)	**10**	**5**	40	21
- Transaction Costs/taxation implications		**-**	**(45)**	-	(74)
Balance at end of financial year		**201,771**	**114,927**	206,760	120,034

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) Share buy back

On 1 July 2015 ASG Group commenced an on-market share buy-back, to a maximum amount of 20,672,083 shares, being 10% of the smallest number of shares at any time during the 12 months to 30 June 2015. During the period July 2015 to May 2016, the Company acquired 4,999,374 shares, at a weighted average price of 101.35 cents, with prices ranging from 86 cents to 110 cents. Shares which have been bought back have been cancelled. The on-market buy back ceased on 30 June 2016.

c) 2016: Exercise of 10,000 options at $0.52 (2015: Exercise of 40,000 options at $0.52)

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.

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.

22 RESERVES

	2016 A$'000	2015 A$'000
A. RESERVES		
SHARE BASED PAYMENTS RESERVE		
Balance 1 July	**1,559**	1,182
Option Expense	**576**	377
Balance 30 June	**2,135**	1,559
Foreign currency translation reserve		
Balance 1 July	**(2)**	(2)
Expense	**-**	-
Balance 30 June	**(2)**	(2)
Option reserve		
Balance 1 July	**169**	169
Option Expense	**-**	-
Balance 30 June	**169**	169
Total Reserves	**2,302**	1,726

NATURE AND PURPOSE OF RESERVES

i) Share based payments reserve

The share based 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.

23 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:

	2016	2015
	A$	A$
BDO AUDIT (WA) PTY LTD		
Audit and review of financial statements	**112,299**	126,893
Total remuneration of BDO Audit (WA) Pty Ltd	**112,299**	126,893

24 COMMITMENTS

(i) NON-CANCELLABLE OPERATING LEASES

	2016 A$'000	2015 A$'000
OPERATING LEASE EXPENSE COMMITMENTS		
Not later than 1 year	**6,710**	5,693
Later than 1 year but not later than 5 years	**13,758**	7,677
More than 5 years	**1,697**	2,256
Future operating lease commitments not provided for in the financial statements and payable:	**22,165**	15,626

25 RELATED PARTY TRANSACTIONS

A. SUBSIDIARIES

Interests in subsidiaries are set out in note 26.

B. KEY MANAGEMENT PERSONNEL COMPENSATION

The aggregate remuneration made to Key Management Personnel of the Group is set out below:

	2016 A$	2015 A$
Short-term employee benefits	**2,901,589**	2,472,597
Post-employment benefits	**313,295**	478,997
Other long-term benefits	**125,683**	135,710
Share-based payments	**434,647**	328,011
	3,775,214	3,415,315

Detailed remuneration disclosures are provided in the remuneration report on pages 27 to 28.

25 RELATED PARTY TRANSACTIONS (continued)

C. TRANSACTIONS WITH OTHER RELATED PARTIES

The following transactions occurred with related parties:

PURCHASE OF SERVICES

	2016	2015
	A$	A$
Legal Fees	**258,086**	156,180

(I) PURCHASES FROM ENTITIES CONTROLLED BY KEY MANAGEMENT PERSONNEL

The Group acquired legal services from an entity that is controlled by a member of the Group's Key Management Personnel.

D. OUTSTANDING BALANCES ARISING FROM SALES/PURCHASES OF GOODS AND SERVICES

	2016	2015
	A$	A$
Other Assets	**91,090**	-
Trade and Other Payables	**59,603**	47,852

E. LOANS TO/FROM RELATED PARTIES

There were no loans made to related parties during the financial year.

F. TERMS AND CONDITIONS

Transactions between related parties are on normal commercial terms and conditions not more favourable than those available to other parties, unless otherwise stated.

26 SUBSIDIARIES

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of ASG Group Ltd ('Company' or 'Parent Entity') as at 30 June 2016 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. 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.

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the aforementioned accounting policy.

NAME OF ENTITY	COUNTRY OF INCORPORATION	CLASS OF SHARES	EQUITY HOLDING	
			2016	2015
			%	%
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
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

27 EVENTS OCCURRING AFTER THE REPORTING PERIOD

No matter or circumstance has arisen since 30 June 2016 that has significantly affected the Groups operations, results or state of affairs, or may do so in future years.

28 NOTES TO THE STATEMENT OF CASH FLOWS

	2016	2015
	A$'000	A$'000
Profit / (Loss) after income tax	**12,024**	9,539
Add/(less) items classified as investing/financing activities:		
(Profit) / loss on sale of non-current assets	**96**	(641)
Deferred Vendor Payment	-	350
Add/(less) non-cash items		
Depreciation and amortisation	**8,309**	6,945
Share Based Payments	**576**	377
Net cash provided / (used in) by operating activities before change in assets and liabilities	**21,005**	16,570
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	**(303)**	(5,159)
(Increase)/Decrease in deferred taxes	**4,607**	(936)
(Increase)/Decrease in work in progress	**(2,617)**	(621)
(Increase)/Decrease in prepayments	**(4,428)**	463
(Decrease)/Increase in trade and other creditors and accruals	**4,481**	(1,526)
(Decrease)/Increase in provisions	**600**	(75)
(Decrease)/Increase in unearned revenue	**2,729**	(721)
(Decrease)/Increase in current tax liabilities	**(2,219)**	501
Net cash provided by operating activities	**23,855**	8,496

B. RECONCILIATION OF NON-CASH INVESTING AND FINANCING ACTIVITIES

USE OF FINANCE LEASES

	2016	2015
	A$'000	A$'000
Acquisition of plant and equipment by means of finance leases (note 13)	**2,020**	2,409

ISSUE OF OPTIONS

Options issued to for no consideration are shown in note 30.

29 EARNINGS PER SHARE

	2016	2015
	A$'000	A$'000
EARNINGS PER SHARE		
Basic earnings per share (cents)	**5.88**	4.61
Diluted earnings per share (cents)	**5.79**	4.58
EARNINGS USED IN CALCULATING EARNINGS PER SHARE		
Profit for the period	**12,024**	9,539
WEIGHTED AVERAGE NUMBER OF SHARES USED AS THE DENOMINATOR		
Weighted average number of ordinary shares used in the calculation of basic earnings per share	**204,386,470**	206,723,798
Weighted average number of options outstanding	**3,284,755**	1,675,209
Weighted average number of ordinary shares used in the calculation of dilutive earnings per share	**207,671,224**	208,399,007

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.

The profit for the period used to calculate earnings per share is equal to the profit for the period used to calculate diluted earnings per share.

30 SHARE BASED PAYMENTS

Share-based compensation benefits are provided to employees via the ASG Group Ltd Employee Option Plan and an employee share scheme.

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.

Share options have been issued to employees and executives, the options issued have been issued with various vesting conditions and exercise price has been calculated based on the weighted average price at which the company's shares are traded on the Australian Stock Exchange between five to twenty days immediately before the board meeting which precedes the grant date plus an additional premium of between 10 to 20 per cent. Tranches are exercisable and vest after three years provided the associated performance conditions have been met.

30 SHARE BASED PAYMENTS (continued)

The operation of the Executive option plan is the same as that of the employee option plan with the exception of vesting conditions and expiry dates which are determined by the board and senior management. Options granted under the plan carry no dividend or voting rights.

FAIR VALUE OF OPTIONS

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.

RECOGNITION OF THE VALUE OF OPTIONS

The options issued by the Group which are in the process of vesting are subject only to the satisfaction of non-market vesting conditions, that is, options do not require the satisifaction of market based vesting conditions. Each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable, in this process, the likelihood of satisfaction of non-market vesting conditions is taken into account.

Where it becomes apparent that options issued without market based vesting conditions will no longer vest, the value of those options vested up to this date is credited back to the Statement of Profit or Loss and Other Comprehensive income, with a corresponding adjustment to equity, so that on a cumulative basis, no expense is recognised in relation to these options where the options fail to vest. The employee benefit expense recognised each period takes into account the most recent estimate.

OPTIONS GRANTED IN THE REPORTING PERIOD

During the current year, 3,000,000 options were issued to senior employees. At grant date, the assessed fair value of the options granted was 8.98c, 19.46c and 21.61c per option.

In the 2015 year, 3,000,000 options were issued to the Managing Director/CEO Geoff Lewis and 2,000,000 options were issued to the Chairman Ian Campbell. At grant date, the assessed fair value of the options granted was 19.92c per option.

The options were issued with various vesting conditions and the exercise price has been calculated based on the weighted average price at which the Company's shares are traded on the Australian Stock Exchange during the twenty days immediately before the Company's annual general meeting, plus an additional premium of 20 per cent.

For options issued in the the 2015 and 2016 years, the vesting of the options is dependent on the option reciepients maintaining their service to the Company and the satisfaction of performance conditions, performance conditions included are based on the achievement of targets related to one or more of the following metrics; return on capital employed ("ROCE"); Diluted earnings per share; Personal sales and new contract acquisition; HR related targets.

30 SHARE BASED PAYMENTS (continued)

The model inputs for options granted during the year ended 30 June 2016 are listed below:

	OPTIONS VESTING BY 30 JUNE 2019
Assessed fair value at grant date:	21.61c
Number of options:	2,000,000
Vesting date:	30 September 2018
Exercise price:	109c
Exercise period:	3 years after vesting
Grant date:	30 September 2015
Expiry date:	30 September 2021
Share price at grant date:	93c
Expected volatility of the company's shares:	35.19%
Expected dividend yield:	2.63%
Risk-free interest rate:	2.10%

Options were issued during the period which had been granted to employees in a prior period.

	OPTIONS VESTING BY 30 JUNE 2017	OPTIONS VESTING BY 30 JUNE 2018
Assessed fair value at grant date:	8.98c	19.46c
Number of options:	500,000	500,000
Vesting date:	14 May 2017	3 November 2017
Exercise price:	44c	91c
Exercise period:	3 years after vesting	3 years after vesting
Grant date:	14 May 2014	3 November 2014
Expiry date:	14 May 2020	3 November 2020
Share price at grant date:	41c	77c
Expected volatility of the company's shares:	36.82%	36.36%
Expected dividend yield:	4.88%	2.60%
Risk-free interest rate:	3.20%	2.85%

30 SHARE BASED PAYMENTS (continued)

The model inputs for options issued during the year ended 30 June 2015 are listed below:

	OPTIONS VESTING BY 30 JUNE 2018
Assessed fair value at grant date:	19.92c
Number of Options:	5,000,000
Vesting date:	1 August 2017
Exercise price:	87c
Exercise period:	33 months after vesting
Grant date:	16 October 2014
Expiry date:	29 April 2020
Share price at grant date:	76c
Expected volatility of the Company's shares:	37.68%
Expected dividend yield:	2.63%
Risk-free interest rate:	2.85%

The expected price volatility is based on the historic volatility (based on the remaining life of the options) adjusted for any expected changes for future volatility due to publicly available information.

OPTIONS FORFEITED IN THE REPORTING PERIOD

Options of three employee's were forfeited during the year upon the employee's finishing up employment with the company.

30 SHARE BASED PAYMENTS (continued)

OPTIONS ON ISSUE AT YEAR END

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

GRANT DATE	EXPIRY DATE	EXERCISE 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 EXERCISABLE AT END OF THE YEAR
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
01/01/2005	31/12/2015	0.52	10,000	-	(10,000)	-	-	-
01/01/2006	31/12/2016	0.87	30,000	-	-	-	30,000	30,000
01/06/2006	30/06/2017	0.79	10,000	-	-	-	10,000	10,000
01/06/2007	30/06/2017	0.79	20,000	-	-	(10,000)	10,000	10,000
01/07/2007	30/07/2017	0.79	10,000	-	-	-	10,000	10,000
01/01/2008	30/12/2017	1.19	100,000	-	-	(10,000)	90,000	90,000
01/07/2008	30/06/2017	1.74	60,000	-	-	-	60,000	60,000
31/12/2008	07/10/2017	1.72	20,000	-	-	-	20,000	20,000
31/12/2009	30/12/2018	1.63	50,000	-	-	-	50,000	50,000
30/06/2008	30/06/2019	1.01	90,000	-	-	(10,000)	80,000	80,000
30/06/2008	30/06/2019	1.01	10,000	-	-	-	10,000	10,000
01/07/2009	30/06/2019	0.91	60,000	-	-	-	60,000	60,000
01/01/2010	31/12/2019	1.43	90,000	-	-	-	90,000	90,000
30/12/2008	30/12/2019	0.73	60,000	-	-	-	60,000	60,000
26/09/2013	01/08/2019	0.47	1,000,000	-	-	-	1,000,000	-
29/04/2014	29/04/2020	0.44	500,000	-	-	-	500,000	-
29/04/2014	29/04/2020	0.44	3,000,000	-	-	-	3,000,000	-
16/10/2014	29/04/2020	0.87	5,000,000	-	-	-	5,000,000	-
14/05/2014	14/05/2020	0.44	-	500,000	-	(500,000)	-	-
03/11/2014	03/11/2020	0.91	-	500,000	-	(500,000)	-	-
30/09/2015	30/09/2021	1.09	-	2,000,000		-	2,000,000	-
Total			**10,120,000**	**3,000,000**	**-**	**1,030,000**	**12,080,000**	**580,000**
Weighted average exercise price			**0.70**	**0.95**	**0.52**	**0.68**	**0.58**	**1.20**

30 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	EXERCISED DURING THE YEAR	FORFEITED DURING THE YEAR	BALANCE AT END OF THE YEAR	VESTED AND EXERCISABLE AT END OF THE YEAR
			NUMBER	NUMBER	NUMBER	NUMBER	NUMBER	NUMBER
01/01/2004	31/12/2014	0.40	50,000	-	-	(50,000)	-	-
01/01/2005	31/12/2015	0.52	10,000	-	-	-	10,000	10,000
30/06/2005	30/06/2015	0.52	40,000	-	(40,000)	-	-	-
01/01/2006	31/12/2016	0.87	50,000	-	-	(20,000)	30,000	30,000
01/06/2006	30/06/2017	0.79	10,000	-	-	-	10,000	10,000
01/06/2007	30/06/2017	0.79	20,000	-	-	-	20,000	20,000
01/07/2007	30/07/2017	0.79	20,000	-	-	(10,000)	10,000	10,000
01/01/2008	30/12/2017	1.19	110,000	-	-	(10,000)	100,000	100,000
01/07/2008	30/06/2017	1.74	80,000	-	-	(20,000)	60,000	60,000
31/12/2008	07/10/2017	1.72	20,000	-	-	-	20,000	20,000
31/12/2009	30/12/2018	1.63	100,000	-	-	(50,000)	50,000	50,000
30/06/2008	30/06/2019	1.01	110,000	-	-	(20,000)	90,000	90,000
30/06/2008	30/06/2019	1.01	10,000	-	-	-	10,000	10,000
01/07/2009	30/06/2019	0.91	90,000	-	-	(30,000)	60,000	60,000
01/01/2010	31/12/2019	1.43	120,000	-	-	(30,000)	90,000	90,000
30/12/2008	30/12/2019	0.73	60,000	-	-	-	60,000	60,000
26/09/2013	01/08/2019	0.47	1,000,000	-	-	-	1,000,000	-
29/04/2014	29/04/2020	0.44	500,000	-	-	-	500,000	-
29/04/2014	29/04/2020	0.44	3,000,000	-	-	-	3,000,000	-
16/10/2014	29/04/2020	0.87	-	5,000,000	-	-	5,000,000	-
Total			**5,400,000**	**5,000,000**	**(40,000)**	**(240,000)**	**10,120,000**	**620,000**
Weighted average exercise price			**0.56**	**0.87**	**0.52**	**1.10**	**0.70**	**1.18**

The weighted average share price at the date of exercise of options during the year ended 30 June 2016 was $1.12 (2015 – $0.90).

The weighted average remaining contractual life of share options outstanding at the end of the period was 3.94 years (2015 – 4.67 years).

	2016	2015
	OPTIONS	OPTIONS
Options issued under the employee option plan	**4,080,000**	2,120,000
Executive options	**8,000,000**	8,000,000
	12,080,000	10,120,000

30 SHARE BASED PAYMENTS (continued)

EXPENSES ARISING FROM SHARE-BASED PAYMENT TRANSACTIONS

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

	2016	2015
	A$'000	A$'000
Executive Options	**435**	328
Employee Options	**141**	49
Total	**576**	377

SIGNIFICANT ESTIMATE: 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.

31 DEED OF CROSS GUARANTEE

ASG Group Limited and its subsidiaries listed in note 26 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 32.

32 PARENT ENTITY INFORMATION

The following details information related to the parent entity, ASG Group Ltd, at 30 June 2016. The information presented here has been prepared using consistent accounting policies as presented in the notes throughout this annual report.

	2016	2015
	A$'000	A$'000
Current assets	**58,417**	43,459
Non-current assets	**109,359**	142,320
Total assets	**167,776**	185,779
Current liabilities	**51,005**	45,661
Non-current liabilities	**141,643**	151,549
Total liabilities	**192,648**	197,210
Contributed equity	**114,927**	120,034
Reserves	**2,304**	1,728
Accumulated losses	**(142,103)**	(133,193)
Total deficiency in equity	**(24,872)**	11,431
(Loss) for the year ended 30 June	**(8,910)**	(14,108)
Total comprehensive loss for the year	**(8,910)**	(14,108)

Commitments and Contingent liabilities of the parent entity are consistent with those the Group. Commitments relate to non-cancellable operating leases and are disclosed in note 24. Contingent liabilities of the group represent bank guarantees and are disclosed in note 20.

9.0 | Director's Declaration

DIRECTOR'S DECLARATION

The directors of the company declare that:

The financial statements, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:

(a) comply with Accounting Standards and the *Corporations Regulations 2001*; and other mandatory professional reporting requirements; and

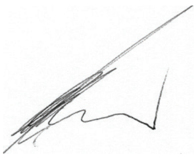
(b) give a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date.

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

3. 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.

4. 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

16 August 2016

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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 2016, 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.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO Australia Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO Australia Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation, other than for the acts or omissions of financial services licensees.

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 2016 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 pages 23 to 34 in the directors' report for the year ended 30 June 2016. 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 2016 complies with section 300A of the *Corporations Act 2001*.

BDO Audit (WA) Pty Ltd

BDO

Neil Smith

Director

Perth, 16 August 2016

SHAREHOLDER AND OTHER INFORMATION

Additional information required by the Australian Securities 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 29th July 2016 was:

	NUMBER OF ORDINARY SHARES HELD			
NAME	QUOTED	UNQUOTED	TOTAL	PERCENTAGE
Geoffrey James Lewis	14,841,797	-	14,841,797	7.34%
Ausbil Investment Management	12,493,853	-	12,493,853	6.18%

CLASS OF SHARES AND VOTING RIGHTS

At the 29th July 2016 there were 3,178 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.

A. ORDINARY SHAREHOLDER DISTRIBUTION AS AT 29 JULY 2016

	NUMBER OF SHAREHOLDERS	
CATEGORY	ORDINARY	OPTIONS
1-1,000	1,117	-
1,001-5,000	683	-
5,001-10,000	406	26
10,001-100,000	842	12
100,001 and over	130	13
	3,178	**51**

The number of registered shareholders holdings less than a marketable parcel as at 29th July 2016 is 906.

SHAREHOLDER AND OTHER INFORMATION (continued)

B. TOP 20 SHAREHOLDERS OF FULLY PAID ORDINARY SHARES AS AT 29 JULY 2016:

RANK	NAME	UNITS	% OF UNITS
1	NATIONAL NOMINEES LIMITED	32,264,670	15.99
2	J P MORGAN NOMINEES AUSTRALIA LIMITED	22,520,658	11.16
3	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	13,510,077	6.7
4	MR GEOFF JAMES LEWIS	8,300,000	4.11
5	CITICORP NOMINEES PTY LIMITED	7,458,016	3.7
6	BNP PARIBAS NOMS PTY LTD	7,372,575	3.65
7	MR GEOFFREY JAMES LEWIS & MRS ANNE MARIE LEWIS	6,541,797	3.24
8	RBC INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	4,560,000	2.26
9	ZERO NOMINEES PTY LTD	3,665,200	1.82
10	MIRRABOOKA INVESTMENTS LIMITED	3,900,000	1.93
11	ACMIL LIMITED	3,400,000	1.69
12	SANDHURST TRUSTEES LTD	3,327,632	1.65
13	MS IMBY LANGENBACH	2,950,000	1.46
14	DJERRIWARRH INVESTMENTS LIMITED	2,900,000	1.44
15	MS MICHELLE MARY THOMAS	2,501,073	1.24
16	SASSEY PTY LTD	2,155,818	1.07
17	MR BRENDAN PAUL LEONARD	2,144,785	1.06
18	MR STEVEN JAMES PENNISI	2,003,915	0.99
19	S & T PENNISI SUPER PTY LTD	1,854,967	0.92
20	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,725,758	0.86
TOTAL		**135,056,941**	**66.94%**

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