

ALLIED TECHNOLOGIES GROUP LIMITED
(ABN 57 010 597 672)

CIRCULAR TO SHAREHOLDERS

INCLUDING

**NOTICE OF ANNUAL GENERAL MEETING
EXPLANATORY NOTES
PROXY FORM**

This document should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.

ALLIED TECHNOLOGIES GROUP LIMITED
ABN 57 010 597 672

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the shareholders of Allied Technologies Group Limited ("Allied" or the "Company") will be held at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney NSW 2000, on Friday, 26 November 2004 at 10am EST.

Information on the proposals to which the resolutions set out below relate is contained in the Explanatory Notes which accompany and form part of this Notice of Meeting.

AGENDA

FINANCIAL REPORT FOR THE YEAR ENDED 30 JUNE 2004

To receive and consider the financial report of the Company for the year ended 30 June 2004, together with the reports by the directors and auditors thereon.

ORDINARY BUSINESS

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

1. RESOLUTION 1 – RE-ELECTION OF MR JOHN LESLIE GWYTHYER AS A DIRECTOR

"That Mr John Leslie Gwyther, having been appointed a director of the Company since the last annual general meeting, retires in accordance with Clause 3.3 of the Constitution of the Company and, being eligible, is hereby re-elected as a director of the Company."

2. RESOLUTION 2 – RE-ELECTION OF MR ANDREW VINCENT BERRIMAN AS A DIRECTOR

"That Mr Andrew Vincent Berriman, being a director of the Company, retires by rotation in accordance with Clause 3.6 of the Constitution of the Company and, being eligible, is hereby re-elected as a director of the Company."

3. RESOLUTION 3 – APPROVAL OF SHARE BUY-BACK PROGRAMME

"That, for the purposes of section 257C(1) of the Corporations Act 2001, the buy-back of up to a maximum of 5 million fully paid ordinary shares in the Company during the 12 month period commencing on 26 November 2004 under an on-market buy-back, being in excess of the 10/12 limit (as defined in section 257B(4) of the Corporations Act 2001) be approved, details of which are provided in the accompanying Explanatory Notes."

GENERAL BUSINESS

To transact any other business which may lawfully be brought forward.

PROXIES

Any member entitled to attend and vote at the meeting is entitled to appoint a proxy. The proxy need not be a member of the Company, but may be a corporation.

A member who is entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

The proxy form can be returned to the Company by mail to PO Box R1703, Royal Exchange NSW 1225. Alternatively, the proxy form may be faxed to the Company on (02) 8259 4151.

Proxies should reach the Company no later than 10am EST on 24 November 2004.

By Order of the Board

Lynette Roe
Company Secretary
15 October 2004

ALLIED TECHNOLOGIES GROUP LIMITED
ABN 57 010 597 672

EXPLANATORY NOTES

RESOLUTION 1 – RE-ELECTION OF MR JOHN LESLIE GWYTHYER AS A DIRECTOR

Mr Gwyther was appointed to the Board on 24 September 2004 as a condition of, and in conjunction with the acquisition of TUSC Computer Systems Pty Limited.

In accordance with Clause 3.3 of the Company's Constitution, the Board may appoint a person to be a director at any time except during a general meeting and, any director so appointed automatically retires at the next annual general meeting and is eligible for re-election by that general meeting.

In accordance with Clause 3.3 of the Constitution, Mr Gwyther has retired as a director of the Company and has offered himself for re-election to the Board.

The directors recommend that shareholders vote in favour of the re-election of Mr Gwyther. The Chairman intends to vote all undirected proxies in favour of the re-election of Mr Gwyther.

RESOLUTION 2 – RE-ELECTION OF MR ANDREW VINCENT BERRIMAN AS A DIRECTOR

Mr Berriman was appointed to the Board on 5 June 2003.

In accordance with Clause 3.6 of the Company's Constitution, at each annual general meeting of the Company one third of the directors who are not;

- (i) appointed, and required to retire under Clause 3.3 of the Constitution;
- (ii) directors who vacate office under section 228 of the Corporations Act;
- (iii) the Managing Director; or
- (iv) directors only because they are alternates

must retire from office and are eligible for re-election.

In accordance with Clause 3.6 of the Constitution, Mr Berriman has retired as a director of the Company and has offered himself for re-election to the Board.

The directors recommend that shareholders vote in favour of the re-election of Mr Berriman. The Chairman intends to vote all undirected proxies in favour of the re-election of Mr Berriman.

RESOLUTION 3 – APPROVAL OF SHARE BUY-BACK PROGRAMME

Shareholder approval

The approval of shareholders is being sought for the Company to implement an on-market share buy-back programme, as an integral part of a broader capital management programme.

The Corporations Act 2001 requires a company to seek shareholder approval, by way of an ordinary resolution passed at a general meeting, if it proposes to repurchase more than 10% of the smallest number of shares on issue during the course of the previous 12 months (i.e. **the 10/12 limit** imposed by the Corporations Act).

Under the terms of the proposal set out under Resolution 3, the Directors are seeking a mandate to repurchase up to a maximum of 5,000,000 shares under an on-market buy-back programme over the course of a 12-month period commencing on 26 November 2004.

The table below sets out the number of shares on issue in the Company since 1 July 2003:

Transaction	Date of share issue	Number of shares issued	Total shares on issue
As at 1 July 2003	-	-	90,773,869
Private placement	15/07/2003	13,616,000	104,389,869
Recapitalisation issue	28/07/2003	200,000,000	304,389,869
1 for 10 consolidation	21/11/2003	fractions cancelled	30,438,814
Share purchase plan	8/03/2004	2,160,000	32,598,814
1 for 4 share consolidation	13/04/2004	fractions cancelled	8,149,417
Prospectus issue	14/04/2004	5,000,000	13,149,417
Allied acquisition	14/04/2004	17,756,263	30,905,680
Share buyback	30/06/2004	(225,000)	30,680,680
Share placement – tranche 1	25/08/2004	4,600,000	35,280,680
Share placement – tranche 2	24/09/2004	11,025,031	46,305,711
TUSC acquisition	24/09/2004	6,000,000	52,305,711
Dividend reinvestment plan	01/10/2004	784,158	53,089,869

In view of the fact that the number of shares proposed to be bought back under the share buy-back programme exceeds the 10/12 limit, shareholder approval is required under section 257C(1) of the Corporations Act to authorise the proposed share buy-back programme.

If shareholder approval is obtained, and a share buy-back programme is instituted, it will have the effect of reducing the total number of shares on issue, providing continuing shareholders with a larger proportional ownership of the Company.

Background to Allied's Capital Management Programme

Since 1 July 2003, the Company has successfully completed a number of capital raising exercises and two share consolidations.

On 30 April 2004 the Company completed the acquisition of Allied Group Pty Limited and its subsidiary companies and, on 24 September 2004, the acquisition of TUSC Computer Systems Pty Limited and its wholly owned subsidiary Enterprise Management Solutions Pty Limited.

As a direct consequence of these acquisitions the Group inherited a number of unrelated and geographically dispersed banking facilities and relationships across a number of banking groups.

In the light of these disparate relationships, and taking into consideration Allied's ongoing acquisition programme with its associated financing needs, the continuing Group working capital requirements and the current Allied balance sheet structure, the Board has resolved to undertake a full review of the Group's existing banking facilities and its overall capital structure.

To this end it is currently proposed to seek renewed banking facilities that are more holistic and appropriately tailored to Group needs, and to manage Allied's debt to equity ratio on an ongoing basis in keeping with prudent and effective financial practice.

As a key element in this process, which will involve ongoing optimisation of Allied's debt to equity ratio and an effort to achieve the lowest cost of capital, the Directors are seeking authority to be able to alter the Company's capital structure, where and when appropriate, through the repurchase of shares.

In determining its capital management activities, the Company will be influenced by its desire to maintain its debt-gearing ratio (net debt to book equity ratio) within appropriate and prudent ranges.

The Company currently has a strong balance sheet and, following refinancing, will possess an enhanced capability to engage in share repurchases. It remains the current intention of the Directors, however, to repurchase only the maximum practicable level of shares consistent with maintaining the Company's strong balance sheet status and dependent on prevailing conditions and the balance sheet and cash flow position of the Company at the relevant time.

Consistent with conventional practice for buy-back activities, the repurchase of shares will occur on an opportunistic basis over time. The Company is not obliged to repurchase a specific number of shares or a minimum specified value of shares over any defined period.

How the Share Buy-Back will operate

Allied's shares are proposed to be repurchased by the Company "on-market", through transactions on the Australian Stock Exchange (ASX). An on-market buy-back does not involve shareholders tendering or nominating shares for repurchase at specified prices. Instead, the Company intends, subject to shareholder approval and prevailing conditions, to repurchase shares offered for sale by shareholders at the quoted selling price.

In accordance with ASX Listing Rule 7.33, the price payable by the Company to acquire shares on any day that the buy-back is conducted can be no more than 5% above the average of the market price of the Company's securities calculated over the last five trading days prior to any share repurchase.

The closing price of the Company's shares on the ASX on 14 October 2004, being the last trading day prior to the date of the Notice convening this meeting, was 53.0 cents. During 2004 to that date the highest and lowest closing price of the Company's shares was 53.0 cents on 14 October 2004 and 20.0 cents on 20 January 2004 and on 21 January 2004.

Implications for Shareholders of the Share Buy-Back

An on-market share buy-back does not affect the rights and entitlements of individual shareholders. By reducing the total number of shares on issue, continuing shareholders will have a larger proportional ownership of the Company.

Implications for the Company of the Share Buy-Back

As at the date of the Notice convening this meeting, the Company had 53,089,869 fully paid ordinary shares on issue. At the completion of the proposed share buy-back, the Company will have fewer shares, but will retain a high level of financial and balance sheet strength involving:

- A strong balance sheet, with debt-gearing expected to be maintained within appropriate and prudent ranges
- The capacity to meet and service the Company's debts and other financial obligations.
- The capacity to continue to pay a fully franked dividend (dependent on the financial performance of the Company).

The cost to the Company of repurchasing shares will be dependent on the number of shares repurchased and the price at which the shares are bought back. The Company will also incur brokerage costs on the repurchase of shares.

Further Information

A copy of the Company's latest audited financial statements for the year ended 30 June 2004 is available on the ASX website.

Directors' Recommendation

Based on the information contained in these Explanatory Notes, the Directors recommend that shareholders vote in favour of the proposed resolution. The Chairman intends to vote all undirected proxies in favour of the proposed resolution.

ACTION SHAREHOLDERS NEED TO TAKE

Included with the Notice of Meeting accompanying these Explanatory Notes is a Proxy Form for use by shareholders. All shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person and are eligible to vote, to complete, sign and return the Proxy Form. Lodgment of a Proxy Form will not preclude a shareholder from attending and voting at the Meeting in person. In order to be valid, Proxy Forms must be received by the Company by not later than 10am EST on 24 November 2004.

The Proxy Form can be also sent by facsimile to the Company on (02) 8259 4151.

By Order of the Board

Lynette Roe
Company Secretary
15 October 2004

ALLIED TECHNOLOGIES GROUP LIMITED
(ABN 57 010 597 672)

PROXY FORM

The Secretary
Allied Technologies Group Limited
Level 8, 60 Pitt Street
Sydney, NSW 2000
(PO Box R1703, Royal Exchange, NSW 1225)

Facsimile Number: (02) 8259 4151

I/We _____

of _____

being a member/(s) of Allied Technologies Group Limited (the "Company")

hereby appoint _____

of _____

or failing him/her _____

of _____

or failing him/her the Chairman as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Grant Thornton, Level 17, 383 Kent Street, Sydney, NSW 2000 on Friday 26 November 2004 at 10am EST, and at any adjournment thereof.

If you do **not** wish to direct your proxy how to vote, please place a mark in the box.

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of that interest.

The Chairman intends voting in favour of each resolution in relation to undirected proxies where he is acting as proxy.

RESOLUTION

*please insert (x) in relevant box

FOR*

AGAINST*

ABSTAIN*

Resolution 1 – Re-election of Mr John Leslie Gwyther as a Director

Resolution 2 – Re-election of Mr Andrew Vincent Berriman as a Director

Resolution 3 – Approval of Share Buy-back programme

SIGNATURE OF SHAREHOLDER – THIS MUST BE COMPLETED

Shareholder 1 (individual)

Joint shareholder 2 (individual)

Joint shareholder 3 (individual)

Director/Company Secretary

Sole Director/ Sole Secretary

This form should be signed by the shareholder. If a joint holding, all shareholders should sign. If this Proxy Form is signed under Power of Attorney, the original Power of Attorney or a certified copy must be forwarded with this Proxy Form. If executed by a company, this form must be executed in accordance with the shareholder's constitution and The Corporations Act 2001. In the case of a Sole Director and Sole Secretary company, please indicate such.

