CSG Limited
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Business Technology Made Easy

APPENDIX 4D

CSG LIMITED AND CONTROLLED ENTITIES

ABN: 64 123 989 631

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2017

PROVIDED TO THE ASX UNDER LISTING RULE 4.2A.3

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017.

Appendix 4D

Half-Year Report for the six months to 31 December 2017

Name of entity:	CSG Limited and its controlled entities
ABN or equivalent company reference:	64 123 989 631 (ASX: CSV)

1. Reporting period

Reporting period:	31 December 2017
Previous corresponding period:	31 December 2016

2. Results for announcement to the market

			$'000
Revenues from ordinary activities *(item 2.1)*	Down 3%	to	117,238
Profit (loss) from ordinary activities after tax attributable to members (*item 2.2*)	Down 136%	to	(3,017)
Net profit (loss) for the period attributable to members *(item 2.3)*	Down 136%	to	(3,017)

Dividends *(item 2.4)*	Amount per security	Franked amount per security
Interim dividend	0c	0%
Previous corresponding period	0c	0%
Record date for determining entitlements to the dividend *(item 2.5)*	Not Applicable	

Brief explanation of any of the figures reported above necessary to enable the figures to be understood *(item 2.6)*: Refer to the Review of Operations section in the Directors' Report attached.

3. Net tangible assets per security *(item 3)*

	Current period	Previous corresponding period
Net tangible asset backing per ordinary security	15 cents	17 cents

4. Details of entities over which control has been gained during the period: *(item 4)*

No entities were acquired during the period.

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend payable year ended 30 June 2018	Not Applicable	Nil
Final dividend paid year ended 30 June 2017	Not Applicable	Nil

Amount per security

	Amount per security	Franked amount per security at % tax	Amount per security of foreign sourced dividend
Interim dividend payable year ended 30 June 2018	Nil	0%	N/A
Final dividend paid year ended 30 June 2017	Nil	0%	N/A

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	Nil	Nil
Preference securities *(each class separately)*	Nil	Nil
Other equity instruments *(each class separately)*	Nil	Nil
Total	Nil	Nil

6. Details of dividend or distribution reinvestment plans in operation are described below *(item 6)*:

The Dividend Reinvestment Plan ("DRP") is currently suspended.

The last date(s) for receipt of election notices for participation in the dividend or distribution reinvestment plan	N/A

7. The financial information provided in the Appendix 4D is based on the half-year condensed financial report (attached).

8. Independent review of the financial report *(item 8)*

The financial report has been independently reviewed. The financial report is not subject to a modified independent auditors' review report.

CSG LIMITED AND CONTROLLED ENTITIES
ABN: 64 123 989 631

FINANCIAL REPORT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2017

DIRECTORS' REPORT

The directors present their report together with the condensed financial report of the consolidated entity consisting of CSG Limited and the entities it controlled, for the half-year ended 31 December 2017 and independent auditors' review report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

Directors Names

The names of the directors in office at any time during or since the end of the half-year are:

Name	Position
Stephen Anstice	Non-Executive Chairman
Julie-Ann Kerin	Managing Director
Robin Low	Non-Executive Director
Bernie Campbell[(i)]	Non-Executive Director
Thomas Cowan	Non-Executive Director

[(i)] Appointed 13 September 2017

The directors have been in office since the start of the financial period to the date of this report unless otherwise stated.

Review of Operations

The consolidated loss of the group for the half-year after providing for income tax was $3.0m.

Financial Summary:

	1H18 $m	1H17 $m	%
Revenue from continuing operations	117.2	120.7	(3)%
NPAT	(3.0)	8.3	(136)%
Add Tax	0.7	(1.0)	170%
Add Depreciation and Amortisation	3.5	3.3	6%
Add Net Interest Expense	1.7	1.0	67%
EBITDA[1]	1.5	11.6	(87)%
Add Non-recurring items:			
1.Business combination costs & non-recurring legal fees	1.1	0.3	267%
2.LTIP/Employee Share Plan	0.1	1.1	(91)%
3.Digital display implementation overrun	1.3	-	-
4.Restructuring	0.4	-	-
5.Print equipment write-off	0.2	-	-
6.Direct Sales start-up costs	-	1.1	-
Total	3.1	2.5	24%
Underlying EBITDA	4.6	14.1	(67)%

Operational Overview:

CSG reported revenue of $117.2 million, representing a decline of 3% on the prior corresponding period (pcp). Revenue was below expectations due to lower than expected print equipment sales. This has been driven by changes to the sales force and sales incentive programs to accelerate growth in the technology business. Earnings were impacted by additional costs in Enterprise Solutions as the new team builds its Managed IT services pipeline following the appointment of a new Chief Sales Officer in September 2017.

The Company has reported an underlying EBITDA of $4.6 million, a decline of 67% (pcp). Underlying EBITDA excludes $3.0m of non-recurring items which are comprised of legal & acquisition related costs ($1.1 million), redundancy costs ($0.4 million), digital display implementation overrun costs ($1.3 million) and print equipment write-off costs ($0.2 million).

[1] CSG defines EBITDA as profit before net finance costs, tax, depreciation, amortisation, impairment (if applicable). CSG uses EBITDA as an internal performance indicator for the management of its operational business segments; and to allow for better evaluation of business segment activities and comparison over reporting periods. This is non-IFRS information that has not been reviewed by KPMG.

Significant change in state of affairs

There have been no significant changes in the consolidated group's state of affairs during the half-year.

Lead Auditor's Independence Declaration

A copy of the lead auditor's independence declaration as required under section 307C of the *Corporation Act 2001* in relation to the review for the half-year is provided with this report.

Rounding of amounts to nearest thousand dollars

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

Signed in accordance with a resolution of the directors:

Julie-Ann Kerin
Director

Melbourne
Dated 21st February 2018

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of CSG Limited

I declare that, to the best of my knowledge and belief, in relation to the review of CSG Limited for the half-year ended 31 December 2017 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

KPMG

James Dent
Partner

Melbourne
21 February 2018

CONDENSED CONSOLIDATED
STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year	
	2018 $'000	2017 $'000
Revenue from continuing operations		
Sales revenue	101,164	101,681
Finance lease interest income	13,374	13,542
Other income	2,641	5,460
Interest income	59	38
	117,238	120,721
Expenses		
Changes in inventories of goods sold	(63,556)	(59,512)
Finance lease interest expense	(6,885)	(6,687)
Marketing expenses	(1,321)	(1,246)
Occupancy expenses	(3,739)	(3,506)
Administration and distribution expenses	(15,718)	(13,226)
Employee benefit expenses	(22,983)	(22,508)
Other expenses	(1,305)	(1,236)
Share based transactions	(140)	(1,023)
Acquisition and integration related expenses	(33)	(110)
Depreciation and amortisation expense	(3,460)	(3,334)
Finance costs	(1,732)	(1,021)
	(120,872)	(113,409)
Profit before income tax expense	**(3,634)**	**7,312**
Income tax benefit/(expense)	652	1,013
Profit after income tax expense	**(2,982)**	**8,325**
Profit is attributable to:		
Members of the parent	(3,017)	7,801
Non-controlling interest	35	524
	(2,982)	**8,325**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year 2018 $'000	Half-year 2017 $'000
Profit after income tax expense	**(2,982)**	**8,325**
Other comprehensive income		
Items that may be subsequently reclassified to profit and loss		
Cash flow hedges, net of tax:		
Net gains/(losses) taken to equity	236	2,501
Reclassified to profit and loss, net of tax	170	-
Exchange differences on translation of foreign operations, net of tax	(2,325)	342
Total comprehensive income for the half-year	(4,901)	11,168
Total comprehensive income is attributable to:		
Members of the parent	(4,936)	10,644
Non-controlling interest	35	524
	(4,901)	11,168
Earnings per share attributable to equity holders of the parent entity:		
Basic earnings per share (cents)	(0.9)	2.5
Diluted earnings per share (cents)	(0.9)	2.4

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31 December 2017 $'000	30 June 2017 $'000
CURRENT ASSETS			
Cash and cash equivalents		21,642	20,338
Receivables		36,473	35,767
Lease receivables		95,299	96,513
Inventories		58,486	65.810
Other		9,438	10,386
TOTAL CURRENT ASSETS		221,338	228,814
NON-CURRENT ASSETS			
Lease receivables		160,206	169,775
Property, plant and equipment		3,450	3,396
Intangible assets		174,540	175,851
TOTAL NON-CURRENT ASSETS		338,196	349,022
TOTAL ASSETS		559,534	577,836
CURRENT LIABILITIES			
Payables		43,433	51,529
Deferred income		578	2,001
Deferred consideration		8,500	9,071
Short term borrowings		14,674	889
Current tax payable		2,771	2,207
Provisions		4,698	4,329
TOTAL CURRENT LIABILITIES		74,654	70,026
NON-CURRENT LIABILITIES			
Provisions		363	313
Deferred consideration		203	3,515
Long term borrowings		28,551	42,117
Derivatives		1,330	1,721
Deferred Tax Liability		5,159	6,472
Debt associated with lease receivables		225,719	225,260
TOTAL NON-CURRENT LIABILITIES		261,325	279,493
TOTAL LIABILITIES		335,979	349,519
NET ASSETS		223,555	228,317
EQUITY			
Contributed equity	4	207,631	205,727
Reserves		3,299	6,982
Retained earnings		(2,115)	902
Equity attributable to owners of CSG Limited		208,815	213,611
Non-controlling interest		14,740	14,706
TOTAL EQUITY		223,555	228,317

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

Consolidated	Contributed equity $'000	Other reserves $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total Equity $'000
Balance as at 1 July 2017	**205,727**	**8,334**	**(1,352)**	**902**	**14,706**	**228,317**
Profit for the half-year	-	-	-	(3,017)	35	(2,982)
Cash flow hedge:						
Net gains / losses taken to equity	-	-	236	-	-	236
Net gains / losses taken to profit and loss	-	-	170	-	-	170
Foreign exchange movement of translation of foreign operations, net of tax	-	(2,325)	-	-	-	(2,325)
Total comprehensive income for the half-year	-	(2,325)	406	(3,017)	34	(4,901)
Transactions with owners in their capacity as owners:						
Equity settled transactions	1,904	(1,764)	-	-	-	140
Balance as at 31 December 2017	**207,631**	**4,245**	**(946)**	**(2,115)**	**14,740**	**223,555**

Consolidated	Contributed equity $'000	Other reserves $'000	Cash flow hedge reserve $'000	Retained earnings $'000	Non-controlling interest $'000	Total Equity $'000
Balance as at 1 July 2016	**207,623**	**9,044**	**(3,139)**	**61,219**	**14,007**	**288,754**
Profit for the half-year	-	-	-	7,801	524	8,325
Cash flow hedge						
Net losses taken to equity	-	-	2,501	-	-	2,501
Foreign exchange movement of translation of foreign operations, net of tax	-	342	-	-	-	342
Total comprehensive income for the half-year	-	342	2,501	7,801	524	11,168
Transactions with owners in their capacity as owners:						
Share buyback	(5,184)	-	-	-		(5,184)
Dividends paid	-	-	-	(15,904)	-	(15,904)
Equity settled transactions	2,398	(1,118)	-	-	-	1,280
Balance as at 31 December 2016	**204,837**	**8,268**	**(638)**	**53,116**	**14,531**	**280,114**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2017

	Half-year	
	2018	2017
	$'000	$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	120,898	124,559
Payments to suppliers, employees and others	(122,166)	(120,049)
Movement in lease receivables	5,891	1,091
Interest income received	59	38
Interest expense paid	(1,453)	(1,020)
Income tax paid	(126)	(2,295)
Net cash provided by/(used in) operating activities	3,103	2,324
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for intangibles	(1,709)	(3,477)
Payments for property, plant and equipment	(352)	(148)
Payments for deferred consideration	(3,656)	(595)
Net cash used in investing activities	(5,717)	(4,220)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	4,534	24,174
Proceeds from borrowings associated with lease receivables	219	3,307
Purchase of derivative asset	(264)	-
Payment for repurchase of shares	-	(5,184)
Dividends paid	-	(15,904)
Net cash provided by financing activities	4,489	6,393
Net increase/(decrease) in cash and cash equivalents	1,875	4,497
Foreign exchange differences on cash holdings	(571)	95
Cash and cash equivalents at beginning of half-year	20,338	14,455
Cash and cash equivalents at end of the half-year	**21,642**	**19,047**

The accompanying notes form part of these financial statements

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2017

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

CSG Limited (the Company) is a company domiciled in Australia. The interim financial report of the Company as at and for the six months ended 31 December 2017 comprises the Company and its subsidiaries (together referred to as the Group).

This half-year financial report does not include all the notes of the type usually included in an annual financial report.

It is recommended that this half-year financial report be read in conjunction with the annual financial report for the year ended 30 June 2017 and any public announcements made by CSG Limited during the half-year in accordance with any continuous disclosure obligations arising under the *Corporations Act 2001*.

The half-year financial report was authorised for issue by the directors on 21 February 2018.

(a) Basis of preparation

This half-year financial report has been prepared in accordance with Australia Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half-year financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain classes of derivative assets and liabilities as described in the accounting policies.

The consolidated entity's operations are not subject to any obvious seasonality.

(b) Summary of the significant accounting policies

All other accounting policies applied in this half-year financial report are the same as those used in the annual financial report for the year ended 30 June 2017.

(c) Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and in accordance with that Class Order, amounts in the consolidated financial statements and directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

(d) Use of estimates or judgements

The preparation of the financial report in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Estimates and assumptions based on future events have a significant inherent risk, and where future events are not as anticipated there could be a material impact on the carrying amounts of the assets and liabilities discussed below:

i. Assessing impairment of goodwill

Goodwill is allocated to cash generating units (CGUs) according to applicable business operations. The CGUs are aligned at the segment level. The recoverable amount of a CGU is based on value-in-use calculations. These calculations are based on projected financial forecasts and projected cash flows approved by management covering a period not exceeding five years. Management's determination of cash flow projections are based on past performance and its expectation for the future.

The Group assessed whether there were impairment triggers for each of its CGUs at the half-year ended 31 December 2017. Impairment triggers were identified for the Business Solutions Australia CGU, the Enterprise Solutions Australia CGU and the Business Solutions New Zealand CGU.

Impairment testing was conducted for each of these three CGUs using the revised FY18 forecast announced to the market in February 2018 and industry based growth rates, supported by external sources, and are consistent with those used at 30 June 2017. A growth rate of 2.5% was used to calculate a terminal value. Discount rates of 9.3% post-tax was used for Business Solutions Australia and Enterprise Solutions Australia and 9.5% was used for Business Solutions New Zealand. No impairment was calculated at the half-year however each CGU was sensitive to a movement in key assumptions. Of note the BSNZ CGU was found to be the most sensitive to adverse changes in key assumptions. A discount rate increase of 180 basis points or a reduction in the growth rate of 690 basis points would be required for the carrying amount to equal the recoverable amount for this CGU.

ii. Income taxes

Income tax benefits are based on the assumption that no adverse change will occur in the income tax legislation and the anticipation that the company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

iii. Employment benefits

Calculation of long term employment benefits requires estimation of the retention of staff, future remuneration levels and timing of the settlement of the benefits. The estimates are based on historical trends.

iv. Share-based payments

Calculation of shared based payments requires estimation of the timing of the exercise of the underlying instrument. The estimates are based on historical trends.

v. Inventory – consumables at customer premises

Inventory balances include consumables owned by the group but located at customer premises. The value of consumables recorded as inventory is based on management's estimate resultant from information held in customer servicing systems and a sample of customer holdings.

vi. Inventory - obsolescence

Inventory balances relate to items subject to technological obsolescence and unknown usage levels. Obsolete and slow-moving inventory is estimated based on the age of the inventory items, historical usage and likely future usage, and likely recoverable values.

vii. Lease receivables - recoverability

Lease receivables are assessed at each reporting date to determine their recoverability. Evidence of impairment is assessed at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. In assessing collective impairment, the consolidated entity uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends. Impairment losses are recognised in profit or loss and reflected in an allowance account against receivables.

(e) Financial Risk Management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial report as at and for the year ended 30 June 2017.

Fair value hierarchy
In valuing financial instruments, the consolidated entity uses the following fair value measurement hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. There are no material level 3 financial instruments.

The fair value of financial assets and financial liabilities, other than the fair value of derivatives, approximates their carrying amounts as disclosed in the Statement of Financial Position.

The fair values of the Group's derivative financial instruments, being interest rate swaps and forward foreign exchange contracts, are categorised as Level 2 in the fair value hierarchy (30 June 2017: Level 2). The fair values are based on the market comparison technique, using broker or counterparty quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. There are no significant unobservable inputs used in the valuations.

(f) Fair Valuation Measurement

Fair values have been determined for measurement and/or disclosure purposes based on the following methods. A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

i. *Forward exchange contracts and interest rate swaps*

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, then the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a credit-adjusted risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using the market interest rates for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

ii. *Other non-derivative financial liabilities*

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is referenced to the contract.

iii. *Share-based payment transactions*

The fair value of the Performance Rights under the Long Term Incentive Plan are measured using Monte Carlo sampling. Measurement inputs include the share price on the measurement date, the exercise price of the instrument, expected volatility (based on an evaluation of the historic volatility of the Company's share price, particularly over the historical period commensurate with the expected term), expected term of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

iv. *Contingent consideration*

The fair value of contingent consideration is calculated using the income approach based on the expected payment amounts and their associated probabilities. When appropriate, it is discounted to present value.

(g) Income Tax Expense

The income tax expense for the prior half-year reporting period included the effect of a Private Binding Ruling from the Australian Taxation Office to the Group. The ruling allowed for the deductibility of certain expenses.

(h) New Accounting Standards and Interpretations

i. *New standards adopted*

There was no material impact on the financial report as a result of the adoption of new or amended accounting standards and interpretations effective for annual reporting periods beginning on or after 1 July 2017.

ii. *New standards and interpretations not yet adopted*

CSG have identified the following new standards which have been issued but not yet adopted by the Group:

AASB 9 Financial Instruments

AASB 9 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces further disclosure and presentation requirements and a new impairment model. When adopted, this could change the classification and measurement of financial assets and financial liabilities. The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss must now be presented in other comprehensive income.

It is not expected that the application of this standard will have a material impact on any of the amounts recognised in the financial statements but will require disclosure of additional information.

AASB 15 Revenue from Contracts with Customers

AASB 15 is based on the principle that revenue is recognised when control of a good or service is transferred to a customer through promises within contracts. The amount of revenue recognised should reflect the consideration to which the entity expects to be entitled in exchange for those goods or services at either a point in time or over time.

The Group is evaluating the impact of the incoming standard. While work is ongoing, any material impact will be identified later in the implementation process.

AASB 16 Leases

AASB 16 will change the way lessees account for leases by eliminating the current dual accounting model which distinguishes between on-balance sheet finance leases and off-balance sheet operating leases. Instead, there will be a single, on-balance sheet accounting model that is similar to the current finance lease accounting. This new treatment will result in both a depreciation and interest charge in the Statement of Comprehensive Income. In contrast, lessor accounting will remain similar to current practice. The Group is evaluating the impact of the standard.

NOTE 2: DIVIDENDS

	Half-year	
	2017	2016
	$'000	$'000
Dividends paid during the half-year:		
(2016: unfranked 5 cents per share)	-	15,904

No dividends were declared during the half-year period.

NOTE 3: SEGMENT INFORMATION

(a) Description of segments

Management has determined the operating segments based on reports reviewed by the Chief Executive Officer and the Group Executive (comprising the Chief Financial Officer and Group General Managers) for making strategic decisions. The Chief Executive Officer and the Group Executive monitor the business units based on sales and profit or loss contribution to the consolidated group, and have identified the following reportable segments:

Business Solutions

CSG Business Solutions provides the sale, support, service and financing of print and business technology equipment to customers across Australia and New Zealand. CSG Enterprise Solutions provides managed service based print and technology solutions for Tier 1 enterprise, education and government customers also in Australia and New Zealand. CSG Enterprise Solutions has been identified as a separate division within Business Solutions. While this division is still in its growth phase, the underlying platforms and processes are very similar across both divisions and are increasingly converging. The CSG Marketplace is used or is to be used by both customer groups. As Enterprise Solutions business evolves, the distinction between the divisions will continue to be monitored in terms of segment reporting. As its results are not material under segment reporting requirements it has been grouped with Business Solutions for the purpose of segment reporting.

Management has determined that the Australian and New Zealand businesses are separate operating segments but due to their similarity in terms of product and service offerings in addition to the methods used to distribute products across both geographies these business units will be aggregated for the purposes of segment reporting.

Finance Solutions

CSG Finance Solutions is a specialist service provider of lease and rental products for business technology assets sold and serviced by CSG in both Australia and New Zealand.

Other

The remaining business operations/activities (including corporate office activities) are classified as ‘Other’ to facilitate reconciliation to Group results.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

NOTE 3: SEGMENT INFORMATION (cont'd)

(b) Segment information

Half-Year 2017

	Business Solutions	Finance Solutions	Other	Consolidated Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue	103,700	13,378	160	-	117,238
Segment result					
Interest income	57	-	2	-	59
Finance costs	556	278	1,206	(308)	1,732
Depreciation & amortisation	1,858	170	1,432	-	3,460
Total segment profit/(loss) before income tax	(2,339)	3,945	(4,962)	(278)	(3,634)

Half-Year 2016

	Business Solutions	Finance Solutions	Other	Consolidated Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue	106,826	13,583	312	-	120,721
Segment result					
Interest income	34	-	4	-	38
Finance costs	141	2	878	-	1,021
Depreciation & amortisation	2,547	233	554	-	3,334
Total segment profit/(loss) before income tax	7,496	5,575	(5,759)	-	7,312

NOTE 3: SEGMENT INFORMATION (cont'd)

(c) Segment information assets / liabilities

31 December 2017

	Business Solutions	Finance Solutions	Other	Consolidated Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Total segment assets	207,013	304,054	140,671	(56,204)	559,534
Total segment liabilities	57,265	258,877	29,952	(10,115)	335,979

30 June 2017

	Business Solutions	Finance Solutions	Other	Consolidated Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Total segment assets	328,313	315,604	26,425	(92,506)	577,836
Total segment liabilities	68,404	236,765	31,829	12,519	349,519

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2017

NOTE 3: SEGMENT INFORMATION (cont'd)

(d) Geographical Information

CSG's reporting segments provide sales, support, service and financing across Australia and New Zealand.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	Half-Year 2017			
	Australia	New Zealand	Eliminations	Total
	$'000	$'000	$'000	$'000
Revenue	58,593	58,645	-	117,238

	Half-Year 2016			
	Australia	New Zealand	Eliminations	Total
	$'000	$'000	$'000	$'000
Revenue	57,232	63,489	-	120,721

	31 December 2017			
	Australia	New Zealand	Eliminations	Total
	$'000	$'000	$'000	$'000
Assets	348,948	266,790	(56,204)	559,534

	30 June 2017			
	Australia	New Zealand	Eliminations	Total
	$'000	$'000	$'000	$'000
Assets	371,097	299,245	(92,505)	577,837

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2016

NOTE 4: CONTRIBUTED EQUITY

Movement in shares on issue

	31 December 2017		30 June 2017	
	No. of shares	$'000	No. of shares	$'000
Beginning of the period	320,872,439	205,727	319,076,671	207,623
Issue of shares	1,555,637	1,904	5,118,676	2,757
Buyback of shares	-	-	(4,074,588)	(5,179)
Tax exempt share plan	-	-	751,680	526
Balance at the end of the period	**322,428,076**	**207,631**	**320,872,439**	**205,727**

NOTE 5: CONTINGENT LIABILITIES

There were no contingent liabilities recorded at reporting date.

NOTE 6: SUBSEQUENT EVENTS

On 9 February 2018, the Company announced that the Board has appointed Morgan Stanley to assist it in reviewing strategic options available to the Company in order to maximise value for shareholders.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 1 to 18 in accordance with the *Corporations Act 2001*:

(a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*; and

(b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2017 and of its performance as represented by the results of its operations and its cash flows, for the half-year ended on that date.

In the directors' opinion there are reasonable grounds to believe that CSG Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Julie-Ann Kerin
Director

Melbourne
Dated 21st February 2018

Independent Auditor's Review Report

To the members of CSG Limited

Conclusion

We have reviewed the accompanying ***Half-year Financial Report*** of CSG Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Half-year Financial Report of CSG Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 31 December 2017 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Half-year Financial Report*** comprises:

- the condensed consolidated statement of financial position as at 31 December 2017;
- the condensed consolidated statement of profit and loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the half-year ended on that date;
- Notes 1 to 6 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises CSG Limited and the entities it controlled at the Half year's end or from time to time during the half-year.

Responsibilities of the Directors for the Half-year Financial Report

The Directors of the Company are responsible for:

- the preparation of the Half-year 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 Half-year Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Half-year Financial Report

Our responsibility is to express a conclusion on the Half-year Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Half-year Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of CSG Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

KPMG

James Dent

Partner

Melbourne

21 February 2018