

ASX ANNOUNCEMENT
Perth, 24 November 2009
Annual General Meeting

ASG Group Limited today conducted its Annual General Meeting in Perth. Addressing the meeting, the Chairman Mr Ron Baxter reviewed the recent progress against the Company's development plans and outlined key developments, plans and objectives for the current year.

Highlights included:

- **Record FY09 Financial Results for all Measures**
- **Improving Economic Outlook**
- **Consolidation of Balance Sheet Strength and Cash Generation**
- **Plans to Expand and Grow ASG into New Areas**
- **Aggressive Launch into Additional Technologies, Notably SAP**
- **Opportunity to double available market size**
- **Significant Acquisitions to Accelerate Earnings Growth**
- **Existing Capabilities, Processes will De-risk Growth Plans**
- **Focus on Capital Markets and Banking Links Supports Expansion**
- **Target Markets based upon Economic Strength**
- **Strong YTD Selling Performance and Sales Prospect Backlog**
- **Confident of Major Contract Wins in the near term**
- **Guidance Indicating Healthy Growth in Profits for First Half of FY10**

A full text of Mr Baxter's address accompanies this release.

The outcome of the Resolutions put to the meeting was as follows:

	Resolution	Outcome of Resolution
1	Adoption of Remuneration Report	Approved at the meeting
2	Re-election of Mr John McConnell	Approved at the meeting
3	Re-election of Mr Ian Campbell	Approved at the meeting
4	Approval of Future Issue of Shares	Approved at the meeting
5	Approval of Options Under the Employee Option Plan	Approved at the meeting

All resolutions were decided upon by a show of hands. The Proxy details received for each resolution were as follows:

Resolution	Total Proxies Received	In Favour	Against	Abstain	Open
1	39,204,342	32,300,954	6,833,288	46,100	24,000
2	39,204,342	39,174,242	6,100	nil	24,000
3	39,204,342	39,180,342	nil	nil	24,000
4	39,201,201	39,099,042	38,159	40,000	24,000
5	39,201,201	32,276,007	6,861,194	40,000	24,000

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Chairman's Address to the FY2009 Annual General Meeting on 24 November 2009

As we anticipated at the annual meeting last year, the period since then has been strongly influenced by the difficult economic climate throughout the world. As we told you at that time our own plans to combat the pressures created by reductions in economic growth, called for the further strengthening of our financial attributes. This ensured that we remained independent of the severely constrained capital and debt markets.

This was to be accomplished without losing our momentum or damaging our established record of continually growing profitability since listing on the ASX.

I am very pleased to report to you that the results of our actions have exceeded even our own plans and expectations. Through strong attention to profitability, the careful application of our resources, pursuit of service excellence within our existing client base and critical analysis of the nature of the new business that we pursued, we have emerged from this difficult period with enhanced cash flow and virtually no net debt.

This was successfully undertaken whilst retaining and enhancing our strong contracted business base and prospect backlog. Much of this progress was achieved well in advance of the milestones that we set for ourselves.

Whilst we are certainly not complacent about the state of the economies which will influence our markets, your board and executive team can now see diminishing risk and the opportunity to drive the company forward and capture the benefits of the strong business base that we have created and, more recently, greatly strengthened.

At our meeting today, I propose to discuss with you our view of the opportunities that are available to ASG over the next couple of years and our intended actions to grow the group and continue to enhance shareholder value.

Financial Year 2009

Before we again look to the future, I will briefly cover our record financial performance achieved in the year to June 2009. On the face of it, the surpassing of all of our previous records was simply a confirmation of ASG's long term pattern of profitable growth. Given that the economy clearly had slowed considerably, the new records are even more commendable.

Contrasting with our own performance, many of the IT Services companies with which we are commonly compared, suffered serious degradation of their financial outcomes. As well as a tribute to the quality and effort of the ASG management team and the financial settings applied to our businesses, our comparatively superior performance again demonstrates the strength of our long term business model.

Again we have shown that the foundation assets represented by both our bank of long term contracts and our internally developed and maintained intellectual property, provide stability in our financial outlook and robust barriers against competitors entering into our client base.

In a performance worthy of note in a normal year, let alone one as difficult as this, revenue grew by 17% to more than \$130 million. Earnings Before Interest, Taxation, Depreciation and Amortisation were up by 25%, as was Net Profit after Tax. Earnings per Share rose by 20%, allowing our fully franked dividend to rise 10% to 5.5 cents total for the year.

In summary, FY2009 resulted in the strengthening of ASG and its financial performance and balance sheet. It could be seen that customer capital expenditure on hardware, software and services were down and decisions were being made more slowly. Because of the weighting of locked in revenue in our business portfolio, and our concentration within the operating expense budgets of clients, the drought of capital spending impacted our profitability much less than that of other companies in our sector. Our contracted forward revenue and our qualified prospect backlog have continued to grow, albeit not as quickly as in previous years.

Positioning and outlook for ASG

Our decision to concentrate on internal financial strength and to focus strongly on our key markets has proven to be a good one for our company. We are now financially stronger than ever before and expect to be more aggressive than in recent times in our efforts to expand our business scope and earnings. Measures already underway and planned for the short term include both organic and acquisitive growth.

Although we are conscious of some uncertainty remaining in the economy, we see opportunities for the Company in the purchasing practices of clients and the strong expansion of several sectors of the economy. There is little doubt that if ASG becomes rapidly larger without sacrificing either its financial strength or earnings, it will further increase our attractiveness as a supplier, a marketing partner and an investment proposition. Two primary areas of focus are the expansion of our ability to provide consultative support to our clients and the broadening of the types of software expertise within the group.

In the case of software expertise, private industry and many areas of government operate using software that has been outside our strategic focus thus far. Notable in this category is the technology provided by SAP, the world's largest business software company. In particular the Australian mining industry and the Commonwealth government are strong users of these products and the positioning, size and geographic coverage of ASG Group place these clients within our target range.

Over the past 14 years ASG has built an enviable framework and reputation for the delivery of application implementation, application management, infrastructure management and overall support services to clients throughout Australia. The process is efficient, flexible and productive allowing improved cost structures for the client and the profitable utilisation of a wide range of resources by the Company. We see that these processes, which are supported by robust proprietary intellectual property, can be effectively employed in the support and utilisation of a much wider range of software.

From our established position in all Australian markets, a major low cost, low risk means of growing revenue and profitability is the utilisation of our existing platforms to deliver a broader range of services. ASG estimates that the success of this strategic move will more than double our available market size within Australia.

It is expected that we will operate the SAP business in parallel with our existing activities, but with the benefits of integrated management through our national delivery activities. The significant expansion represented by these initiatives will be substantially achieved using well targeted acquisitions. The necessity of expensing the costs associated with these purchases will be noticeable in our results, but our parameters for acquisitions continue to require a positive impact on earnings per share in the first full year of operation.

A complementary area of expertise already maintained by the group is that of creation and support of Shared Services activities for very large corporations and government computing. This expertise is

strongly relevant to additional major software product families as well as Software as a Service (SaaS) for groupings of smaller enterprises.

As a backdrop to expansionary initiatives, the group still remains committed to its successful business model which builds an expanding asset base of locked-in multi-year contracts. This foundation remains the cornerstone of our enterprise and continues to grow year by year.

Capital Raising and Banking Relationships

Even though the world's financial issues and the capital market outlook appear to be on the improve, ASG has continued to put effort into strengthening our position with our bankers, with investors and with the stock market generally.

In the case of the stock market, obviously some uncertainty remains, particularly for smaller stocks such as ASG. Although the share price has recovered from its lows of a year ago, it is a matter of priority to build upon our relationships with investors, analysts and market participants. To this end we are creating relationships with corporate advisors to assist us with expansion of our share register and to facilitate the raising of new capital if required by our expansion program. The selection process is well underway and should be completed within a few weeks.

On the banking front, the Company maintains good relationships with its bankers and has locked-in facilities until October of 2011. We have taken initiatives to position our expansion plans with the Company's banking representatives. Solid levels of support have been confirmed to assist in our acquisition and working capital needs and we are well positioned to rapidly complete deals which present themselves.

From a general operating viewpoint, the businesses are strongly cash positive and well able to support themselves on an ongoing basis.

Clients and Market Trends

Our strategy is expected to deliver us access to a broader client base and a greater range of opportunities. As I said earlier, the available market addressable by ASG should at least double once our strategies are implemented.

However in the context of this, it is expected that the nature and the risk profile of the work that we do should not change greatly. Our preference is for application management and infrastructure management together with associated projects. This will continue to provide long term contracts and will lock in multi-year revenue enhancing our foundation asset.

Our client profile is expected to remain a balance between large corporations and government departments. The addition of expertise in a larger range of software products will increase the weighting of industrial and mining companies as well as expand the number and size of commonwealth government contracts.

Our growth plans and our continued consolidation of our positioning in all geographic locations are expected to increase ASG's attractiveness to clients in its chosen market segments. We will continue to address opportunities involving long term relationships and reference selling. As the group becomes larger, our ability to further consolidate our desired prime contractor position will also become enhanced.

Many large Australian companies are beneficiaries of strong international demand, particularly for raw materials and minerals. This is often being driven by foreign governments as part of their actions to address economic policy imperatives and is expected to be sustained and beneficial for the Australian economy.

Australian governments at all levels are also driving expenditure for economic and infrastructure development purposes and this is flowing into the general economy. There is also continued support for selective sourcing and efficiencies in the public sector.

Both our current business base and our targeted expansion areas are well positioned to take advantage of the current momentum in each of these areas.

Even prior to the expected acceleration of growth, ASG has done well with its sales effort in the first half of the 2010 financial year, securing \$70 million of additional business. This gives us more than \$500 million in our contracted pipeline and positions the Company well for the remainder of the year. This is one of our more important leading indicators of business health. It is important that increasing volumes of new sales are added to our contracted backlog to replenish the business delivered in the current period and to further grow the base. Supporting this secure base is our qualified prospect list which has grown to more than \$600 million.

Outlook

After an appropriate pause to assess the severity and impact of the recent economic events, ASG finds itself stronger and better positioned than it was a year ago. Corrections and realignment of market value of IT businesses has generated an opportunity for sensibly priced acquisitions which will allow ASG to grow more rapidly whilst improving its earnings per share.

Short term difficulties experienced by some participants in the IT Services markets has also allowed us to access good experienced resources. In addition, the use of acquisitions will allow us to accumulate more resources in our traditional markets as well as in our newly targeted technology areas.

Although we expect the general economy to grow more slowly than over the past decade, we expect that there will be adequate growth in our target markets, driven by corporate opportunities and the pursuit of policy objectives by various levels of government.

Guidance

As is customary, ASG has assessed the year to date and provides guidance for the financial results expected for the first half of financial year 2010. Our marketing and selling efforts have gone well so far and we have just been selected as preferred tenderer on two significant managed service contracts. We will shortly be able to officially announce the details of these important wins.

Although the costs of our increased activity in the area of acquisitions and business expansion have been expensed in accordance with the revised accounting standards, it is expected that EBITDA will achieve a level of at least \$10 million up 11% from the previous corresponding period.

The approach that we adopted during the height of the global economic problems necessarily slowed our revenue growth, but our actions had a positive impact on both profitability and cash flow. With the initiatives that I have discussed today, we expect revenue to again accelerate.

Conclusions

ASG is now positioned to go to its next plateau of development. We have demonstrated our ability to maintain earnings growth through a severe economic downturn and strengthened the Company in the process. Expansion of the breadth and depth of our market segments and our offerings is the right action to fully exploit the processes and management structures that we have developed over the past few years.

Having successfully completed the 2009 year, we are moving forward to ensure that all of the necessary conditions are in place to execute our next expansionary step. As the shareholders should expect, we will move forward without undue risk and placing a high priority on preserving and expanding both shareholder value and earnings per share.

Relevant points are:

- Our targeted expansion areas are strategic both in terms of products and the client organisations that utilise them;
- The management and organisational characteristics of the chosen areas are strongly similar to our current operations and skill sets;
- The business areas of our targeted clients are genuinely prospective either because of strong and long term economic trends or policy imperatives of government;
- We have established all of the relationships necessary to sustain our existing business and to support the integration and transition to exploit newly acquired activities;
- The group has the management team, processes and delivery capability already in place to execute our plans;
- Our locked-in revenue assures the group of predictable cash flow which will be more than sufficient to sustain the operations as well as contributing to our growth program;
- Our overall plans are fully defined with all members of the executive strongly motivated and committed to success.

We believe that we are justified in our expectation that the year ahead will be an exciting and rewarding one for the Company and its shareholders.

On behalf of the directors, the executive team and the staff, I thank you for your ongoing support of ASG Group.