CSG Limited
Level 1, 357 Collins Street
MELBOURNE VIC 3000
ABN: 64 123 989 631
Tel: 07 3840-1234
Fax: 07 3840-1266
Email: investor@csg.com.au
Website: www.csg.com.au

More than you expect.

APPENDIX 4D

CSG LIMITED AND CONTROLLED ENTITIES
ABN: 64 123 989 631

HALF-YEAR INFORMATION
FOR THE SIX MONTHS ENDED 31 DECEMBER 2015

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 2015.

Appendix 4D

Half-Year Report for the six months to 31 December 2015

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 2015
Previous corresponding period: 31 December 2014

2. Results for announcement to the market

			$'000
Revenues from ordinary activities *(item 2.1)*	Up 8%	to	116,982
Profit (loss) from ordinary activities after tax attributable to members (*item 2.2*)	Down 3%	to	6,834
Net profit (loss) for the period attributable to members *(item 2.3)*	Down 3%	to	6,834

Dividends *(item 2.4)*	**Amount per security**	**Franked amount per security**
Interim dividend	4c	0%
Previous corresponding period	4c	0%
Record date for determining entitlements to the dividend *(item 2.5)*	22 February 2016	

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	24 cents	24 cents

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

Control gained over entities

Name of entities *(item 4.1)*	CodeBlue Limited CodeBlue Wellington Limited
Date(s) of gain of control *(item 4.2)*	31 August 2015

Name of entities *(item 4.1)*	IT Synergy Limited Work IT Solutions Limited Codeblue Christchurch Limited
Date(s) of gain of control *(item 4.2)*	11 December 2015

5. Dividends *(item 5)*

	Date of payment	Total amount of dividend
Interim dividend payable year ended 30 June 2016	9 March 2016	$12,763,067
Final dividend paid year ended 30 June 2015	8 September 2015	$14,237,745

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 2016	$0.04	0%	N/A
Final dividend paid year ended 30 June 2015	$0.05	0%	N/A

Total dividend on all securities

	Current period $A'000	Previous corresponding Period - $A'000
Ordinary securities *(each class separately)*	$12,763	$14,238
Preference securities *(each class separately)*	Nil	Nil
Other equity instruments *(each class separately)*	Nil	Nil
Total	$12,763	$14,238

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 2015

This half-year financial report is to be read in conjunction with the financial report for the year ended 30 June 2015

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 2015 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
Thomas Cowan	Non-Executive Chairman
Julie-Ann Kerin	Managing Director
Philip Bullock	Non-Executive Director - resigned 19 November 2015
Robin Low	Non-Executive Director
Mark Phillips	Non-Executive Director
Stephen Anstice	Non-Executive Director

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 profit of the group for the half-year after providing for income tax was $7.26m.

Financial Summary:

	1H16 $m	1H15 $m	%
Revenue from continuing operations	116.98	108.28	8%
NPAT	7.26	7.56	(4%)
Add Tax	3.08	3.26	(6%)
Add Depreciation and Amortisation	2.75	2.25	22%
Add Interest expense/(income)	0.72	0.47	53%
EBITDA[1]	13.81	13.54	2%
Add Non-recurring items			
1.Restructuring	1.18	-	100%
2.Business combination costs & non-recurring legal fees	0.59	0.22	168%
3.LTIP/Employee Share Plan	1.68	1.67	1%
Total	3.45	1.89	83%
Underlying EBITDA	17.26	15.43	12%

Operational Overview:

- The Company has reported an underlying EBITDA of $17.3 million which excludes $1.7 million for the Executive Long Term Incentive Plan (LTIP) expense, $1.2 million for restructuring of NZ operations and $0.6 million non-recurring due diligence & legal fees for the Code Blue acquisition and the Cinglevue dispute.

- The Business Solutions division achieved revenue growth of 8% (pcp). In 1H FY16 this division commenced selling CSG's 'Communications as a Service' in partnership with 8x8, Inc. with a number of wins across Australia. In 1H FY16 CSG had continued success selling 'Boardroom as a Service' which includes CSG Conferencing software bundled with a Samsung 55 or 75 inch interactive, touch screen smart display. The average sale of non-print technology in Australia was $28.3K per customer and 12.6% of total deals contained attached non-print equipment.

[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.

- The Enterprise Solutions Australia division achieved revenue growth of 32% (pcp) and won another 'Print as a Service' contract with a major university to commence in 2H FY16 – this is the 4th major university now under CSG management.

- In Australia, Enterprise Solutions won its first 'Communications as a Service' contract with a global financial services company with a Total Contract Value (TCV) of $2.5m over 5 years. In New Zealand, Enterprise Solutions won a large 'Boardroom as a Service' contract with a major retail bank.

- The Finance Solutions division lease receivable increased by 25% (pcp) to close at $236m. CSG continues to convert more than 95% of customers to CSG Finance products.

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 amounts contained in the report and in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the company under ASIC Class Order 98/100. The company is an entity to which the Class Order applies.

Signed in accordance with a resolution of the directors:

Julie-Ann Kerin
Director

Sydney
Dated 15th February 2016

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 the half-year ended 31 December 2015 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

Scott Guse

Partner

Brisbane

15 February 2016

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year	
	2015 $'000	2014 $'000
Revenue from continuing operations		
Sales revenue	100,352	93,552
Lease interest revenue	12,970	11,025
Other income	3,620	3,645
Interest income	40	60
	116,982	108,282
Expenses		
Changes in inventories of finished goods	(55,610)	(50,423)
Interest expense associated with leases	(6,432)	(5,494)
Occupancy expense	(3,140)	(2,770)
Administration expense	(12,180)	(10,732)
Employee expense	(20,286)	(21,920)
Other expenses	(2,123)	(1,669)
Share based transactions	(1,676)	(1,671)
Business combination expense	(507)	-
Restructuring expense	(1,186)	-
Depreciation and amortisation expense	(2,748)	(2,250)
Finance costs	(756)	(533)
	(106,644)	(97,462)
Profit before income tax expense	**10,338**	**10,820**
Income tax expense	(3,081)	(3,258)
Profit after income tax expense	**7,257**	**7,562**
Profit is attributable to:		
Members of the parent	6,834	7,037
Non-controlling interest	423	525
	7,257	**7,562**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year	
	2015 $'000	2014 $'000
Profit after income tax expense	**7,257**	**7,562**
Other comprehensive income		
Items that may be subsequently reclassified to profit and loss		
Cash flow hedges, net of tax:		
Net losses taken to equity	(497)	(752)
Net gains transferred to profit and loss	-	14
Exchange differences on translation of foreign operations	2,393	1,032
Total comprehensive income for the half-year	9,153	7,856
Total comprehensive income is attributable to:		
Members of the parent	8,730	7,331
Non-controlling interest	423	525
	9,153	7,856
Earnings per share attributable to equity holders of the parent entity:		
Basic earnings per share (cents)	2.4	2.7
Diluted earnings per share (cents)	2.3	2.6

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

	Note	31 December 2015 $'000	30 June 2015 $'000
CURRENT ASSETS			
Cash and cash equivalents		24,576	24,754
Receivables		29,628	25,762
Lease receivables		80,165	67,598
Inventories		51,799	41,592
Other		7,956	6,574
Derivatives		91	915
TOTAL CURRENT ASSETS		194,215	167,195
NON-CURRENT ASSETS			
Lease receivables		156,018	142,444
Property, plant and equipment		2,298	2,361
Intangible assets		211,698	193,233
TOTAL NON-CURRENT ASSETS		370,014	338,038
TOTAL ASSETS		564,229	505,233
CURRENT LIABILITIES			
Payables		46,897	43,235
Deferred income		160	95
Short term borrowings		283	10,131
Current tax payable		640	515
Provisions		3,174	3,325
Debt associated with lease receivables		-	617
TOTAL CURRENT LIABILITIES		51,154	57,918
NON-CURRENT LIABILITIES			
Provisions		633	545
Derivatives		2,548	2,441
Deferred tax liability		5,675	3,435
Deferred consideration		8,279	-
Debt associated with lease receivables		206,561	187,149
TOTAL NON-CURRENT LIABILITIES		223,696	193,570
TOTAL LIABILITIES		274,850	251,488
NET ASSETS		289,379	253,745
EQUITY			
Contributed equity	5	207,206	164,193
Reserves		5,089	5,487
Retained earnings		63,364	70,768
Equity attributable to owners of CSG Limited		275,659	240,448
Non-controlling interest		13,720	13,297
TOTAL EQUITY		289,379	253,745

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

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 2015	**164,193**	**7,534**	**(2,047)**	**70,768**	**13,297**	**253,745**
Profit for the half-year	-	-	-	6,834	423	7,257
Cash flow hedge						
Net losses taken to equity	-	-	(497)	-	-	(497)
Foreign exchange movement of translation of foreign operations, net of tax	-	2,393	-	-	-	2,393
Total comprehensive income for the half-year	-	2,393	(497)	6,834	423	9,153
Transactions with owners in their capacity as owners:						
Issue of shares	40,230	-	-	-	-	40,230
Dividends paid	-	-	-	(14,238)	-	(14,238)
Equity settled transactions	3,886	(2,294)	-	-	-	1,592
Capital raising costs	(1,103)	-	-	-	-	(1,103)
	43,013	(2,294)	-	(14,238)	-	26,481
Balance as at 31 December 2015	**207,206**	**7,633**	**(2,544)**	**63,364**	**13,720**	**289,379**

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 2014	**160,838**	**8,878**	**213**	**82,527**	**12,556**	**265,012**
Profit for the half-year	-	-	-	7,037	525	7,562
Cash flow hedge						
Net losses taken to equity	-	-	(752)	-	-	(752)
Net gains transferred to profit and loss	-	-	14	-	-	14
Foreign exchange movement of translation of foreign operations, net of tax	-	1,032	-	-	-	1,032
Total comprehensive income for the half-year	-	1,032	(738)	7,037	525	7,856
Transactions with owners in their capacity as owners:						
Dividends paid	-	-	-	(13,965)	-	(13,965)
Equity settled transactions	3,463	(1,701)	-	-	-	1,762
Capital raising costs	(53)	-	-	-	-	(53)
	3,410	(1,701)	-	(13,965)	-	(12,256)
Balance as at 31 December 2014	**164,248**	**8,209**	**(525)**	**75,599**	**13,081**	**260,612**

The accompanying notes form part of these financial statements

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Half-year 2015 $'000	Half-year 2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	124,386	114,166
Payments to suppliers, employees and others	(120,763)	(102,607)
Movement in lease receivables	(26,140)	(27,140)
Interest income received	40	60
Interest expense paid	(672)	(682)
Income tax paid	(1,801)	(2,975)
Net cash used in operating activities	(24,950)	(19,178)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for intangibles	(2,235)	(2,066)
Payments for property, plant and equipment	(296)	(529)
Payments for businesses	(8,255)	-
Net cash used in investing activities	(10,786)	(2,595)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	4,875
Repayment of borrowings	(9,117)	-
Proceeds from borrowings associated with lease receivables	18,796	23,956
Proceeds from options exercised	-	320
Proceeds from share issues	39,127	-
Dividends paid	(14,238)	(13,965)
Net cash provided by financing activities	34,568	15,186
Net decrease in cash and cash equivalents	(1,168)	(6,587)
Foreign exchange differences on cash holdings	990	(123)
Cash and cash equivalents at beginning of half-year	24,754	27,268
Cash and cash equivalents at end of the half-year	**24,576**	**20,558**

The accompanying notes form part of these financial statements

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

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 2015 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 15 February 2016.

(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 2015.

(c) Rounding of amounts

The company is of a kind referred to in ASIC Class Order CO 98/100 and in accordance with that Class Order, amounts in the financial statements have been rounded off to the nearest thousand dollars, or in certain cases, to the nearest dollar.

(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.

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 2015.

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 and Notes to the financial statements.

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 2015: 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. The fair value of the employee share options currently under issue is measured using the Black-Scholes formula. 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.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

NOTE 2: DIVIDENDS

	Half-year 2015 $'000	2014 $'000
Dividends paid during the half-year:		
Unfranked dividends of 5 cents per share (2014: 5 cents per share)	14,238	13,965

Unfranked dividends of 4 cents per share were declared and approved on 12 February 2016 for a payment date of 9 March 2016.

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 and service 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. Code Blue provides information technology managed services and support in the New Zealand market for small to medium customers. The CSG Enterprise Solutions and Code Blue businesses do not meet the quantitative thresholds required for recognition as separate reportable operating segments, and have been aggregated with Business Solutions for the purposes of segment reporting.

Management has determined that the Australian and New Zealand business units 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 have been classified as 'Other' and comprise the corporate office activities.

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS 31 DECEMBER 2015

NOTE 3: SEGMENT INFORMATION (cont'd)

(b) Segment information

Half-Year 2015	Consolidated				
	Business Solutions	Finance Solutions	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue	**103,711**	**12,989**	**282**	**-**	**116,982**
Segment result					
Interest income	25	-	15	-	40
Finance costs	165	10	581	-	756
Depreciation & amortisation	1,345	54	1,349	-	2,748
Total segment profit/(loss) before income tax	13,686	5,700	(9,048)	-	10,338

Half-Year 2014	Consolidated				
	Business Solutions	Finance Solutions	Other	Eliminations	Total
	$'000	$'000	$'000	$'000	$'000
Segment revenue	**96,527**	**11,408**	**347**	**-**	**108,282**
Segment result					
Interest income	31	-	29	-	60
Finance costs	(169)	(266)	911	-	476
Depreciation & amortisation	1,095	171	984	-	2,250
Total segment profit/(loss) before income tax	12,588	4,481	(6,249)	-	10,820

NOTE 3: SEGMENT INFORMATION (cont'd)

(c) 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 and segment assets are based on the geographical location of the assets.

	Half-Year 2015			
	Australia	New Zealand	Eliminations	Total
	$'000	$'000	$'000	$'000
Revenue	58,026	58,956	-	116,982

	Half-Year 2014			
	Australia	New Zealand	Eliminations	Total
	$'000	$'000	$'000	$'000
Revenue	**51,277**	**57,005**	**-**	**108,282**

NOTES TO THE HALF-YEAR FINANCIAL STATEMENTS
31 DECEMBER 2015

NOTE 4: BUSINESS COMBINATIONS

On 31 August 2015 the Company acquired 100% of Code Blue, an IT services company based in New Zealand. The sale agreement contained an option to acquire further branches of the Code Blue business operations, and on 11 December 2015, the Company acquired 100% of the Code Blue branch located in Christchurch. The Code Blue business was acquired to provide a platform to develop the Company's 'technology as a solution' product offering to the small to medium customer in New Zealand. The total purchase consideration for the acquisitions is $21m (NZ$23m). This has been discounted to reflect present value and the total purchase consideration recognised at 31 December 2015 is $16,534,000.

The total consideration paid for these acquisitions in the period ended 31 December 2015 was $8,255,000 net of cash acquired. The balance of consideration is subject to meeting agreed earn-out objectives over the next 3 years. Up to 50% of the deferred purchase consideration could be paid by way of the issue of new shares, with the balance settled in cash. The deferred consideration recognised on acquisition has been discounted to reflect fair value.

Amount recognised on acquisition	Code Blue $'000
Receivables	2,136
Inventories	22
Other current assets	204
Property, plant and equipment	762
Intangible assets	8,508
Payables	(2,584)
Deferred income	(26)
Provisions	(20)
Deferred tax liability	(1,817)
Net identifiable assets and liabilities	7,185
Goodwill on acquisition	9,349
Consideration paid, net of cash acquired	8,255
Deferred consideration recognised	8,279
Total consideration	16,534

The Company incurred acquisition related costs of $507,000 related to external legal fees and due diligence costs during the period ended 31 December 2015.

The deferred consideration is subject to the Code Blue business achieving specified growth targets and project milestones, and will be payable over the next three years. Up to 50% of the deferred purchase consideration can be paid by way of the issue of new shares, with the balance settled in cash.

The acquisition accounting at reporting date is provisional, and will be reviewed during the next reporting period. Adjustments may be required to reflect a change to the fair value at acquisition date, based on the performance of the business and progress towards meeting the agreed earn-out targets in the sale agreement.

As the Code Blue business was acquired late in the current reporting period, the acquisition accounting reported is provisional and it is impracticable to report the revenue and profit or loss contribution of the business for the current reporting period.

NOTE 5: CONTRIBUTED EQUITY

Movement in shares on issue

	31 December 2015		30 June 2015	
	No. of shares	$'000	No. of shares	$'000
Beginning of the period	284,148,839	164,193	278,840,492	160,838
Issue of shares	6,359,485	3,502	4,950,328	3,313
Tax exempt share plan	237,658	384	358,019	150
Capital raising – institutional placement	21,126,761	30,000	-	-
Capital raising – share purchase plan	7,203,928	10,230	-	-
Capital raising costs	-	(1,103)	-	(108)
Balance at the end of the period	319,076,671	207,206	284,148,839	164,193

NOTE 6: CONTINGENT LIABILITIES

As previously disclosed, the Company has been involved in a dispute regarding earn out payments under a historical purchase agreement in relation to the purchase of the Cinglevue business in 2008. A further amended statement of claim was provided in September 2014. The Company has filed its amended defence. The Company's position is that it will vigorously defend the claim. On the basis of present information, it has made no provision for any loss or damage in relation to this claim.

NOTE 7: SUBSEQUENT EVENTS

Unfranked dividends of 4 cents per share were declared and approved by the Directors on 12 February 2016 for a payment date of 9 March 2016.

To the directors' best knowledge, there are no events that have arisen subsequent to 31 December 2015 that will, or may, significantly affect the operation or results of the Company.

DIRECTORS' DECLARATION

The directors declare that the financial statements and notes set out on pages 1 to 17 in accordance with the *Corporations Act 2001*:

(a) Comply with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*, and other mandatory professional reporting requirements; and

(b) Give a true and fair view of the financial position of the consolidated entity as at 31 December 2015 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

Sydney
Dated 15th February 2016

Independent auditor's review report to the members of CSG Limited

Report on the financial report

We have reviewed the accompanying interim financial report of CSG Limited which comprises the condensed consolidated statement of financial position as at 31 December 2015, condensed consolidated statement of profit or loss, condensed consolidated statement of 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 7 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the CSG Limited and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the CSG Limited 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

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 2015 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.

KPMG

Independence

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

Conclusion

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:

(a) giving a true and fair view of the Group's financial position as at 31 December 2015 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

KPMG

Scott Guse
Partner

Brisbane

15 February 2016