2013–14
ANNUAL REPORT

CSG

More than you expect.

Contents

CSG Customer Imperatives

Unrivalled customer care

Customer care and lifetime relationships are at the heart of everything we do. So we go further, to be better.

Technology & innovation

At CSG, innovation and great thinking is expected. We seek and supply the best software and digital solutions to make your business more efficient and productive.

Expert independent advice

CSG provides indepth expert analysis objectively without bias. We are independent and create value because we are solutions focused. So you can expect more with CSG.

Local not global

Of the top five providers, only CSG is Australian owned with headquarters in Australia and New Zealand. This means faster response and decision making, greater efficiencies and unequalled customer care.

Multiple brands, not a choice of one

When you engage with CSG we recommend the best solution(s) for you, irrespective of the brand name. We are not manufacturers so we are not limited by product - you shouldn't be either.

CSG makes your business our business

CSG takes the time to understand your business, industry and unique challenges. We tailor our solutions to meet your specific needs. Because we know one size does not fit all.

Proactive, never complacent

CSG's proven success over the last 20 years is based on making things happen and a can do attitude. We actively engage and always stay one step ahead.

Flexible finance facilitation

Funding your new equipment shouldn't be a hassle. CSG Finance removes the barriers and opens the door to flexible financial solutions - the right ones that suit you.

Sustainability & CSR

The CSG committment to corporate social responsibility and sustainability is firmly entrenched in our policies and culture. We demonstrate this in deeds and actions - not just words.

Quality & service guarantee

At CSG we stand behind our products and services with our 5 year guarantee. We aim to deliver more than you expect so you can always be confident with CSG.

Message from the Chairman

- REVENUE (excl interest) $199.2M UP 10%
- UNDERLYING EBITDA $29.1M UP 26%
- EBITDA $23.7M UP 36%
- NPAT $12.1M UP 39%
- LEASE RECEIVABLES $161.5M, UP 40%
- UNFRANKED DIVIDEND 5C PER SHARE

Dear Fellow Shareholders,

It is with great pleasure that I present CSG's Annual Report for 2014.

This year CSG has delivered solid growth on all key financial measures. In addition, our Executive team has led the execution on a major business transformation with the use of global leading technology and on a number of strategic growth initiatives that should help drive revenue and earnings growth in the future.

Looking back over the past two years, management has done an outstanding job turning the business around. During this period, we have more than doubled underlying EBITDA and are forecasting solid double digit EBITDA growth in 2015.

Capital management has been a strong focus for the Board. Over the last 2 years, we have returned to shareholders a total of $109 million in the form of share buybacks, capital returns and dividends. The Board has reaffirmed its objective to return to shareholders a further $25 million over the next year.

During the year, the implementation of a new remuneration structure has closely aligned the business's priorities and performance with how employees are remunerated.

The changes include the introduction of a corporate score card and Staff Share Plans for all employees. I believe these measures are a key element for aligning and rewarding CSG employees for achieving our growth objectives.

I would like to welcome to CSG three new Board members: Stephen Anstice, Robin Low and Mark Phillips who joined us on 20 August 2014. They are high calibre people with considerable diversity of experience in digital communications, print, financial services and accounting areas. In addition, I would like to thank Ian Kew, one of our original Board members, who is retiring from the CSG Board at this year's Annual General Meeting. Ian has played an important role in the development of CSG since its IPO in 2007 and on behalf of the Board, I would like to thank him for his years of service.

I would also like to take this opportunity to thank the management team, all staff and the Board for their continued hard work, which I believe will continue to generate value for shareholders in the future.

Tom Cowan

Managing Director's Report

Dear Shareholders

In August 2012, the executive team made a clear commitment to shareholders. We would reduce the cost base of the business, improve productivity and commence a journey to deliver revenue growth over the coming five years by disrupting a very established industry. The results of 2014 were pleasing and confirm that our strategic five year plan for the business is on track and when fully executed, will continue to deliver a positive outcome for shareholders.

Our focus for growth is threefold: increase revenue from existing customers; acquire new customers by establishing new product and service offerings with existing and new partners; and explore new geographic markets.

Increase revenue from existing customers

Overall, CSG's revenue increased by 10 percent to $199.2 million. This was derived from equipment sales, finance income and monthly service fees. The breakdown of revenue from the year was 43 percent from equipment sales and 57 percent from annual service agreements and leasing income.

In the pre-launch phase of our Samsung relationship, the average equipment revenue per customer was $30,000. This was above our expectations.

Our Enterprise Solutions business, which sells to enterprise, education and government customers, also won some significant contracts this year, using our new Print as a service (PRaaS) model of revenue. This included:

- Renewal of the contract with University of Melbourne for a further 3 years;
- Secured a contract with another major University under new PRaaS model;
- Secured contracts with New Zealand Police, Mirvac and Bank of New Zealand; and
- Continued rollout into Queensland Education to TAFE, Schools and head office locations

New customers with new products and services

One of the most exciting achievements of the year was the establishment of our partnership with Samsung. This enables CSG to transform from a provider of print solutions to a single source IT solutions provider. Our goal is to bring back consultancy and service to the small and medium enterprise customer, underpinned by an all-encompassing leasing solution.

The final quarter of the financial year showed some positive indicators that the business will is capable of executing on this strategy. New equipment sales from new customers represented 15.9 percent of equipment sales in Australia.

Managing Directors’ Report

In addition, the Australian Finance Solutions business, also grew significantly with more than 95 percent of our Australian customers converting to CSG Finance products. Our Lease Receivables book grew by 40 percent to $161.5 million and from March 2014, customers could also finance additional products such as cloud monitors, large format displays and interactive whiteboards.

In New Zealand, we also diversified our customer offerings by acquiring the largest HP reseller in the country. This enables CSG to expand its market share with the addition of new customers. In 2014 we launched our relationship with 3D Systems to enable us to sell 3D print devices in New Zealand.

New Geographic Markets

In 2012, CSG identified South East Asia as a significant opportunity for managed print services. Forecast compound annual growth rates were between 15 to 20 percent[1]. During FY14, CSG explored sales opportunities in Singapore and identified that a number of potential sales opportunities over coming years. During FY15, CSG will continue to look for opportunities to expand into the region.

During FY14 CSG also explored entering larger regional markets in Australia and will continue to look for opportunities to open branches in these larger regional markets.

Business transformation

This year has seen CSG start rolling out our new mobile and cloud based IT platform which will transform the way we work. Based on the proven Salesforce.com platform, it will enable CSG to manage the relationship with our customers using world-class technology. This platform will replace more than 100 legacy systems across Australia and New Zealand.

Our new transactional website has shown major potential to disrupt the industry through a new sales channel which resulted in doubling the number of closed sales from website leads. We’ve also increased the number of new visitors to the website by 74 percent and reached new geographic markets including Tasmania and regional Australia.

Our people

None of CSG’s achievements would be possible without the dedication and professionalism of our 650 people across the CSG Group. It’s also pleasing to see that more than 90 percent of our eligible people have elected to participate in the Staff Incentive Share Plan, which aligns employee incentives with shareholder objectives.

I would like to thank all our staff for their incredible effort over the year. In addition, the support of the Board has been outstanding and I welcome our new Board members and thank Ian Kew for his seven years of service.

Looking ahead, I believe we have established a platform for growth with our key partners Canon and Konica Minolta as well as our new partnership with Samsung. I look forward to an exciting year in 2015 for CSG.

Julie-Ann Kerin

[1] IDC, December 2013 ‘The rise of mobile printing and managed print services in Australia.’

Our Board

Tom Cowan
B.Com (Hons)
Non-Executive Chairman

Ian Kew
B.Econ, FAICD
Non-Executive Director

Philip Bullock
BA, Dip Ed, MBA, AICD
Non-Executive Director

Mark Phillips
BCom (Hons), MCom, FAICD
Non-Executive Director

Stephen Anstice
BA (Economics), GradDip (SIA)
Non-Executive Director

Robin Low
BCom, FCA, GAICD
Non-Executive Director

Julie-Ann Kerin
AICD
Managing Director

Our Executive Team

Neil Lynch
Chief Financial Officer

In the role of Chief Financial Officer, Neil brings with him significant public company experience together with extensive accounting and finance skills after spending 11 years with Virgin Blue Airlines Limited (Virgin Australia). As a foundation employee at Virgin Australia, Neil was involved in the development of all aspects of the finance team through several roles with the most recent being General Manager of Finance.

Prior to Virgin Australia, Neil worked in a variety of finance roles in both private practice and large corporate organisations.

Neil is a Chartered Accountant with degrees in both Commerce and Economics from the University of Queensland.

Declan Ramsay
Executive General Manager, CSG Business Solutions Australia

Declan has more than 20 years' experience within the print sector. He has been with CSG since 2006 where he managed and controlled the then Xerox Business Centre key accounts as the Major Account Manager before becoming the Brisbane Sales Manager in July 2007 and then Queensland General Manager. In February 2012, Declan was appointed to the role of Regional General Manager for NT/ QLD. In July 2012, Declan was appointed as the Executive General Manager of CSG Business Solutions Australia. Declan has a strong background in sales and management of highly professional and motivated teams covering all facets of a print sales organisation.

Warwick Beban
Executive General Manager, CSG Business Solutions New Zealand

Warwick has been the General Manager of Konica Minolta New Zealand since 2007 and was appointed Chief Executive Officer in 2013. With over 15 years' experience in the Document Technology business, Warwick started working with Ubix Document Technology in 1991 and during his 10 year career with them, was promoted to Southern Regional Manager, responsible for the company's operation in the lower North Island and all of the South Island. After five years with Telecom New Zealand as Head of Business and Corporate for Telecom Mobile, Warwick re-joined Ubix as part of Konica Minolta. He has a Bachelor of Science Degree and Masters of Science with First Class Honours from Massey University.

Stephen Birrell
Executive General Manager, Enterprise Solutions

Stephen is a proven business leader with over 25 years' experience in the Aerospace, Information Technology and Government sectors. His career has included senior executive roles with leading organisations in Australia, the United States, Asia & Europe. Prior to joining CSG in June 2013, Stephen was the General Manager of NEC Australia's Strategic Business Unit, accountable for achieving strategic growth objectives & business expansion in Asia and the Middle East.

Other senior management roles Stephen has held include leading the relationship with the US Navy on Australia's largest defence export program; advising the Dubai Government on the development of Dubai World Central; and leading a major aviation safety program for Boeing in China. Stephen is a former Officer in the Royal Australian Air Force.

Dianne Silvestro
Executive General Manager, People and Culture

Dianne Silvestro joined CSG as Executive General Manager, People & Culture in May 2013 accountable for the People & Culture team across the CSG Group. She has a strong HR generalist background gained working with several major organisations. Prior to joining CSG Dianne has worked at NEC and within the health and telecommunications industries where she was responsible for implementing the HR strategy, leadership development, employee relations, OH&S, compensation/ benefits and succession planning.

In addition to completing a Post Graduate Diploma Business Administration (major in HR), Certificate IV – Assessment & Workplace Training and Diploma in Human Resources at Victoria University, Dianne has also completed an extensive Mediation Training course and is also a current certified member of the Australian Human Resources Institute.

Financial Report 2013–14

Corporate Governance Statement

The Board of CSG Limited ('Company') is committed to protecting shareholders' interests and keeping investors fully informed about the performance of the Company's businesses. The directors have undertaken to perform their duties with honesty, integrity, care and diligence, according to the law and in a manner that reflects high standards of governance. The directors have established the following processes to protect the interests and assets of shareholders and to ensure high standards of integrity and governance.

The Board has adopted a formal:

- Board Charter
- Audit Committee Charter
- Nomination and Remuneration Committee Charter
- Code of Conduct for Directors and Officers

Further, the Board has also adopted policies with respect to:

- Independence and Conflicts of Interest
- Risk Management
- Board Performance Evaluation
- CEO Performance Evaluation
- Continuous Disclosure and External Communications
- Share Trading
- Remuneration
- Diversity

Copies of these charters and policies are available to shareholders on the Company's website (**www.csg.com.au/investors**) and on request.

This corporate governance statement outlines the Company's practices for the year-ended 30 June 2014 and as at the date of this Annual Report. It is referenced against the Corporate Governance Principles and Recommendations 2nd Edition issued by the ASX Corporate Governance Council.

Lay solid foundations for management and oversight

The directors of the Company are accountable to shareholders for the proper management of business and affairs of the Company. The Board fulfils these obligations by delegating certain business development responsibilities to the Chief Executive Officer ('CEO'), but retains the following responsibilities as set out in the Board Charter:

- agreeing with the CEO the annual cycle and process for review of strategic plans, including which stakeholders are to be involved and how;
- ensuring that the whole Board is directly involved in the strategic planning and review processes;
- ensuring that strategy development includes proper consideration by the Board and management of associated risks and opportunities;
- ensuring that all approved strategic plans include clear and measurable financial and other objectives;
- requiring that business plans and budgets are prepared and provided to the Board to support the agreed strategic plans;
- monitoring and reviewing the performance of the Company against the agreed strategic plans and goals;
- developing key company policy; and
- monitoring and evaluating the executive management team's performance.

The Board is responsible for the development of appropriate internal controls to monitor and supervise the implementation of agreed strategies, policies, financial and other performance of the Company against approved strategies, budgets and delegations.

The Board delegates responsibility for day-to-day management of the Company to the CEO. The Company has adopted a Delegated Authorities Policy which establishes delegations and approval levels throughout the business. The CEO is responsible for executing the delegations contained in the policy, but must consult the Board on matters that are noted as requiring specific Board approval or are of a sensitive, extraordinary or strategic nature.

The Board has also adopted a CEO Evaluation Policy and a Remuneration Policy to govern the process for evaluating the employees of the Company, including the performance of the CEO and the executive management team.

For the 2014 financial year, the Board measured the CEO and executive management team against an approved corporate scorecard and appropriate divisional scorecards. The outcomes of this process are set out in the Remuneration Report on page 29.

Structure the Board to add value

Composition of the Board

During the 2014 financial year, the Board comprised of four (4) directors, two of whom are non-executive and independent directors as defined by the Corporate Governance Principles and Recommendations. The CEO is an executive director. The skills, experience and appointment date of each director are set out on pages 16 of this Annual Report.

Based on the Corporate Governance Principles and Recommendations, to be independent a director should be non-executive and:

- not be a substantial shareholder of the Company or an officer of or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- not have, within the last three years, been employed in an executive capacity by the Company or another company within the group, or been a director after ceasing to hold any such employment;
- not be a principal or employee of a professional advisor or consultant to a company in the group whose annual billings to the group represent more than 5 per cent of the advisor's or consultant's total annual billings or greater than 5 per cent of the Company's annual (before tax) profit;
- not be a supplier or customer whose annual revenues from the group represent more than 5 per cent of the Company's annual (before tax) profit or more than 5 per cent of the supplier's or customer's total annual revenue;
- not have a material contractual relationship with the Company or another group company other than as a director;
- be free from any interest and any business or other relationship, which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company; and
- not have served on the Board for a period which could, or could reasonably be perceived to, materially interfere with the director's ability to act in the best interests of the Company.

During the 2014 financial year, Mr Ian Kew and Mr Philip Bullock were considered by the Board to be independent, non-executive directors.

Whilst the number of independent directors on the Board during the period did not constitute a majority, the number of independent non-executive directors did constitute 50 per cent of its membership and all directors bring an independent judgment to bear on Board decisions.

Board Committees

The Board has established an Audit Committee and a Nomination and Remuneration Committee which operate under formal charters that clearly set out each Committees' roles, responsibilities, composition, structure, membership requirements and the procedures for inviting non-committee members to attend meetings. The Board has not established a separate risk management committee, as the Board has determined that these matters are appropriately addressed by the Audit Committee or the full Board.

The names of the members of each Committee and their attendance at Committee meetings are set out on page 17 of this Report.

Director Selection Process

As far as practicable, the Board should comprise people who bring robust and independent judgement to the Board. When a vacancy exists through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Nomination and Remuneration Committee are to nominate candidates for the Board's consideration for membership.

The Board looks to ensure that an appropriate balance of skills, experience and expertise is achieved. A selection procedure is then completed, which includes a review of the candidates' independence. The Board appoints the most suitable candidate who, in accordance with clause 13.10 of the Company's constitution, must retire but may stand for re-election at the next annual general meeting of shareholders.

The Board recently undertook a comprehensive recruitment process for new non-executive directors. On 20 August 2014, three (3) new independent non-executive directors were appointed to the Board. As at the date of this Annual Report, the Board consists of seven (7) directors, the majority of which are independent.

All directors (except the CEO) are subject to retirement by rotation but may stand for re-election by shareholders every three (3) years. The term of the CEO's appointment is governed by the terms of her engagement.

The composition of the Board is determined by the Board and, where appropriate, external advice is sought.

Chairman

The Chairman is a non-executive director, but is not independent due his shareholding in the Company being categorised as substantial. However, the Board considers that the Chairman is independent from management and the business operations and acts in the best interests of the Company. The Board also has an Independence and Conflicts of Interest Policy to manage any potential conflicts arising from the shareholding.

Independent Professional Advice

A procedure has been determined for each director to have the right to seek independent professional advice at the Company's expense, subject to the prior approval of the Chairman.

Review of Board Performance

The Board has adopted a policy in relation to its performance evaluation. The Board carried out a performance evaluation during the 2014 financial year using a self-evaluation questionnaire. The evaluation focused on:

- the role of the Board within the business;
- Board composition, skills and application;
- Board procedures and practices; and
- Board culture and behaviour.

A standing item is included on the agenda at the end of each Board meeting to encourage directors to provide regular feedback on the conduct of Board meetings or any other Board business to assist in the continual improvement of Board processes.

Promote ethical and responsible decision-making

Code of Conduct

The Company has developed a Code of Conduct to guide the directors, the CEO, Chief Financial Officer (CFO) and other senior executives in respect of ethical behaviour. The Code of Conduct is designed to maintain confidence in the Company's integrity and the responsibility and accountability of all individuals within the Company for reporting unlawful and unethical practices.

The Code of Conduct addresses such areas as:

- standard of behaviour;
- interests of legitimate stakeholders;
- conflicts of interest;
- use of information or position;
- use of Company property;
- confidentiality;
- fair trading;
- compliance with the law;
- whistle blowing; and
- political contributions and activities.

Share Trading Policy

The Company has adopted a formal Share Trading Policy, which applies to directors, the company secretary, all senior executives, key management personnel and employees of the Company and their associates ('Officers').

An Officer may not deal in any of the Company's securities at any time if they have inside information.

An Officer may trade in securities:

- in the six (6) week period after the release to the ASX of the half-yearly and annual results;
- in the four (4) week period after the end of the AGM or after the release of a section 708A Cleansing Notice; or
- at any time the Company has a prospectus open,
  but only if they have no inside information and the trading is not for short term or speculative gain.

An Officer may only trade in securities at other times if:

- they are personally satisfied that they are not in possession of inside information;
- with respect to directors, company secretary, senior executives and key management personnel, have obtained the approval of the Chairman or in the case of any proposed trade by the Chairman, of another non-executive director nominated by the Board for the purpose; or
- in the case of all others, they have obtained the approval of the company secretary.

All Officers must advise the company secretary in writing of the details of completed transactions within two (2) business days following each transaction. Such notification is necessary whether or not prior authority has been required. The company secretary must maintain a register of securities transactions. The Company must comply with its obligations to notify ASX in writing of any changes in the holdings of securities or interest in securities by directors.

Diversity Policy

The Company has adopted a Diversity Policy which, consistent with its organisational values and strategic goals, focuses upon gender, ethnicity/culture, disability and flexibility as key levers linked to building a high performing and sustainable organisation. Key principles include:

- facilitating equal employment opportunities based on relative ability, performance and potential;
- building and maintaining an inclusive work environment by taking action against inappropriate workplace and business behaviour (including discrimination, harassment, bullying, victimisation and vilification);
- fostering a diverse workforce by developing an environment of mutual respect, dignity and openness to others;
- seeking to ensure that the Company's business practices, systems and processes do not prevent people from diverse backgrounds having equality of opportunity within the Company;
- developing flexible work practices to meet the differing needs of our employees at different stages of their life cycle in the context of business requirements;
- attracting and retaining a skilled and diverse workforce;
- attracting and retaining a Board whose composition reflects a diversity of backgrounds, knowledge, experience and abilities; and
- improving the quality of decision-making, productivity and teamwork, meeting the relevant requirements of local legislation and the Board and shareholders.

The policy is implemented by the executive management team under the direction of the CEO. Achievement of gender diversity objectives under the policy are measured by implementation of the following key benchmarks each of which are reviewed annually as a minimum, or upon presentation of results:

1. Percentage of women in the executive management team and other senior management to exceed 30%;
2. Percentage of women across the Company to exceed 25%; and
3. Conduct a diversity audit by 31 March each year.

During the 2014 financial year, gender diversity within the Company was:

Description	Measure
Percentage of women in the executive management team and other senior management	29% are female
Percentage of women employed by CSG	26% are female
Percentage of women on the Board	25% are female

The Company carried out a comprehensive employee survey during the 2014 financial year. The survey covered a number of areas and included diversity topics such as gender balance, flexible work practices and diversity recognition within the business. The Company uses the survey feedback to continue to improve and develop strategies that promote diversity and inclusion throughout the business.

The Company's Diversity Policy and Code of Conduct can be found at **www.csg.com.au/investors.**

Safe guard integrity in financial reporting

The Board has an established Audit Committee. During the 2014 financial year, the Audit Committee:

- consisted only of non-executive directors;
- had a majority of independent directors;
- was chaired by an independent chair, who is not the Chairman of the Board; and
- had three (3) members.

Details of the Audit Committee membership and meetings can be found on page 17. All members are financially literate and have an understanding of the industry in which the Company operates.

The Audit Committee will provide an independent review of:

- the effectiveness of the accounting and internal control systems and management reporting, which are designed to safeguard Company assets;
- the integrity and reliability of information prepared for use by the Board, including financial information;
- the accounting policies adopted by the Company;
- the quality of the internal and external audit functions;
- external auditor's performance and independence as well as considering such matters as replacing the external auditor where and when necessary;
- internal audit plans including identified risk areas;
- the Company's exposure to significant risks, strategic and operational improvements in risk management planning and implementation; and
- the insurance renewal process, including the appointment of an insurance broker and review of policies.

The charter for the Audit Committee can be found at **www.csg.com.au/investors.**

Make timely and balanced disclosure

The Board recognises that the Company, as a publicly listed entity, has an obligation to make timely and balanced disclosure in accordance with the requirements of the ASX Listing Rules and the Corporations Act 2001 (Cth). The Board also is of the view that an appropriately informed shareholder base, and market in general, is essential to an efficient market for the Company's securities. The Board is committed to ensuring that shareholders and the market have timely and balanced disclosure of matters concerning the Company.

The Company has adopted a formal Continuous Disclosure and External Communications Policy to ensure compliance with its continuous disclosure requirements and to allow the market to be appropriately informed of the Company's strategy and performance.

Amongst other matters, this policy requires the immediate notification to ASX of information concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities as prescribed under ASX Listing Rule 3.1, except where such information is not required to be disclosed in accordance with the exception provisions of the Listing Rules.

A copy of the policy can be found at **www.csg.com.au/investors.**

Respect the rights of shareholders

Communication Strategy

The Board recognises that the shareholders are the beneficial owners of the Company and respects their rights and will continually seek ways to assist shareholders in the exercise of those rights.

The Board also recognises that as owners of the Company, the shareholders may best contribute to the Company's growth, value and prosperity if they are informed. In accordance with the Company's Continuous Disclosure and External Communications Policy, the Board seeks to empower shareholders by:

- communicating effectively with shareholders through periodic disclosure and market briefings;
- enabling shareholders access to balanced and understandable information about the Company, its operations and proposals; and
- assisting shareholders participation in general meetings.

All shareholders are entitled to receive a hard copy of the Company's annual reports upon request. All relevant announcements made to the market are made available on the Company's website after they have been released to the ASX.

Participation in Meetings

The Board is committed to assisting shareholders participation in meetings. In particular, the Company requests that a representative of the Company's external auditor be present at all Annual General Meetings and that shareholders have adequate opportunity to ask questions of the auditor at that meeting concerning the audit and preparation and content of the auditor's report.

Recognise and manage risk

The Company is committed to managing its risks in a consistent and practical manner. Effective risk management is directly focussed on the achievement of organisational objectives and helps ensure the business delivers on its strategic goals in alliance with its vision and values.

The Board carries overall responsibility to all stakeholders for the identification, assessment, management and monitoring of the risks faced by the Company.

The Company has adopted a formal Risk Management Policy which aims to ensure that the Board implements appropriate risk management policies and procedures in order to protect the assets and undertaking of the Company. The approach to risk management and the effectiveness of its implementation is based on, as a minimum, the Australian and New Zealand Standards AS/NZS 31000:2009.

During the 2014 financial year, the Board introduced a new risk management guideline which is designed to provide a high level overview of key steps within the Company's risk management process and to provide the tools to facilitate risk management across the organisation. The framework enables the identification and documentation of risk across the business by requiring management to:

1. identify the risk;
2. assign the risk to a category;
3. assess the likelihood of a risk;
4. assess the consequences of a risk;
5. apply the risk to the risk matrix; and
6. monitor, review, communicate and consult on the risk.

The risk management guideline requires management to produce a bi-annual risk profile report which is presented to the Audit Committee. The first risk profile report using the new guideline was presented in June 2014. Moving forward, the risk profile report will be updated with a re-assessment of the risk categories, risks and mitigants in September and March each year.

Assurances from Management

In accordance with s.295A of the Corporations Act 2001 (Cth), the Board requires that the CEO and the CFO state in writing that the Company's financial reports present a true and fair view, in all material respects, of the Company's financial condition and operating results and are in accordance with relevant accounting standards.

Further, and in accordance with the Risk Management Policy, the CEO and the CFO must provide written confirmation to the Board that all assurances given by management in respect of the integrity of financial statements are founded on sound systems of risk management and internal compliance and control which are operating effectively.

The Board has received these assurances for the 2014 financial year.

Remunerate fairly and responsibly

The Board's primary remuneration objectives are to motivate directors and management to pursue the long-term growth and success of the Company within an appropriate control framework and to demonstrate a clear relationship between key executive performance and remuneration. The Board believes that it is in the interest of all stakeholders in the Company for there to be in place a Remuneration Policy that attracts and retains talented and motivated directors, managers and employees so as to encourage enhanced performance of the Company.

As noted previously, the Board has an established Nomination and Remuneration Committee that:

- consists of a majority of independent directors;
- is chaired by an independent chair; and
- has three (3) members.

Please refer to page 17 of this Report for membership and attendance details.

The Committee is responsible for the following, amongst other matters:

- nominating, as required, candidates for the Board to consider for Board membership;
- nominating, as required, candidates for the role of CEO and setting criteria for their appointment and termination;
- setting criteria for Board membership, skill requirements and, subject to the Company's constitution, number of directors comprising the Board;
- the provision of a directors' induction and education programme;
- reviewing and making recommendations to the Board on appropriate remuneration for the directors, the CEO and the executive management team;
- ensuring that remuneration levels take into account risks involved, demands and time requirements of each role and relevant industry and related benchmarks;
- developing and recommending to the Board remuneration incentive programs such as bonus schemes and company share schemes; and
- developing, maintaining and monitoring appropriate remuneration policies and procedures.

During the 2014 financial year, the Board adopted a new Remuneration Policy to govern remuneration paid to employees and senior executives, including non-executive directors.

Remuneration paid to non-executive directors is clearly distinguished from that of executive directors and senior management. Please refer to the Remuneration Report set out on pages 23–33 of this Report for details of remuneration for all directors and key management personnel.

The Directors present their report together with the financial report of the consolidated entity consisting of CSG Limited ("CSG" or "the Company") and its subsidiaries ("CSG Group"), for the financial year ended 30 June 2014 and Auditor's report thereon. This financial report has been prepared in accordance with Australian Accounting Standards.

1. Directors

The qualifications, experience and special responsibilities of each person who has been a Director of the Company at any time during or since the end of the financial year is provided below, together with details of the Company Secretary as at the year end.

Mr. Thomas Cowan

B.Com (Hons)

Non-Executive Chairman
Member, Audit Committee.
Member, Nomination and Remuneration Committee

Tom Cowan is a Partner of TDM Asset Management, a private, Sydney based investment group. Prior to commencing his career in funds management, Mr Cowan worked in mergers and acquisitions at Investec Wentworth and KPMG Corporate Finance, with a focus on the technology, gaming and healthcare sectors.

He has a Bachelor of Commerce (Honours – Class 1) from the University of Sydney. Mr Cowan is currently a Non-Executive Director of Baby Bunting Ltd, Australia's largest, independent baby goods retailer.

Appointed 8 February 2012
Appointed Chairman 15 August 2012

Ms. Julie-Ann Kerin

AICD

Managing Director

In 2012, Ms Kerin was appointed as Chief Executive Officer and Managing Director of CSG, following five years as the Group-General Manager of the former Technology Solutions division of the Company which she grew from $9m in revenue to $183m in revenue before selling to NEC in 2012.

She has more than 20 years' experience as a senior executive managing both private and public companies across the information technology sector. Prior to joining CSG, Ms Kerin was responsible for the global management of operations and staff across Asia, the United States, Australia and Europe for a number of organisations. She has also held roles with IT companies Actuate, Haht Commerce, Genasys Inc and Computer Power. Ms Kerin is a member of the Australian Institute of Company Directors.

Appointed 1 February 2012

Mr. Ian Kew

B.Econ, FAICD

Non-Executive Director
Chairman, Audit Committee.
Member, Nomination and Remuneration Committee

Ian Kew is the Chief Executive Officer for Airport Development Group Pty Ltd which has interests in Darwin International, Alice Springs and Tennant Creek Airports. He graduated with an Economics Degree from Monash University and joined Exxon for two years and was then employed with Shell Australia for twenty years prior to joining Northern Territory Airports in 2001.

At Shell Australia, Mr Kew worked in a variety of oil marketing, operations, change management, strategy and special project positions in Hobart, Sydney, Brisbane, Darwin and Melbourne. Previously, he was on the Board of the Automobile Association of the Northern Territory (AANT), was Chair of the Darwin Symphony Orchestra and the Charles Darwin University Foundation. He is also a Director of the Australian Airports Association (AAA) and on the Board of the Museum and Art Galley of the Northern Territory (MAGNT).

Mr Kew is a National Councilor of Creative Partnerships Australia and a Fellow of the Australian Institute of Company Directors.

Appointed 1 March 2007

Mr. Philip Bullock

BA, Dip Ed, MBA, AICD

Non-Executive Director
Chairman of the Nomination and Remuneration Committee
Member, Audit Committee

Appointed a Director of CSG in August 2009, Mr Bullock was formerly Vice President, Systems and Technology Group, IBM Asia Pacific, Shanghai, China. Prior to that position he was Managing Director of IBM Australia and New Zealand. His IBM career spanned almost 30 years in the Asia Pacific region. Mr Bullock is a Non-Executive Director of Perpetual Limited and was previously a Non-Executive Director of Healthscope Limited. Over the years he has served on a number of Federal Government bodies, most notably as the Chair of Skills Australia. In June 2014, Mr Bullock was appointed as a Non-Executive Director of Hills Limited.

Appointed 1 August 2009

2. Company Secretary

Ms Jillian Bannan

B.Comm/LLB, Grad Dip Legal Practice

Company Secretary and General Counsel

Jillian Bannan has worked as a solicitor for 15 years, with the past 10 years in an in-house capacity. She joined CSG as Company Secretary and General Counsel in January 2013 and has a history in corporate law and company secretarial roles (for private and public companies) in a number of different sectors. Ms Bannan brings the management of major projects and transactions, advice on corporate legal activities and Board support to CSG. She is a member of the Queensland Law Society and was admitted as a Solicitor of the Supreme Court of Queensland in 1998.

3. Directors' Meetings

The number of Directors' meetings (including meetings of Committees of Directors) and number of meetings attended by each of the Directors of the Company during the financial year are:

	Board Meeting		Audit & Risk Management Committee		Nomination & Remuneration Committee	
Director Name	**Meetings Held**	**Meetings Attended**	**Meetings Held**	**Meetings Attended**	**Meetings Held**	**Meetings Attended**
Current						
Mr. Thomas Cowan	13	13	6	5	5	4
Mr. Philip Bullock	13	12	6	6	5	5
Mr. Ian Kew	13	13	6	6	5	5
Ms. Julie-Ann Kerin	13	13	6	6*	5	5*

*Ms. Julie-Ann Kerin attended by invitation

4. Principal Activities

The principal activities of the CSG Group during the financial year were print and business technology solutions in Australia and New Zealand supported by in-house equipment financing.

There have been no significant changes in the nature of the activities of the CSG Group during the financial year.

5. Operating and Financial Review[1]

1. Operations overview

CSG is a full-service print and business technology solutions provider in Australia and New Zealand. CSG also operates an equipment financing division across both countries to facilitate the sale of its product suite.

CSG is the largest non-manufacturer provider of print and business technology solutions in the Australia and New Zealand marketplace, and has a national sales and service footprint in both countries. CSG services more than 20,000 customers ranging from small-to-medium enterprises, through to large corporate, government and commercial clients.

In the Australian market, CSG works closely with a number of major business partners, including Canon, Samsung, Lexmark, Hewlett Packard, Kyocera, Toshiba and Ricoh, to deliver a brand agnostic end-to-end product and service offering which is unique in the Australian marketplace. In the New Zealand market, CSG operates under the Konica Minolta brand and is one of the largest suppliers of print and technology sales and services to the corporate, government and commercial markets.

A key differentiator for CSG in the region is the quality of service it provides its customers. Premium service combined with efficient financing and high quality technical advice is paramount to the CSG value proposition. As the only listed company of size and scale in Australia and New Zealand that can provide sales, service and support access in both countries, CSG truly differentiates itself from the manufacturers, office supply and technology retailers, integrators, equipment finance providers and independent dealers with whom it competes.

CSG has a commitment to diversity and recognizing and rewarding its staff. CSG currently employs approximately 650 staff across Australia and New Zealand with offices in 30 locations. CSG strives to achieve above industry standard benchmarks for workforce productivity whilst delivering the highest level of staff satisfaction.

2. Review of Group Operations

In FY2014, CSG's core income was comprised of equipment sales revenue, finance income and monthly service fees. During the year, CSG continued to diversify its revenue base to establish a more annuity based revenue model, shifting away from the transaction focused model traditionally associated with print equipment sales. This focus has resulted in 43% of CSG's revenue in FY2014 being derived from transactional sales and 57% from annual service agreements and leasing income.

CSG expanded its product and service offering in FY2014 to better meet the needs of its customers. Increasing reliance on technology has resulted in SME's and larger organisations alike to look for technology providers capable of delivering a single point of contact for their entire office technology requirement. CSG's full-spectrum product offering delivers this, and gives a clear value proposition to its broad customer base. CSG creates genuine value for its customers by providing a one stop total business solutions offering, saving the customer their most valued assets: time and money.

Key operational achievements for CSG in FY2014 included:

- Launched the Samsung relationship and commenced selling products other than print.
- Significant wins in Enterprise Solutions using new contract model, PRaas.
- Finance Solutions receivables of $161.5m, representing 40% growth on FY2013.
- Commenced rolling out new mobile/cloud based IT platform.
- Commenced online sales model which delivered a doubling in the conversion rate in website visitors to sales leads.

[1]Figures in the operating and financial review section are unaudited

3. Review of Group Financial Performance

The Board was pleased that the business again achieved solid growth in underlying EBITDA during the 2014 financial year. During the year, CSG delivered on a number of key initiatives that have now positioned CSG for continued top line growth, as well as improved profitability over the medium term. While the 2013 financial year was focused on transitioning and restructuring the business, in 2014 focus was firmly set on creating the platform for achieving the longer term growth strategy of the CSG Group.

CSG achieved revenue growth of 10% and Reported EBITDA growth of 36% in FY2014. The CSG Group saw growth across all three divisions, both in Australia and in New Zealand.

Key highlights from the results include:

- Total Revenue excluding interest increased by 10% to $199.2m.
- Underlying EBITDA increased by 26% to $29.1m.
- Reported NPAT increased by 39% to $12.1m.
- Underlying NPAT before customer contract amortisation increased by 22% to $19.0m.
- Improved conversion of underlying EBITDA to Operating cash flow excluding investment in Lease Receivables and non-recurring items.

Operating Performance

Given the significant level of transition and restructuring in the business during the financial year, the Board measures the performance of the business using Underlying EBITDA after taking into account all non–recurring or one off items. This is an unaudited measure which is reconciled to the audited Net Profit After Tax (NPAT) in the table below:

a. Revenue

Group revenue excluding interest grew by 10% to $199.2m during FY2014. This was driven by:

- Revenue from sale of goods increasing 17% to $83.6m.
- Finance Solutions revenue growth of 21% driven by growth of Lease Receivables to $161.5m.
- Solid new customer sales growth in Australia, with new customers accounting for 16% of equipment revenue, up from 11% in 2013.

Interest income decreased on FY2013 as surplus cash from the technology division sale has been distributed to shareholders.

b. Expenses

Expense reductions achieved in FY2013 were again delivered in FY2014. Management was able to deliver an increase in Underlying EBITDA margin from 12.6% to 14.6%. Key drivers of this improvement were:

- Non-COGS related costs remained flat year on year despite a 10% increase in revenue from operations (before interest).
- Borrowing costs for the Finance Solutions continues to benefit from a low interest rate environment although some movement has commenced in the New Zealand market. The Company's Hedging Policy will assist in protecting against any short-term impact.

Total expenses included $2.8m for the Long-Term Incentive Plan and $2.1m for the final restructuring of the business. The Long-Term Incentive Plan has a non-cash impact and will continue at similar levels for FY2015.

4. Review of Group Financial Position

A closing cash balance of $27.3m follows the payment of the NEC settlement ($7.5m) and capital distribution ($11.2m) in December 2013. Included in this balance is an amount of $14.9m held in restricted cash accounts under the terms of the CSG Finance Solutions debt facilities (refer note 6).

Cash conversion continues to strengthen after excluding the impact of investment in the Lease Receivables and non-recurring items.

	1H14 $m	2H14 $m	FY14 $m	Note
NPAT	**5.3**	**6.8**	**12.1**	
Add Tax	2.4	3.3	5.7	
Add Depreciation and Amortisation	2.7	2.5	5.2	
Add Interest expense/(income)	0.2	0.5	0.7	
EBITDA	**10.6**	**13.1**	**23.7**	
Add Non-recurring items				
1. Restructuring	1.3	0.8	2.1	Note 8
2. Deferred consideration & legal	–	0.2	0.2	
3. LTIP/Employee Share Plan	1.5	1.3	2.8	
4. Other	–	0.3	0.3	
Total	2.8	2.6	5.4	
Underlying EBITDA	**13.4**	**15.7**	**29.1**	

	1H13	2H13	FY13	1H14	2H14	FY14
EBITDA (underlying)	9.5	13.7	23.2	13.4	15.7	29.1
Operating cash flow (reported)	(6.0)	(26.6)	(32.6)	(21.1)	(11.8)	(32.9)
+ tax paid	2.6	20.8	23.4	3.7	2.8	6.5
+ net interest paid	(1.0)	(1.5)	(2.5)	0.3	0.6	0.9
+ transaction related costs	6.3	–	6.3	–	–	–
+ non-recurring cash items	0.8	5.0	5.8	1.3	1.3	2.6
+ change in lease receivables	2.1	14.0	16.1	23.2	22.8	46.0
Ungeared pre-tax cash flow	4.8	11.7	16.5	7.4	15.7	23.1
Profit to cash conversion	**51%**	**85%**	**71%**	**55%**	**100%**	**79%**

Lease Receivables in the Finance Solutions business has grown to $161.5m ($115.5m in FY2013) with 86% funded by associated debt (84% in FY2013). The majority of this growth has been due to the continued expansion of the Australian operations.

Debt associated with Lease Receivables has grown in line with the corresponding asset with Debt to Asset percentage being 86% against 84% in FY2013.

A Corporate Debt facility of $35m is available with zero drawn balance as at the reporting date.

Total capital returned to Shareholders including the current final dividend is now $109m in the two years since the commencement of the Restructuring Plan in July 2012.

Capital returned to shareholders in FY2014 included:

- Dividend distribution of $13.9m proposed for 8 September 2014;
- On-market share buy-back of $0.1m in June 2014; and
- Capital return of $11.2m in December 2013.

5. Divisional Review

a. Business Solutions

CSG Business Solutions provides the sales, support, service and financing of print and business technology equipment to more than 20,000 SME customers across Australia and New Zealand. CSG's scale, national presence and significant brand partnerships gives it the flexibility to service businesses of any size, and in any location across Australia and New Zealand.

SME's have traditionally relied on up to 15 separate suppliers for a variety of business and print equipment requirements, each with separate billing, leasing and service relationships.

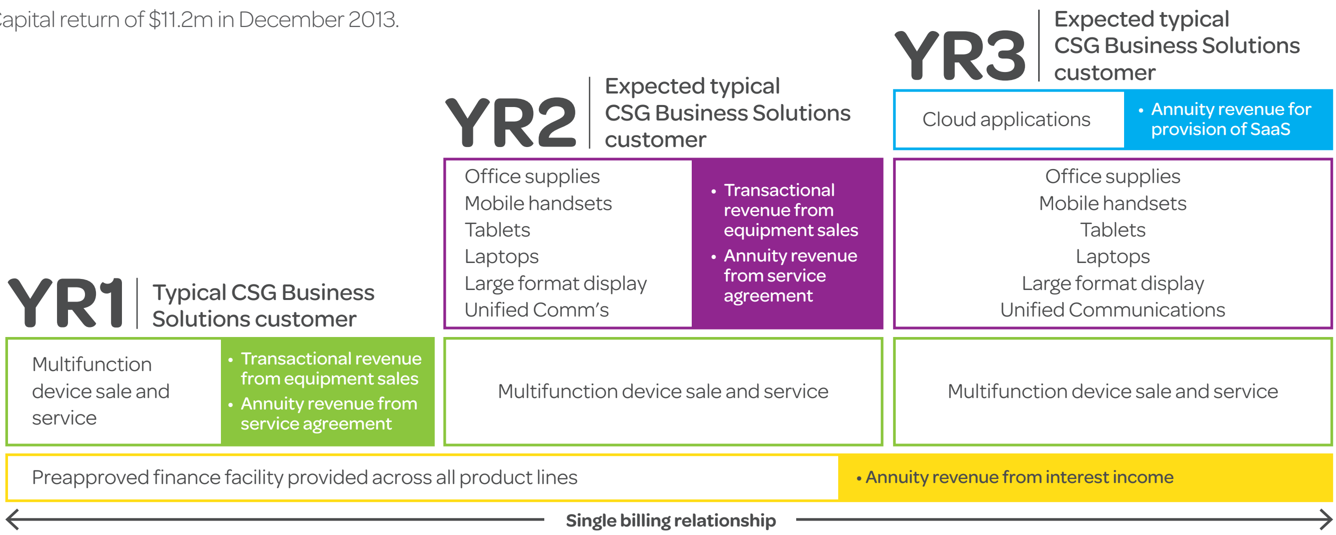
In FY2014, CSG made significant progress in positioning itself as a single provider for all SME business technology needs. CSG Business Solutions can now deliver significant time savings and improved cash flow management to customers through the provision of centralised ordering for all business technology through a single billing system and finance relationship.

This offering is currently unique to the market in Australia and New Zealand.

It is anticipated that earnings growth will be driven in FY2015 by a number of key initiatives, including:

- Focused effort on the sale of the expanded product and service offerings to existing customers;
- Market share gains as a result of the expanded salesforce recruited in FY2014;
- Increase sales through an ecommerce customer portal; and
- Introduction of the new IT platform to support improved customer life cycle management and drive greater salesforce productivity.

The figure below shows how the typical CSG Business Solutions customer is expected to grow as CSG's relationship with its customer develops over time. Incremental growth in customer revenue is expected to be driven by ongoing annuity revenue, as well as transactional revenue via the sale of new products to the customer.



b. Enterprise Solutions

CSG Enterprise Solutions provides managed service based print and technology solutions for Tier 1 enterprise, education and government customers in Australia and New Zealand. In Australia, CSG is the only national, brand agnostic provider of print solutions in the market, and in New Zealand the Group operates a well-established and market leading business under the Konica Minolta brand. There is significant opportunity to expand the business through the full integration of Samsung product offering to customers.

During FY2014, Management successfully leveraged a number of competitive advantages to grow the division in Australia and New Zealand. These include:

- Remaining on the Australian Federal Government's Major Office Machines Panel which was extended for 2 years. Federal Government Departments and government bodies can only purchase managed print services from panel members;
- Being the only print and business technology provider with a national service and sales team in Australia and New Zealand;
- Providing a level of assurance to government customers by being ASX listed and therefore compliant to ASX reporting and regulatory standards;
- Providing customers with greater flexibility and fast tracked approvals by having an internal financing capability;
- Possessing the ability to sell, install, service and repair all major brands in Australia, and leverage Konica Minolta's strong support and presence in the New Zealand market; and
- Having the scale to be able to service customers of all sizes.

Over the course of FY2014, Management developed a significant pipeline of potential business in Australia, New Zealand and Singapore which it believes will drive the next phase of growth in the short to medium term. Enterprise Solutions also won some significant contracts such as:

- Renewal of the contract with University of Melbourne for a further 3 years;
- Secured a contract with another major University under new PRaaS model;
- Secured contracts with New Zealand Police, Mirvac and Bank of New Zealand; and
- Continued rollout into Queensland Education to TAFE, Schools and head office locations.

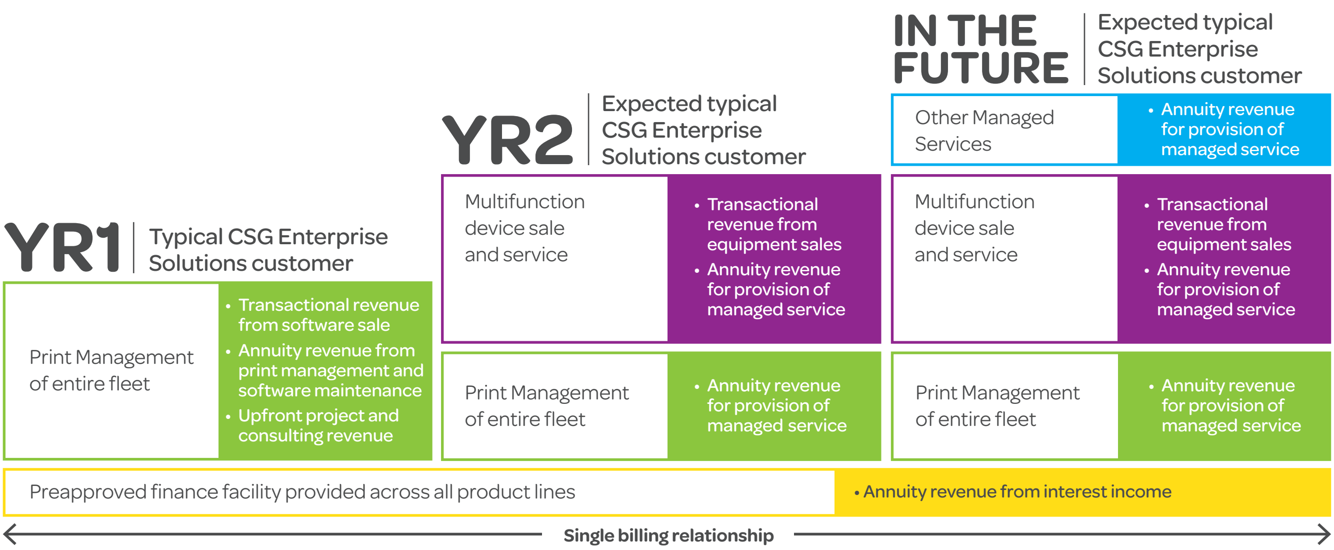
The more mature Konica Minolta business in New Zealand also saw good progress in FY2014. This was driven by incremental sales made to current customers, as well as additional contract wins. Key achievements for the New Zealand business over the course of the year included:

- Collected a Konica Minolta award for Production Print Performance and launched new Production products to drive further growth in FY2015;
- Acquired and integrated the largest HP printer reseller in New Zealand; and
- Achieved growth in the Professional Services business of 8% year on year.

Growth opportunities exist in both markets, with a strong pipeline in place to expand market share in Australia, and build on the existing large enterprise business currently in place in New Zealand. All restraints in New Zealand following the sale of the Technology Solutions business in 2012 have ended and this provides an opportunity to expand the business into IT managed services in the New Zealand market. The customer acquisition strategy for Enterprise Solution includes:

- Partnering with integrators who do not have print management experience;
- Partnering with facility managers who do not have business technology systems capability;
- Expand existing customer relationships to provide IT managed services;
- Leveraging growth from government panels;
- Aggressively targeting the enterprise market in Australia in partnership with Samsung; and
- Strengthening the Group's focus on education through additional products such as interactive whiteboards, tablets and other technology; and the retail sector in large format displays.

The figure below shows how the typical CSG Enterprise Solutions customer is expected to grow as CSG's relationship with the customer matures. Growth will be come from both transactional and annuity revenue streams.



c. Finance Solutions

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

In New Zealand, CSG's finance business is an established, well managed business with strong performance, driven by bad debts of less than 0.5% and a strong return on equity of 48%.

The Australian finance business, launched in March 2013, has seen a rapid sales uptake. The lease receivables book is driven by 95% conversion of customers, which includes government, corporate and commercial businesses across Australia. Overall, Leasing Receivables grew 40% to $161.5m in FY2014, with revenue up 21% to $19m.

As additional products from Samsung are rolled out into the sales channel, Management believe this will contribute to lease receivables book growth. The Finance Solutions business will also be supported by a transactional website to enable a streamlined finance approval process.

Growth targets for this division include:

- Replicating the current size of the New Zealand business over the next 3 years;
- Increasing penetration into Enterprise Solutions customer base; and
- Providing financing on sales made by other originators.

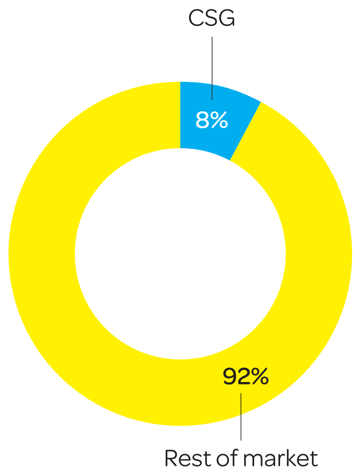
6. Market sizing

The current market size for sales and service of multifunction devices in Australia and New Zealand is estimated at $2.5 billion[2]. CSG currently captures 8% of that market in Australia and New Zealand. The business-to-business technology products and service market is much larger at $12 billion[2].

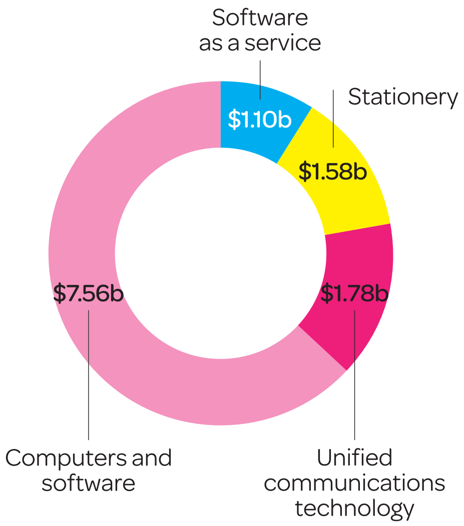
Management believe that, given the size of these markets, CSG is well positioned to capitalise on its growth strategies to establish itself as the market leading, end-to-end business technology provider.

[2] Sources: IBISWorld Industry Report Computer and Software Retailing in Australia; Constellation Research Unified Communication Trends; Forrester Software-as-a-service in ANZ; IBISWorld Industry Report Stationary Goods Retailing; IDC

A$2.5 billion multifunction device market across Australia and NZ.



A$12 billion business-to-business technology products and services market.



7. Risk Management

CSG has identified the following at risk areas and mitigating procedures:

Principal Risk Area Innovation

Inability to optimise full value of innovation opportunities in services, products, processes and commercial solutions to support growth opportunities.

Risk Management Approach

CSG has a proactive growth strategy that combines leadership, partnerships and continual review.

Principal Risk Area Foreign Exchange

Revenue from non-Australian operations is denominated primarily in New Zealand Dollars (NZD) and equipment purchases for New Zealand operations are primarily in US Dollars (USD). Fluctuations in foreign currency exchange rates may result in corresponding movements in revenues and earnings.

Risk Management Approach

Currency risk is hedged in accordance with treasury risk policy. The treasury risk policy aims to manage the impact of short-term fluctuations in CSG's earnings. Over the longer term, permanent changes in market rates will have an impact on earnings. Derivative financial instruments (forward exchange contracts) are used to hedge exposure to fluctuations in foreign exchange rates.

Principal Risk Area Interest Rate

The CSG Group has both corporate and operational debt facilities. Movements in interest rates could have an adverse impact on cash flows and operating results.

Risk Management Approach

To minimise interest rate risk between the fixed rate assets and variable rate liabilities, management uses interest rate swaps to broadly match fixed rate assets to floating rate liabilities.

Principal Risk Area Availability of Debt

CSG's finance divisions in Australia and New Zealand provide rental and lease products. These businesses are sensitive to credit cost and availability as well as market liquidity. Should there be any disruptions in the credit markets or changes in the procurement of credit there could be a reduction in the availability of credit or an increase in the cost of sources of funding.

Risk Management Approach

Credit indicators and market conditions are monitored on a regular basis by management. CSG has also recently completed the refinancing of the majority of facilities to diversify sources of financing to mitigate this risk.

Principal Risk Area Key Suppliers

CSG's key suppliers are Canon Australia and Konica Minolta Business Technologies who supply the majority of inventory. It is critical to maintain relationships.

Risk Management Approach

These are long standing relationships managed by CSG's Executive Team and the Board through long term contracts under commercial terms.

Principal Risk Area Key Personnel

CSG's continued success is highly dependent upon the efforts of the executive team and other key employees including sales professionals. The retention of these skilled personnel is critical.

Risk Management Approach

CSG has introduced a Long Term Incentive Plan for executive personnel and other key management, including key sales team, and a share based plan for all other employees across Australia and New Zealand.

Principal Risk Area Competition

The Company's business is susceptible to competition in the markets in which the Company operates. Additionally, competitive pricing strategies and demands from high value clients seeking preferred supplier agreements, may impact on the Company's profit margins and profit share.

Risk Management Approach

The risk is mitigated by a large diversified client base with multi-year agreements in place reducing the impact of pricing strategies and demands from any one customer.

6. Remuneration Report

Dear Shareholder,

On behalf of your Board, I am pleased to present CSG's 2014 Remuneration Report which sets out remuneration information for the Chief Executive Officer (CEO), the Group Executive (senior executives), Non-Executive Directors and the broader employee group.

The Board recognises that the performance of CSG depends on the quality and motivation of its people, including both the Group Executives and the approximately 650 employees across Australia and New Zealand. CSG's remuneration strategy seeks to appropriately reward, incentivise and retain key employees.

In the 2014 year, CSG continued the roll out of a Staff Incentive Share Plan in Australia and New Zealand and a Long Term Incentive Plan (LTIP) for our Executives (approved at the 2012 Annual General Meeting). We had more than 90% of eligible staff in Australia and New Zealand elect to participate in the Staff Incentive Share Plan. This is an outstanding result for a company the size of CSG and aligns employee incentives with shareholder objectives for employees at every level.

In addition, we introduced a Company-wide Remuneration Policy with the objectives of:

- Attracting and retaining the most qualified and experienced candidates;
- Motivating employees to perform in the best interests of the CSG and our stakeholders;
- Appropriately compensating employees for the services they provide; and
- Ensuring there is a level of consistency and equity across the Company.

We also enhanced our Corporate Scorecard to better align business performance with our Remuneration Policy. The Board believes this is an effective mechanism to manage the risk component of remuneration by rewarding performance against the achievement of key performance indicators.

The Board notes that FY2014 has been an extremely successful year for CSG, with Management having delivered our target revenue and increased Underlying EBITDA by 26% from the previous financial year.

Thank you for taking the time to review the 2014 Remuneration Report. The Board is confident that CSG's remuneration practices are well designed to help best drive outstanding employee and executive performance. It is this performance that is required to execute our business strategy and create sustainable shareholder value.

Yours sincerely

Philip Bullock
Chairman of the Nomination and Remuneration Committee

This report covers the Key Management Personnel (KMP) of CSG. KMP are employees with authority and responsibility for planning, directing and controlling the activities of large business units that can materially affect the performance of the CSG Group. As such the KMP for the year ending 30 June 2014 are:

- All Directors of CSG Limited
- Chief Executive Officer/Managing Director
- Chief Financial Officer
- Chief Operating Officer
- Executive General Manager, Business Solutions Australia
- Executive General Manager, Business Solutions New Zealand
- Executive General Manager, Enterprise Solutions.

7. Remuneration Governance

The policy for determining the nature and amount of remuneration of Directors and Group Executives is agreed by the Board. The Board has established a Nomination and Remuneration Committee ("N&R Committee"), which is responsible for the following:

- Reviewing and approving the appropriate remuneration of the Chief Executive Officer, members of the Group Executive and Non-Executive Directors;
- Ensuring that remuneration levels take into account risks involved, demands and time requirements of each role and relevant industry and related benchmarks;
- Developing and recommending to the Board remuneration incentive programs such as bonus schemes and group share schemes;
- Developing, maintaining and monitoring appropriate remuneration policies and procedures;
- Ensuring that the structure of Non-Executive and Executive Directors' remuneration is clearly distinguished;
- Ensuring that equity based Group Executive remuneration is paid in accordance with thresholds set out in plans as disclosed or approved by shareholders; and
- Reviewing and approving appropriate disclosures to be included in the Company's annual report regarding the N&R Committee, its activities and performance.

The Board obtains professional advice where necessary to ensure that the Company attracts and retains talented and motivated employees and Directors who can enhance company performance through their contributions and leadership.

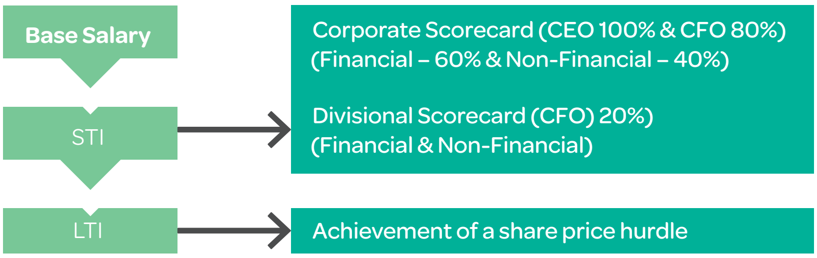
8. Remuneration Objectives, Policy and Practice

Over the past year, CSG introduced a comprehensive Remuneration Policy that established a framework for remuneration to be paid across the Company, from employees to Group Executives, including Non-Executive Directors.

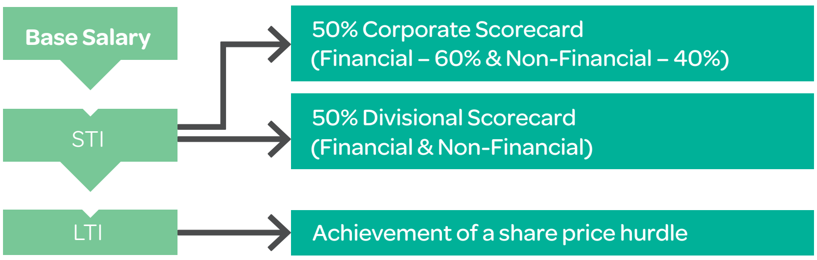
The Remuneration Policy includes a mix of fixed and variable remuneration and short-term and long-term performance based indicators.

Remuneration Mix

Below is a summary of the remuneration mix for the CEO and CFO which includes Base Salary, Short-Term Incentive (STI) and Long-Term Incentive (LTI):



Below is a summary of the remuneration mix for a Group Executive:



Fixed remuneration

- Fixed remuneration is determined according to industry standards, relevant laws and regulations, labour market conditions and the profitability of the CSG business. It consists of base remuneration and superannuation. Base remuneration includes cash salary and any salary sacrifice items e.g. motor vehicles.
- CSG provides employer superannuation contributions at Government legislated rates (2014: 9.25% in Australia and 3% in New Zealand), capped at the relevant concessional contribution limit unless part of a salary sacrifice election by the employee.
- The Board determines an appropriate level of fixed remuneration for the CEO and Group Executives, with recommendations from the N&R Committee; and
- Fixed remuneration is reviewed annually.

Short-Term Incentive

This year a Corporate Scorecard was introduced to align the performance based or 'at risk' bonus provided in the form of cash payment. The Corporate Scorecard was based on the following targets:

Category	Target	Weighting
Financial (60%)	Achieve EBITDA Targets within guidance range	25%
	Achieve revenue growth within guidance	10%
	Ensure cash targets are achieved	25%
Non-Financial (40%)	Improve staff engagement through employee survey	10%
	Implement Net Promoter scoring for customer engagement	10%
	Achieve business transformation plan	10%
	Manage stakeholders through effective reporting and relationship management	10%

To encourage and reward Management for extraordinary performance there is an overachievement attached to the EBITDA target that will result in that component being paid at the percentage of the overachievement multiplied by the KPI weighting.

The key financial components of the STI are the EBITDA and Cash targets. Therefore, the payment of financial STI bonuses for EBITDA and Cash will only be paid when 100% of the target is achieved.

In addition, Divisional Scorecards were established for Group Executives and Senior Managers which are directly linked to business performance, for which they are directly responsible. The STI payment is based on the following percentage framework:

CEO/MD:
100% Corporate Scorecard.

CFO:
80% Corporate Scorecard/
20% Divisional Scorecard.

Executive GM level:
50% Corporate Scorecard/
50% Divisional Scorecard.

Senior Managers:
30% Corporate Scorecard/
70 % Divisional Scorecard.

From time to time, other entitlements in addition to the STI may be provided to Group Executives to reward performance that is considered exceptional in terms of shareholder return or Company performance. These entitlements are approved at the discretion of the N&R Committee.

8.1 Long-Term Incentives (LTI)

- While STI rewards past performance, the Board considers it essential that the Group Executive and other Management have reward incentives linked to longer-term Company performance and to value creation for shareholders.
- In June 2013, the CEO and senior executives were issued with performance rights under the CSG LTIP (LTIP Issue 5, 6 & LTIP Issue 7). Each performance right represents an option to receive one ordinary share in the Company, subject to the satisfaction of the relevant vesting conditions.
- The final stage of the current LTIP will vest in November 2016 (subject to hurdles being met) and has been implemented to provide a reward to key personnel during the Company's turnaround phase.
- The performance hurdle for the grants made is growth in the Company share price.
- The Company share price was chosen in order to align with shareholder wealth objectives.
- The Board believes that the quantum of LTIP 5, 6 and 7 provide sufficient incentive to the current Management team and therefore no further allocations were made in the current financial year.
- As new executives are appointed, they are offered LTIs consistent with the existing plan and with the same hurdles.
- The Board will consider a future long-term incentive plan beyond the current LTIP within the next financial year.

8.2 Previous Long Term Incentive Plans

Options

Certain senior executives were granted options in prior financial years, as per the details listed in the tables below (refer also to Options Note 20):

LTIP	Opening	Cancelled	Lapsed	Exercised	Closing
Issue 1	200,000	–	(200,000)	–	–
Issue 2	820,000	–	(820,000)	–	–
Issue 3	750,000	–	–	(300,000)*	450,000
Issue 4	229,213	–	(229,213)	–	–
Issue 5	4,571,429	–	–	–	4,571,429
Issue 6	606,061	–	–	–	606,061
Issue 7	9,988,571	–	–	–	9,988,571
Total	**17,165,274**	**–**	**(1,249,213)**	**(300,000)**	**15,616,061**

* Note: The 450,000 remaining options were exercised post 30 June 2014.

Plan	Detail
LTIP 1	The CEO (in a former role) was granted options in the 2011 financial year under LTIP 1. The terms of the grant were: • Issued on 4 May 2011, vesting equally over three years; • Subject to Board discretion, the participant must be employed by the CSG Group throughout the vesting period; • LTIP 1 has an exercise price of $1.09; and • The expiry date for exercise of vested options was 1 January 2014 and they have since lapsed.
LTIP 2	Certain senior executives (excluding the CEO) were granted options in the 2011 financial year under LTIP 2. The terms of the grant were: • Issued on 4 May 2011, vesting equally over three years; • Subject to board discretion, the participants must be employed by the CSG Group throughout the vesting period; • LTIP 2 has an exercise price of $1.14; and • The expiry date for exercise of vested options was 1 January 2014 and they have since lapsed.
LTIP 3	The former CFO was granted options in the 2012 financial year under LTIP 3 to support the business during an on-market takeover bid that was made after he had submitted his resignation to ensure that he supported the Company during this period. The terms of the grant were: • Issued on 15 September 2011, vesting equally over two years; • There are no performance conditions attached to these options and the participant does not need to be employed by the CSG Group; • LTIP 3 has an exercise price of $0.71 (which has reduced due to the latest capital return); and • The expiry date for exercise of vested options is 15 September 2014. • The remaining options under LTIP 3 were exercised post 30 June 2014 and there are no further options under this plan.

Plan	Detail
LTIP 4	Certain senior executives (including the current CEO, in a former role) were granted zero rated performance rights in the 2012 financial year under LTIP 4. The terms of the grant were:

- Issued on 9 September 2011, the performance period covers the three years from 1 July 2011 to 30 June 2014;
- The vesting outcome at the end of the performance period is to be based on the following schedule:

EPS Growth by Year	Entitlement
10%	100% of entitlement
Between 5–10%	50% of entitlement on a linear scale
Less than 5%	Nil entitlement

- Subject to Board discretion, the participant must also be employed by the CSG Group throughout the performance period; and
- The expiry date for the exercise of any vested rights is 30 June 2014 and they have since lapsed.

Plan	Detail
LTIP 5	The Chief Executive Officer (CEO) was granted performance rights in the 2013 financial year under LTIP 5. The terms of the grant were:

	Share Price(i)	Vesting Date	Expiry Date
LTI Stage 1	>$0.75	30/11/14	30/11/15
LTI Stage 2	>$1.05	30/11/15	30/11/16
LTI Stage 3	>$1.50	30/11/16	30/11/17

(i) Share price means the volume weighted average price of the Company's ordinary shares on the ASX for a period of 4 weeks plus any cash dividends paid or capital return from February 2013 onwards minus $0.13.

The structure of the LTIP was formulated in January 2012 upon appointment of the CEO. The structure of the LTIP was subsequently approved by the shareholders at the Annual General Meeting in November 2012. The Performance Rights will have 2, 3 and 4 year vesting periods with vesting dates on the second, third and fourth anniversaries of the approval date.

Plan	Detail
LTIP 6	The CEO was granted performance rights in the 2013 financial year under LTIP 6 as part of a retention arrangement following the sale of the Technology Solutions business. The terms of the grant were:

- Issued on 28 June 2013 and the rights vest on 1 August 2015;
- The participant must be employed by the CSG Group throughout the retention period; and
- The expiry date for exercise of vested rights is 1 December 2015.

Plan	Detail
LTIP 7	Certain Group Executives and Senior Managers were granted performance rights in the 2013 financial year under LTIP 7. The terms of the grant were:

	Share Price(i)	Vesting Date	Expiry Date
LTI Stage 1	>$0.75	30/11/14	30/11/15
LTI Stage 2	>$1.05	30/11/15	30/11/16
LTI Stage 3	>$1.50	30/11/16	30/11/17

(i) Share price means the volume weighted average price of the Company's ordinary shares on the ASX for a period of 4 weeks plus any cash dividends paid or capital return from February 2013 onwards minus $0.13.

The structure of the LTIP was formulated in January 2012 upon appointment of the CEO. The structure of the LTIP was subsequently approved by the shareholders at the Annual General Meeting in November 2012. The Performance Rights will have 2, 3 and 4 year vesting periods with vesting dates on the second, third and fourth anniversaries of the approval date.

8.3 Staff Incentive Share Plans

There are two Staff Incentive Share Plans that were approved at the 2012 Annual General Meeting to assist the Company to recruit, reward, retain and to generate increased engagement in its employees that are not part of the CSG Executive LTIP. Both have been implemented and are listed below:

1. The CSG Tax Exempt Share Plan (Australia) ("AUS Tax Exempt Plan") in which eligible employees were offered up to $1,000 worth of ordinary shares in the Company on a tax free basis. These shares are held in a trust and are subject to a three year holding lock. No consideration is payable by participants for the grant of ordinary shares and there are no additional vesting conditions or forfeiture conditions in the respect of the plan other than that required by law.
2. The CSG Tax Exempt Share Plan (New Zealand) ("NZ Tax Exempt Plan") in which eligible employees were offered up to (AU)$ 1,000 worth of ordinary shares in the company on a tax free basis. These shares are held in a trust and are subject to a three year holding lock. Nominal consideration ($NZD1) was payable for the grant of ordinary shares and there are no additional vesting conditions or forfeiture considerations in respect of the plan other than that required by law.

The Board have approved a further issue under the above Staff Incentive Share Plans in FY2015 in accordance with each Plan's rules.

9. Non-Executive Director Remuneration

The available remuneration pool for Non-Executive Directors, as approved at the 2011 Annual General Meeting, is $465,000 (all inclusive). As the number of Non-Executive Directors will be increased in the 2015 financial year, the Company intends to seek an increase to that pool at the 2014 Annual General Meeting to cater for Board growth.

The table below summarises the rates for the various roles. Key points to note are:

- The Chairman is paid an all-inclusive fee regardless of Committee positions;
- Board members are paid a base fee plus additional fees for each Committee Chair and Member role – see table below for fee structure;
- Superannuation is paid on all fees at the statutory rates (increased to 9.50% for the 2015 financial year); and
- The New Zealand Finance Company position was a requirement under one of the finance facilities for an independent New Zealand director. This requirement was removed in December 2013 as part of the refinance process undertaken by the business.

Non-Executive Directors remuneration fees effective from 1 July 2013 onwards are set out below:

2013/14	Board	Audit and Risk Management Committee	Nomination & Remuneration Committee
Chairman	$150,000[1]	$20,000	$20,000
Member	$57,500	$3,000	$3,000

1 Superannuation is not paid on the Chairman's fee in the above table.

10. Link to 2014 Financial Year Performance

10.1 Company Performance

The table below provides summary information on the Company's earnings and shareholder wealth for the current year and prior year:

	2014	2013	2012	2011(1)	2010(1)
Revenue ($m)	199.3	184.6	202.8	388.6	277.8
Net profit/(loss) after tax ($m)	12.1	8.7	(22.2)	40.4	32.1
Share price ($)	1.03	0.94	0.79	1.00	1.84
Change in share price ($)	0.09	0.15	(0.21)	(0.84)	1.00
Dividends paid ($)	0.04	0.29	0.055	0.055	0.05
Total Shareholder Return (TSR)	14%	56%	(16%)	(43%)	125%
Earnings per Share (cents)	4.3	3.1	(7.9)	15.6	15.8

(1) Results include Technology Solutions Division, sold in 2012

10.2 STI Outcomes

A balanced Corporate Scorecard was introduced for the Group Executive and Senior Managers in the 2014 financial year with the following allocations:

Scorecard Measure	Scorecard weighting	FY14 Outcome
EBITDA	25%	26%*
Revenue growth	10%	10%
Cash conversion	25%	25%
Employee Engagement	10%	10%
Customer engagement	10%	10%
Business transformation	10%	10%
Stakeholders engagement	10%	8%
Total	**100%**	**99%**

* Overachievement entitlement of 1.058% in accordance with the Company's Remuneration Policy.

STI payments are made based on the position of the KMP within the organisation. The CEO's STI payment is based on 100% of Corporate Scorecard performance, the CFO's STI payment is based on 80% Corporate Scorecard and 20% Divisional Scorecard performance and Executive Group's STI payment is based on 50% Corporate Scorecard and 50% Divisional Scorecard performance.

10.3 LTI Outcomes

The movement in options issued and performance rights under previous LTI plans during the year ended 30 June 2014 is summarized below:

LTIP	Opening	Cancelled	Lapsed	Exercised	Closing
Issue 1	200,000	–	(200,000)	–	–
Issue 2	820,000	–	(820,000)	–	–
Issue 3	750,000	–	–	(300,000)*	450,000
Issue 4	229,213	–	(229,213)	–	–
Issue 5	4,571,429	–	–	–	4,571,429
Issue 6	606,061	–	–	–	606,061
Issue 7	9,988,571	–	–	–	9,988,571
Total	**17,165,274**	**–**	**(1,249,213)**	**(300,000)**	**15,616,061**

* Note: 450,000 options exercised post 30 June 2014.

11. Remuneration Tables and Disclosures

11.1 Directors' Remuneration

	Cash, Salary and Fees	STI and Other fees	Termination Payments	Post-employment super	LTI	Total	Performance related %
2014							
Non-Executive Directors							
Mr. Thomas Cowan*	150,000	–	–	–	–	150,000	–
Mr. Philip Bullock	80,500	–	–	7,446	–	87,946	–
Mr. Ian Kew	80,500	–	–	7,446	–	87,946	–
Total	**311,000**	**–**	**–**	**14,892**	**–**	**325,892**	**–**
Executive Directors							
Ms. Julie-Ann Kerin	614,875	198,900	–	25,000	743,205	1,581,980	60%
Total	614,875	198,900	–	25,000	743,205	1,581,980	60%

* Note: salary is inclusive of all entitlements

	Cash, Salary and Fees	STI and Other fees	Termination Payments	Post-employment super	LTI	Total	Performance related %
2013							
Non-Executive Directors							
Mr. Thomas Cowan	125,351	30,000	–	4,995	–	160,346	–
Mr. Philip Bullock	73,398	–	–	6,606	–	80,004	–
Mr. Ian Kew	78,398	–	–	7,056	–	85,454	–
Mr. Josef Czyzewski (i)	14,599	30,000	–	4,014	–	48,613	–
Total	291,746	60,000	–	22,671	–	374,417	–
Executive Directors							
Ms. Julie-Ann Kerin	591,116	200,000	–	25,000	6,196	822,312	25%
Mr. Philip Chambers (ii)	–	–	26,129	–	–	26,129	–
Total	591,116	200,000	26,129	25,000	6,196	848,441	25%

(i) Resigned 15 August 2012

(ii) Resigned 26 July 2012

11.2 Executive Group Remuneration

	Cash, Salary and Fees	STI	Termination Payments	Post-employment Super	LTI	Total	Performance Related %
2014							
Mr. Neil Lynch	346,234	119,676	–	17,775	297,281	780,966	53%
Mr. Duncan Powell (i)	344,259	–	–	17,775	297,281	659,315	45%
Mr. Warwick Beban	276,734	113,670	–	–	148,641	539,045	49%
Mr. Declan Ramsay	318,661	100,616	–	17,775	148,641	585,693	43%
Mr. Stephen Birrell	407,692	97,087	–	17,775	297,281	819,835	48%
Total	1,693,580	431,049	–	71,100	1,189,125	3,384,854	48%

(i) Resigned 3 July 2014

	Cash, Salary and Fees	STI	Termination Payments	Post-employment Super	LTI	Total	Performance Related %
2013							
Mr. Neil Lynch	323,876	120,000	–	16,470	2,478	462,824	26%
Mr. Duncan Powell (i)	72,877	–	–	–	2,478	75,355	3%
Mr. Warwick Beban (ii)	254,525	80,228	–	8,705	1,239	344,697	24%
Mr. Evan Johnson (iii)	249,533	513,888	602,066	–	–	1,365,487	38%
Mr. Declan Ramsay	316,085	100,000	–	17,724	1,239	435,048	23%
Total	**1,216,896**	**814,116**	**602,066**	**42,899**	**7,434**	**2,683,411**	**31%**

(i) Appointed 15 April 2013

(ii) Appointed 20 March 2013

(iii) Resigned 3 May 2013, cash bonus was paid as part of a retention scheme related to the acquisition of the New Zealand business.

11.3 LTIP Issue 4, 5, 6 & 7 – Options & Performance Rights

All Performance Rights refer to rights over ordinary shares of CSG Limited, which are exercisable on a one-for-one basis under various plans. Performance rights are provided at no cost to the recipients. Non-Executive Directors are not entitled to participate in LTI plans.

	Date Granted	Balance at beginning of year	Granted in year	Vested	Forfeited in year	Lapsed in year	Balance at end of year
2014							
Ms. Julie-Ann Kerin	28/6/2013	5,314,101	–	–	(136,612)*	–	5,177,489
Mr. Neil Lynch	28/6/2013	1,921,172	–	–	(92,601)*	–	1,828,571
Mr. Duncan Powell	28/6/2013	1,828,571	–	–	–	–	1,828,571
Mr. Warwick Beban	28/6/2013	914,286	–	–	–	–	914,286
Mr. Declan Ramsay	28/6/2013	914,286	–	–	–	–	914,286
Mr. Stephen Birrell	28/6/2013	1,828,571	–	–	–	–	1,828,571
Total		**12,720,987**	**–**	**–**	**(229,213)**	**–**	**12,491,774**

* LTIP 4 granted 9 September 2011

	Fair value per right at grant date $	Exercise price per right $	% Vested in year (a) %	% Lapsed in year (a) %	Value of rights granted in year (b) $	Value of rights forfeited in year (c) $	Value of rights lapsed in year (c) $	Financial years in which grant vests	Expiry Date
2014									
Ms. Julie-Ann Kerin*	0.6649	–	–	–	258,963	–	–	2015	30/11/2015
	0.5451	–	–	–	303,291	–	–	2016	30/11/2016
	0.4646	–	–	–	180,951	–	–	2017	30/11/2017
Total					**743,205**				
Mr. Neil Lynch	0.6649	–	–	–	103,585	–	–	2015	30/11/2015
	0.5451	–	–	–	121,316	–	–	2016	30/11/2016
	0.4646	–	–	–	72,380	–	–	2017	30/11/2017
Total					**297,281**				
Mr. Duncan Powell	0.6649	–	–	–	103,585	–	–	2015	30/11/2015
	0.5451	–	–	–	121,316	–	–	2016	30/11/2016
	0.4646	–	–	–	72,380	–	–	2017	30/11/2017
Total					**297,281**				
Mr. Warwick Beban	0.6649	–	–	–	51,793	–	–	2015	30/11/2015
	0.5451	–	–	–	60,658	–	–	2016	30/11/2016
	0.4646	–	–	–	36,190	–	–	2017	30/11/2017
Total					**148,641**				
Mr. Declan Ramsay	0.6649	–	–	–	51,793	–	–	2015	30/11/2015
	0.5451	–	–	–	60,658	–	–	2016	30/11/2016
	0.4646	–	–	–	36,190	–	–	2017	30/11/2017
Total					**148,641**				
Mr. Stephen Birrell	0.6649	–	–	–	103,585	–	–	2015	30/11/2015
	0.5451	–	–	–	121,316	–	–	2016	30/11/2016
	0.4646	–	–	–	72,380	–	–	2017	30/11/2017
Total					**297,281**				

*Excluding retention rights

Details of the performance criteria attached to each of the performance rights are included in the LTI discussion above and in note 20 to the financial statements. No performance rights have been granted since the end of the financial year.

(a) The percent forfeited and lapsed in the year represents the reduction from the maximum number of options available to vest due to the performance or conditions not being achieved.

(b) Fair value is independently determined utilising assumptions underlying the Black-Scholes methodology to produce a Monte Carlo simulation model which allows for the incorporation of performance hurdles that must be met before the performance right vests. The valuation is undertaken in a risk-neutral framework whilst allowing for variables such as volatility, dividends, the risk free rate, the withdrawal rate and performance hurdles along with constants such as the strike price, term and vesting periods.

(c) The value of options that lapsed or were forfeited during the year represents the benefit foregone and was calculated as the number of options at the date the options lapsed or were forfeited, multiplied by the fair value of the options calculated independently at the date the options lapsed or were forfeited but assuming the vesting conditions were satisfied.

11.4 Previous Long Term Incentive Plans – Options

	Plan Issue	Date Granted	Balance at beginning of year	Granted in year	Vested	Forfeited in year	Lapsed in year	Balance at end of year
2014								
Ms. Julie-Ann Kerin	1	4/5/2011	66,667	–	–	–	66,667	–

	Fair value per right at grant date $	Exercise price per right $	% Vested in year (a) %	% Lapsed in year (a) %	Value of rights granted in year (b)	Value of rights forfeited in year (c)	Value of rights lapsed in year (c)	Financial years in which grant vests (i)	Expiry Date
2014									
Ms. Julie-Ann Kerin	0.05	1.09	33	–	–	–	–	2011, 2012, 2013	1/1/2014

(i) Options vest equally in 2011, 2012 and 2013

(a)-(c) refer above

12. Service Agreements

	Expiry	Termination Notice	Termination Payment
Executive Director			
Ms. Julie-Ann Kerin	31 January 2015	3 months	6 months
Group Executive			
Mr. Neil Lynch	N/A	6 months	6 months
Mr. Duncan Powell	N/A	3 months	3 months
Mr. Warwick Beban	N/A	3 months	3 months
Mr. Declan Ramsay	N/A	3 months	3 months
Mr. Stephen Birrell	N/A	3 months	6 months

13. Directors' Interests

The KMP's relevant interests in shares of the Company or options over shares in the Company are detailed below. There have been no changes in shareholdings during the year.

	Ordinary shares of CSG	Options over shares in CSG
Thomas Cowan	19,924,622	–
Ian Kew	69,730	–
Phillip Bullock	37,927	–
Julie-Ann Kerin	–	5,177,489
	20,032,279	**5,177,489**

14. Transactions with Key Management Personnel

The Group used the corporate advisory services of TDM Asset Management, a firm which Mr. Thomas Cowan is a partner of, during the year for the total amount of $7,500. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

15. Environmental Regulation

The CSG Group's operations are not subject to any significant environmental Commonwealth or State regulations or laws.

16. Proceedings on Behalf of the Consolidated Entity

No person has applied for leave of Court to bring proceedings on behalf of the consolidated entity.

17. State of Affairs

There have been no significant changes in the CSG Group's state of affairs during the financial year.

18. Dividends

The dividends paid or declared since the start of the year are as follows:

	Consolidated entity	
	2014 $'000	**2013 $'000**
Current year final: dividends declared* at 5 cents per share (2013: 20 cents per share paid out of the proceeds from the sale of the Technology Solutions division)	13,965	56,513

* Unfranked dividends of 5 cents per share were declared and approved for payment on 19 August 2014 for a payment date of 8 September 2014, refer to item 24.

19. Directors' Interests in Contracts

Directors' interests in contracts are disclosed in Note 24 to the financial statements.

20. Share Options

Options issued by the Company during the year are detailed in Note 20 in the attached financial report. Details of options granted to Directors and the Group Executive are included in the Remuneration Report.

No option holder has any right under the options to participate in any other share issue of the Company. The options issued are governed by the terms of the Employee Share Option Plan with each series having a unique expiry date.

During or since the end of the financial the year, the Group issued ordinary shares of the Company as a result of the exercise of options as follows (there are no amounts unpaid on the shares issued):

Number of shares	Amount paid on each share
300,000	$0.75
450,000	$0.71

21. Indemnification and Insurance of Directors and Officers

During the financial year, the consolidated entity has paid a premium amounting to $231,345 insuring all the directors and the officers against judgments, settlements, investigative costs, defence costs and costs to appear at inquiries or investigations.

22. Non-Audit Services

Non-audit services are approved by resolution of the Audit and Risk Management Committee and approval is provided in writing to the Board. Non-audit services provided by the auditors of the Group during the year, KPMG, are detailed below. The Directors are satisfied that the provision of the non-audit services during the year by the auditor is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Amounts paid or payable to an auditor for non-audit services provided during the year by the auditor to any entity that is part of the consolidated entity for:	**2014 $**	**2013 $**
Other assurance services	58,396	12,000

23. Auditor's Independence Declaration

The lead auditor's independence declaration in relation to the audit for the financial year is set out on page 36 of this report.

24. Events Subsequent to Reporting Date

Unfranked dividends of 5 cents per share were declared and approved for payment on 19 August 2014 for a payment date of 8 September 2014. Refer to note 10.

25. Likely Developments

The CSG Group will continue to pursue its policy of increasing the profitability and market share of its business units during the next financial year. Refer to the Operational and Financial Review for further details.

26. Rounding of Amounts

The CSG Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 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.

Ms. Julie-Ann Kerin
Director
Sydney
19 August 2014

Auditor's Independence Declaration

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 audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Scott Guse
Partner

Brisbane

19 August 2014

Financial Statements

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2014

	Notes	Consolidated entity 2014 $'000	2013 $'000
Revenue from continuing operations	7	192,969	172,639
Interest Income		148	3,370
Other income	7	6,208	8,630
		199,325	**184,639**
Changes in inventories of finished goods	8	106,210	96,034
Marketing expenses		2,167	2,201
Occupancy expenses		5,612	5,575
Administration expenses		19,039	17,052
Deferred consideration and legal expenses	8	–	3,580
Employee benefits expenses		34,459	36,390
Employee long term incentive plan		2,812	–
Consulting expenses		1,744	1,233
Other expenses	8	3,252	1,779
Depreciation and amortisation	8	5,161	6,275
Finance costs	8	1,054	920
		181,510	**171,039**
Profit before income tax		**17,815**	**13,600**
Income tax (expense)	9	(5,728)	(4,883)
Profit from continuing operations		**12,087**	**8,717**

The accompanying notes form part of these financial statements

Consolidated Statement of Profit and Loss and Other Comprehensive Income for the year ended 30 June 2014 (continued)

	Notes	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
Items that may be reclassified subsequently to profit and loss:			
Exchange differences on translation of foreign operations, net of tax	21	3,518	3,443
Cash flow hedges	21	(374)	–
Other comprehensive income for the year		3,144	3,443
Total comprehensive income for the year		15,231	12,160
Profit is attributable to:			
Owners of the Company		11,125	8,121
Non-controlling interest		962	596
		12,087	8,717
Total profit and loss and other comprehensive income is attributable to:			
Owners of the Company		14,269	11,564
Non-controlling interest		962	596
		15,231	12,160
Earnings per share for profit from continuing operations attributable to equity holders of the parent entity:			
Basic earnings per share (cents)	26	4.3	3.1
Diluted earnings per share (cents)	26	4.1	3.1

The accompanying notes form part of these financial statements

Consolidated Statement of Financial Position as at 30 June 2014

	Notes	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
CURRENT ASSETS			
Cash and cash equivalents	11	27,268	40,017
Receivables	12	23,072	19,292
Lease receivables	12	57,617	39,465
Inventories	13	40,961	35,266
Other	14	6,546	3,473
TOTAL CURRENT ASSETS		155,464	137,513
NON CURRENT ASSETS			
Lease receivables	12	103,887	76,060
Deferred tax assets	9	1,182	2,122
Property, plant and equipment	15	2,667	5,077
Intangible assets	16	191,001	188,771
TOTAL NON CURRENT ASSETS		298,737	272,030
TOTAL ASSETS		454,201	409,543
CURRENT LIABILITIES			
Payables	17	42,826	45,846
Deferred income		435	862
Short term borrowings	18	675	675
Current tax payable	9	1,325	1,613
Provisions	19	3,154	2,762
Debt associated with lease receivables	18	3,716	35,172
TOTAL CURRENT LIABILITIES		52,131	86,930
NON CURRENT LIABILITIES			
Long term borrowings	18	–	31
Provisions	19	1,326	1,831
Debt associated with lease receivables	18	135,732	62,370
TOTAL NON CURRENT LIABILITIES		137,058	64,232
TOTAL LIABILITIES		189,189	151,162
NET ASSETS		265,012	258,381
EQUITY			
Contributed equity	20	160,838	172,250
Reserves	21	9,091	3,135
Retained earnings	21	82,527	71,402
Equity attributable to owners of CSG Limited		252,456	246,787
Non-Controlling interest		12,556	11,594
TOTAL EQUITY		265,012	258,381

The accompanying notes form part of these financial statements

Consolidated Statement of Changes in Equity for the year ended 30 June 2014

Consolidated entity	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Non-controlling interest $'000	Total Equity $'000
Balance as at 1 July 2012	200,724	(308)	120,351	10,998	331,765
Profit for the year	–	–	8,121	596	8,717
Exchange differences on translation of foreign operations, net of tax	–	3,443	–	–	3,443
Share based transactions	–	–	(557)	–	(557)
Total comprehensive income for the year	–	3,443	7,564	596	11,603
Transactions with owners in their capacity as owners:					
Capital distribution	(25,000)	–	–	–	(25,000)
Share buy-back	(2,141)	–	–	–	(2,141)
Capital raising costs deferred tax asset	(1,333)	–	–	–	(1,333)
Dividends paid	–	–	(56,513)	–	(56,513)
Balance as at 30 June 2013	172,250	3,135	71,402	11,594	258,381
Balance as at 1 July 2013	172,250	3,135	71,402	11,594	258,381
Profit for the year	–	–	11,125	962	12,087
Exchange differences on translation of foreign operations, net of tax	–	3,518	–	–	3,518
Cash flow hedges	–	(374)	–	–	(374)
Total comprehensive income for the year	-	3,144	11,125	962	15,231
Transactions with owners in their capacity as owners:					
Share based transactions	–	2,812	–	–	2,812
Capital distribution	(11,159)	–	–	–	(11,159)
Share buy-back	(117)	–	–	–	(117)
Exercise of options	225	–	–	–	225
Capital raising costs deferred tax asset	(361)	–	–	–	(361)
Balance as at 30 June 2014	160,838	9,091	82,527	12,556	265,012

The accompanying notes form part of these financial statements

Consolidated Statement of Cash Flows for the year ended 30 June 2014

	Notes	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		211,740	207,042
Payments to suppliers, employees and others		(191,278)	(202,623)
Movement in lease receivables		(46,010)	(16,080)
Interest income		148	3,370
Interest expense	8	(1,054)	(920)
Income tax paid	9(c)	(6,540)	(23,413)
Net cash (used in) operating activities	**22(a)**	**(32,994)**	**(32,624)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for intangibles		(4,344)	(1,883)
Payments for property, plant and equipment		(432)	(2,175)
Proceeds from the sale of property, plant and equipment		398	136
Proceeds from sale of Technology business		–	227,500
Payments for businesses		(8,000)	(9,800)
Net cash from/(used in) investing activities		**(12,378)**	**213,778**
CASH FLOWS FROM FINANCING ACTIVITIES			
Borrowings associated with lease receivables		41,906	6,689
Options exercised	20(b)	225	–
Proceeds from borrowings		15,095	4,500
Repayment of borrowings		(15,167)	(95,658)
On-market share buy-backs	20(b)	(117)	(2,141)
Capital distributions	20(b)	(11,159)	(25,000)
Dividend distributions	10	–	(56,513)
Net cash flows provided by/(used in) financing activities		**30,783**	**(168,123)**
Net increase/(decrease) in cash held		(14,589)	13,031
Cash at the beginning of the financial year		40,017	25,881
Foreign exchange difference on cash holdings		1,840	1,105
Cash and cash equivalents at end of year	**22(b)**	**27,268**	**40,017**

The accompanying notes form part of these financial statements

Notes to the Financial Statements 30 June 2014

NOTE 1: REPORTING ENTITY

CSG Limited (the "Company") is a company limited by shares, incorporated and domiciled in Australia. The address of the Company's registered office is 252 Montague Road West End, Brisbane, QLD, Australia 4101. The consolidated financial statements of the Company as at and for the year ended 30 June 2014 comprise the Company and its controlled entities (together referred to as the "Group" and individually as ("Group entities"). The Group is a for-profit entity and primarily involved in print related sales and service and financing of office equipment.

NOTE 2: BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

This financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001. The consolidated financial statements of the Company also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report was authorised for issue by the Directors on 19 August 2014.

(a) Basis of measurement

The financial report has been prepared under the historical cost convention, as modified by revaluations to fair value for certain material items in the statement of financial position and as described in the accounting policies.

(b) Functional and presentation currency

The financial report is presented in Australia dollars which is the Company's functional currency. The Company is of a kind referred to in ASIC Class Order 98/0100 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.

(c) Use of estimates and judgments

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.

(d) 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 present value of future cash flows has been calculated using post-tax discount rates listed in Note 16 to determine value-in-use.

(e) 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.

(f) 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.

(g) 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.

(h) 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.

(i) 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.

NOTE 3: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in this financial report, and have been applied consistently by Group entities.

(a) Basis of Consolidation

i. Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less

- The net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

ii. Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting period as the parent entity, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies, which may exist.

iii. Non-controlling interests

Non-controlling interests in the results of subsidiaries are shown separately in the consolidated statement of profit and loss and other comprehensive income and consolidated statement of financial position respectively.

iv. Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

v. Transactions eliminated on consolidation

All inter company balances and transactions, including any unrealised profits or losses have been eliminated on consolidation.

(b) Foreign currency

i. Foreign currency transactions

Transactions in foreign currencies of entities within the consolidated group are translated into functional currency at the rate of exchange ruling at the date of the transaction. Foreign currency monetary items that are outstanding at the reporting date (other than monetary items arising under foreign currency contracts where the exchange rate for that monetary item is fixed in the contract) are translated using the spot rate at the end of the financial year. All resulting exchange differences arising on settlement or re statement are recognised as revenues and expenses for the financial year.

ii. Foreign operations

Entities that have a functional currency different to the presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;
- Income and expenses are translated at actual exchange rates or average exchange rates for the period, where appropriate; and
- All resulting exchange differences are recognised as a separate component of equity.

(c) Financial instruments

i. Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group has the following non-derivative financial assets: financial assets at fair value through profit or loss and loans and receivables.

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss when incurred. Financial assets at their fair value through profit or loss are remeasured at fair value, and changes therein are recognised in profit or loss.

Investments in listed securities are carried at fair value through profit and loss. They are measured at their fair value at each reporting date and any increment or decrement in fair value from the prior period is recognised in the profit and loss of the current period. The fair value of listed investments is based on closing bid prices at balance date.

Non-listed investments, for which fair value cannot be reliably measured, are carried at cost and tested for impairment.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Loans and receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and, trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and at banks, including restricted cash and a group multi-function bank overdraft facility. Bank overdrafts are shown within long-term borrowings in non-current liabilities on the balance sheet.

ii. Non-derivative financial liabilities

Financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest rate method.

Other financial liabilities comprise trade payables, other creditors and loans from third parties including inter company balances and loans from or other amounts due to Director related entities.

iii. Derivative financial instruments, including hedge accounting

The Group uses derivative financial instruments to hedge its exposure to interest rate risks arising from financing activities and foreign exchange risk in respect of inventory purchases. In accordance with treasury policy, the Company does not hold or issue derivative financial instruments for trading purposes. However, derivatives that are not designated hedges are accounted for as held for trading instruments.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to hedged risk, and whether the actual results of each hedge are within a range of 80 – 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivative financial instruments are recognised initially at fair value and transaction costs are expensed immediately. Subsequent to initial recognition, derivative financial instruments are stated at fair value and subject to the nature of the hedging instrument the gain or loss on re-measurement to fair value is recognised immediately in the statement of comprehensive income or as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. The ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount recognised in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, the hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

(d) Revenue Recognition

Sale of Goods

Revenue is measured at the fair value of the consideration received or receivable.

Revenue from the sale of goods and disposal of other assets is recognised when significant risks and rewards of ownership of the goods have passed to the buyer and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract. The revenue recognised from rendering of services combines:

(i) invoicing from the provision of the Group's services inclusive of the amounts due and payable under the terms of the long term service contracts; and

(ii) revenue not yet invoiced but earned on work completed in servicing long term service contracts which, while owing to the Group under the terms of those contracts, will not become payable until future years.

The long term service contracts specifically detail both services to be performed and the invoicing components for each year of the contracts. The Group's contract administration system enables the stage of completion of each contract to be reliably determined.

Interest Income

Interest on loans and receivables from finance leases is recognised on an effective interest rate basis. Minimum lease payments received under finance leases are apportioned between the finance income and the reduction of the outstanding asset. The finance income is allocated to each period during the lease term so as to produce a constant period rate of interest on the remaining balance of the asset. An accrual basis is used to record interest income.

Operating Lease Revenue

Rental income from operating leases of equipment is recognised on an accrual basis with income recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Equipment Sales under Financing Arrangement

Equipment which is subject to rental agreements with customers may be sold to a finance company prior to the commencement of the rental agreement. Rental payments are collected by the relevant CSG entity and passed on to the finance company. A sale is recognised when goods have been dispatched to a customer pursuant to a rental agreement and a sales invoice has been issued to the finance company. Under these arrangements the risks of ownership of the equipment passes to the customer upon delivery of the equipment to the customer and the credit risk in relation to the rental stream passes to the finance company. In these circumstances the entity guarantees to buy back the equipment for a nominal amount at the end of the rental agreement (or upon termination of the agreement) based on the term of the agreement.

Other Income

Dividend revenue is recognised when the right to receive a dividend has been established.

Revenue Arrangements with Multiple Deliverables

Where two or more revenue-generating activities or deliverables are sold under a single arrangement, each deliverable that is considered to be a separate unit of accounting is accounted for separately.

When the deliverables in a multiple element arrangement are not considered to be separate units of accounting, the arrangement is accounted for as a single unit.

A separate unit of accounting exists where the deliverable has value to the customer on a stand-alone basis and there is objective and reliable evidence of the fair values.

(e) Receivables

All trade receivables are recognised initially at fair value, and subsequently at amortised cost, less impairment.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. An impairment loss is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is not material. The amount of the impairment is recognised in the statement of comprehensive income.

(f) Inventories

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion.

(g) Property, Plant and Equipment

Property, plant and equipment is recorded at cost less accumulated depreciation and accumulated impairment charges. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of profit and loss and other comprehensive income.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Where the Company leases assets as a lessor on an operating lease, the Company retains substantially all the risks and rewards of ownership. The assets are stated at historical cost less accumulated depreciation and impairment losses (where applicable).

Depreciation of property, plant and equipment is calculated on a straight line and diminishing value basis to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives to the Company.

The following rates used in the calculation of depreciation are as follows:

Assets	Rate	Method
Leasehold improvements	2.5% – 33%	Diminishing value and straight line
Plant and equipment	2.5% – 40%	Diminishing value and straight line
Motor vehicles	13% – 19%	Diminishing value
Office computer equipment	10% – 50%	Diminishing value and straight line
Furniture and fittings	5% – 20%	Diminishing value and straight line
Leased plant and equipment	20%	Straight-line

(h) Intangible Assets

Goodwill

Goodwill represents the excess of the cost of the acquisition over the fair value of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill acquired in a business combination is allocated into the specific components acquired as part of the business combination.

All goodwill is tested for impairment annually or more frequently if events or circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Licenses and other Intangible Assets

Licenses and other intangible assets have a finite useful life and are recorded at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the licenses over their estimated useful life. Software developed for resale is amortised over five years. Customer contracts/relationships acquired in a business combination have been assigned a finite life of 14 years and are amortised on a straight line basis over this period.

(i) Impairment

i. Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised costs is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

ii. Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and indefinite life intangible assets are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

iii. Trade and other Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year, which are unpaid.

(j) Borrowings

Borrowings are initially recognised at fair value. Borrowings are subsequently measured at amortised cost. Any differences between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not incremental costs relating to the actual draw down of the facility, are recognised as transaction costs and amortised on a straight-line basis over the term of the facility.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are recognised as expenses in the period in which they are incurred.

(k) Employee Benefits

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

Share-based Payments

The consolidated entity operates an employee share option plan. The bonus element over the exercise price for the grant of options is recognised as an expense in the statement of comprehensive income in the period(s) when the benefit is earned.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the options at grant date. The fair value of options at grant date is determined using the Monte Carlo pricing model, and is recognised as an employee expense over the period during which the employees become entitled to the option.

(l) Provisions

A provision is recognised when a legal or constructive obligation exists as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation; and the amount of the provision can be measured reliably. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

i. Restructuring

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating losses are not provided for.

ii. Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Group from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with the contract.

(m) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and benefits incidental to ownership.

Finance Leases

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Leased assets are depreciated over the shorter of the estimated useful life of the assets and the lease term.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Operating Lease

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(n) Finance income and finance costs

Finance income comprises interest income on funds invested, dividend income, fair value gains on financial assets at fair value through profit or loss, gains on the re-measurement to fair value of any pre-existing interest in an acquiree, gains on hedging instruments that are recognised in profit or loss and reclassifications of amounts previously recognised in other comprehensive income. Interest income is recognised as it accrues in profit or loss, using the effective interest method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, fair value losses on financials assets at fair value through profit or loss, impairment losses recognised on financial assets (other than trade receivables), losses on hedging instruments that are recognised in profit or loss and reclassifications of amounts previously recognised in other comprehensive income.

Borrowing costs that are not directly attributable to the acquisition of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

(o) Income Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current income tax expense or revenue is the tax payable on the current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

A balance sheet approach is adopted under which deferred tax assets and liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred tax asset or liability is recognised in relation to temporary differences arising from the initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only when it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Additional income tax expenses that arise from the distribution of cash dividends are recognised at the same time that the liability to pay the related dividend is recognised. The Group does not distribute non-cash assets as dividends to its shareholders.

Tax Consolidation

CSG Limited and its Australian subsidiaries have formed an income tax consolidated group under the tax consolidation legislation on 1 July 2007. The parent entity is responsible for recognising the current tax liabilities and deferred tax assets arising in respect of tax losses, for the tax consolidated group. The tax consolidated group has also entered a tax funding agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group.

(p) Research & Development

Research & Development expenditure is recognised as an expense as incurred. Concessional tax benefits receivable in respect of eligible expenditure are recognised as income. Income is recognised with respect to concessional benefits upon confirmation and registration of eligible projects with evaluation and registration of eligible projects typically completed in the following financial year. Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably.

(q) Discontinued operations

Classification as a discontinued operation occurs upon the disposal or when the operation meets the criteria to be classified as held for sale or distribution, if earlier.

(r) Segment reporting

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, and income tax assets and liabilities

NOTE 4: NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

a) New standards adopted

During the year, the Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 July 2013.

i. AASB 10 Consolidated Financial Statements (2011)
ii. AASB 12 Disclosure of Interests in Other Entities
iii. AASB 13 Fair Value Measurement
iv. AASB 119 Employee Benefits (2011)

The new standards have not had a significant effect on the Group's disclosures and on existing financial assets and liabilities.

b) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. The standards which may be relevant to the Group as set out below. The Group does not plan to adopt the standards early.

i. AASB 9 Financial Instruments (2013), AASB 9 Financial Instruments (2010) and AASB 9 Financial Instruments (2009) (together AASB 9)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets. AASB 9 (2013) introduces new requirements for hedge accounting. AASB 9 is effective for annual periods beginning on or after 1 January 2017. The effective date is subject to review pending the finalisation of the outstanding phases of the standard. However, early adoption is permitted. The adoption of these standards is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities. The Group has not yet determined the impact on its hedging arrangements.

NOTE 5: DETERMINATION OF FAIR VALUES

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. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(a) 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.

(b) 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.

(c) 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.

(d) 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.

NOTE 6: FINANCIAL RISK MANAGEMENT

The major financial instruments entered into by the Group comprise short term trade receivables and payables, loans and receivables, short and long term borrowings. The Group does not have any significant financial risks in respect of trade receivables and payables. The main area of financial risk arises in respect of interest rate risk on long-term borrowings. Certain aspects of financial risk management are considered further as detailed below.

The Group is exposed to a variety of financial risks comprising:

- interest rate risk;
- credit risk;
- liquidity risk;
- foreign exchange risk; and
- fair values.

The Board of Directors has overall responsibility for identifying and managing operational and financial risks.

(a) Interest rate risk

During the year the Group increased the limit of the Senior Debt Facility Agreement with the Commonwealth Bank of Australia ("CBA") to a maximum facility amount of $35m (2013: $25m) with a maturity date of 1 January 2017. This Facility is primarily to be used for working capital and general corporate purposes but also provides for a business card facility and a lease finance facility. Interest on the Facility is charged at a floating rate plus a margin.

In April 2014, the Group refinanced the existing CBA New Zealand securitisation funding facility, securitised by finance lease receivables, into a new securitisation trust facility funded by the CBA and Westpac New Zealand ("NZ Securitisation Facility"). The availability period for writing new business is until 15 April 2016, with a final maturity date of 15 April 2018. The maximum funding limit under this facility is $92.9m (NZ$100m). The same limit applied to the refinanced facility (2013: $84.2m ($NZ100m)). Interest on the NZ Securitisation Facility is charged at a floating rate plus a margin, and re-prices on a monthly basis. As the finance lease receivables are predominantly fixed rate in nature, the Group enters into interest rate swaps to fix these floating rate exposures.

In addition to the NZ Securitisation Facility above, the Group has funded leasing activities in New Zealand by way of finance leases with CBA through a Cash Advance Facility, also secured by finance lease receivables, operated by CSG Finance NZ (Facility 2) Limited. The facility limit is $32.5m (NZ$35.0m) (2013:$23.2m (NZ$27.5m) and has an expiry date of 24 January 2016. Interest on the facility is charged at a floating rate plus a margin and re-prices at specified short-term intervals. In June 2014, an Amendment Agreement and Deed of Cross Guarantee was entered into by CSG Finance NZ (Facility 2) Limited in relation to the restructuring of the CSG Finance Group Receivables Pty Ltd lease financing facility (refer below).

In Australia, the Group implemented a new securitization trust facility funded by CBA and Westpac Australia ("Australian Securitisation Facility") in February 2014. The maximum funding limit under this facility is $65m. The availability period for writing new business is until 10 February 2016 and the facility matures on 10 February 2018. Interest on the Australian Securitisation Facility is charged at a floating rate plus a margin, and re-prices generally on a quarterly basis. As the finance lease receivables are predominantly fixed rate in nature, the Group enters into interest rate swaps to fix these floating rate exposures.

In June 2014, the Senior Facility operated by subsidiary CSG Finance Group Receivables Pty Ltd was restructured via an Amendment Agreement and Deed of Cross Guarantee with CSG Finance NZ (Facility 2) Limited. The facility limit is $15m (2013:$25m) and the debt is secured by the finance lease receivables. This facility matures on 23 January 2016. Interest on the facility is charged at a floating rate plus a margin and re-prices at specified short-term intervals.

Financial instruments are subject to the risk that market values may change subsequent to their acquisition. In the case of interest rates, market changes will affect the cash flows of interest income and interest expense for the Company and Group. The management of the Group's exposure to interest rates is carried out through regular monitoring of the interest re-pricing profile for both assets and liabilities of the Group. In terms of the securitisation facilities interest rate swaps are taken out by the trust entities to hedge 100% of the debt drawn to fund future cash flow equivalent to the portfolio designated "securitised" leases.

The Group's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are detailed in the table provided below.

Interest Rate Sensitivity Analysis	2014 $000's		2013 $000's	
	Impact on Income Statement	Impact on Equity	Impact on Income Statement	Impact on Equity
	Increase/ (decrease) on profit	Increase/ (decrease) on equity	Increase/ (decrease) on profit	Increase/ (decrease) on equity
Interest Rates:				
100 bps increase:				
Cash flow sensitivity:				
Impact on interest income on bank balances	189	189	262	262
Impact on interest expense on loans	(1,256)	(1,256)	(825)	(825)
Impact on cash flows from derivative	818	818	799	799
Fair value sensitivity:				
Impact on derivative fair value at balance date	1,554	1,554	1,109	1,109
Total impact	1,305	1,305	1,347	1,347
Interest Rates:				
100 bps decrease:				
Cash flow sensitivity:				
Impact on interest income on bank balances	(189)	(189)	(262)	(262)
Impact on interest expense on loans	1,256	1,256	825	825
Impact on cash flows from derivative	(818)	(818)	(799)	(799)
Fair value sensitivity:				
Impact on derivative fair value at balance date	(1,554)	(1,554)	(1,139)	(1,139)
Total impact	(1,305)	(1,305)	(1,377)	(1,377)

(b) Credit Risk Exposures

Credit risk is the risk that a loss will be incurred if a counterparty to a transaction does not fulfill its financial obligations. Management is responsible for sanctioning large credit exposures to all customers arising from lending activities. Financial instruments that potentially subject the Group to concentrations of credit risk consist principally of cash and bank balances, finance leases receivables, trade receivables and prepayments.

The Group has a credit policy that is used to manage its exposure to credit risk. As part of this policy, limits on exposures have been set, lease agreements are subject to defined criteria, and leases are monitored on a regular basis. Maximum exposures are net of any recognised provisions. The maximum credit risk is the contract value of the leases. To control the level of credit risk taken, management evaluates each customer's credit risk on a case by case basis. Credit risk is mitigated by the large number of clients and relatively small size of individual credit exposures.

For finance and operating leases the collateral taken on the provision of a financial facility is by way of a registered security interest over the leased asset. In some cases a personal guarantee is obtained. Loan and lease agreements provide that, if an event of default occurs, collateral will be repossessed and/or the personal guarantee invoked. The repossessed collateral is either held until overdue payments have been received or sold in the secondary market.

In addition the Company has contingent liabilities relating to buy back guarantees on certain finance contracts for the lease of copiers and multi-function devices by customers. The Company undertakes a credit approval process to determine whether it is prepared to buy back the loan on default. When a circumstance arises where the Company is required to buy back the loan, the equipment financed becomes the property of the Company. During the year there was one instance where the Company was required to buy back a loan.

Concentrations of Credit Risk

The Group minimises concentrations of credit risk in relation to trade receivables by undertaking transactions with a large number of customers. The print businesses have a broad range of clients across all sectors of the economy, and spread throughout all regions of Australia and New Zealand. The leasing business has a wide spread of clients across all economic sectors and regions of Australia and New Zealand. The Group does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the consolidated entity.

Impairment

At 30 June 2014, the ageing of the trade and other receivables that were not impaired was as follows:

	2014 $'000	2013 $'000
Neither past due or impaired	178,680	131,807
Past due 1 – 30 days	4,374	1,833
Past due 31 – 90 days	1,150	1,009
Past due 91 + days	372	168
	184,576	**134,817**

Management believes that the unimpaired amounts that are past due by more than 30 days are still collectible in full, based on historic payment behavior and analysis of individual customer credit risk.

(c) Liquidity Risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions. The level of expected cash inflows from trade and lease receivables are closely monitored against the predicted outflows arising from operations. The Group has access to various financing facilities to support its lease receivables financing activities, and to provide funding for working capital and general corporate purposes. Refer to Note 22 (c) for details on the unused banking facilities.

The securitisation financing facilities in both Australia and New Zealand require the Group to contribute to credit enhancement. At 30 June 2014, this comprised 12% of the net pool balance of securitised leases for the New Zealand facility ($8.8m (NZ$9.5m)) and 15% of the net pool balances of securitised leases for the Australian facility ($6.1m).

As part of the arrangements regarding the Cash Advance Facility and the Senior Facility, the Group is required to contribute towards credit protection reserves. The credit protection reserve of the Cash Advance Facility is a cash reserve maintained at 10% of the lease book value (2013: 10%), and for the Senior Facility, a cash reserve of 15% of the lease book value (2013: credit protection reserve of the greater of $4.6m or a minimum calculated percentage which is based on historical arrears rates, and a cash reserve maintained at the greater of 2% loan book value or $0.4m). The cash reserve maintained for the Cash Advance Facility at balance date was $2.9m (NZ$3.1m) (2013: $2.2m (NZ $2.6m)) and for the Senior Facility $1.0m (2013: $0.4m).

The Company was in full compliance with these covenants at balance date.

Cash reserve accounts are restricted under the financing arrangements. The funds will be repaid to the Group on request if the Company has paid more than required for the Credit Protection. Once a month funds paid into the bank accounts by the lessees, which do not relate to repayment of principal balances, are returned to the Group.

(d) Foreign Exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the New Zealand dollar and US dollar.

Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Company's subsidiary, Konica Minolta Business Solutions New Zealand Limited, settles purchases of equipment predominantly in US dollars. All committed purchases are fully hedged using forward contracts or option contracts to buy US$/ sell NZ$ to protect from exchange rate movements between the shipping date and settlement. Forecast highly probable but not yet committed purchases may also be hedged using forward contracts or option contracts. Foreign exchange hedge contracts have maturities of less than one year and are designated as cash flow hedges.

As at 30 June 2014, a total of US$8.3m of forward cover was in place with an average NZ$/US$ rate of 0.8546.

(e) Fair values

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 (2013: 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.

	Floating Interest Rate		Fixed Interest Rate Maturing in :			
Financial Instruments				1 year or less		1 - 5 years
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
(i) Financial Assets						
Cash and Cash Equivalents	27,252	40,002	–	–	–	–
Trade Receivables	–	–	–	–	–	–
Finance Lease Receivables	–	–	57,617	39,465	103,887	76,060
Sundry Debtors	–	–	–	–	–	–
Total Financial Assets	**27,252**	**40,002**	**57,617**	**39,465**	**103,887**	**76,060**
(ii) Financial Liabilities						
Trade Payables	–	–	–	–	–	–
Other Payables and deferred income	–	–	–	–	–	–
Finance Lease & Hire Purchase Liability	–	–	–	70	–	31
Debt Associated with Finance Leases	–	–	3,716	39,465	134,614	76,060
Derivatives - interest rate swaps	–	–	–	1,312	1,118	614
Current Tax Liability	–	–	–	–	–	–
Term Debt/Bills Payable	–	–	675	605	–	–
Total Financial Liabilities	**–**	**–**	**4,391**	**35,847**	**135,732**	**62,356**

> 5 years		Non-Interest bearing		Total carrying amount as per Balance Sheet		Weighted Average Effective Interest Rate	
2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 %	2013 %
–	–	16	15	27,268	40,017	2.42%	2.88%
–	–	20,464	17,498	20,464	17,498	–	–
–	–	–	–	161,504	115,525	11.66%	11.33%
–	–	3,072	1,794	3,072	1,794	–	–
–	**–**	**23,552**	**19,307**	**212,308**	**174,834**		
–	–	27,415	22,301	27,415	22,301	–	–
–	–	15,411	24,407	15,411	24,407	–	–
–	–	–	–	–	101	–	11.85%
–	–	–	–	138,330	115,525	4.62%	4.05%
–	45	–	–	1,118	1,971	4.42%	4.88%
–	–	1,325	1,613	1,325	1,613	–	–
–	–	–	–	675	605	2.38%	4.31%
–	**45**	**44,151**	**48,321**	**184,274**	**146,569**		

	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
NOTE 7: REVENUE		
Revenues from continuing operations		
Sales revenue		
Revenue from sales of goods	83,565	71,242
Revenue from services	90,364	85,655
Finance lease interest Income	19,040	15,742
	192,969	**172,639**
Other Income		
Sundry	4,321	6,958
Interest rate swap income	1,378	1,478
Gain on foreign exchange	509	126
Profit on sale of fixed assets	–	68
	6,208	**8,630**

	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
NOTE 8: PROFIT FROM CONTINUING OPERATIONS		
Profit from continuing operations before income tax has been determined after the following specific expenses:		
Changes in inventories of finished goods		
Cost of goods	44,926	40,527
Cost of sales – service	33,752	32,831
Cost of sales service (employee benefits)	19,012	15,552
Finance lease interest expense	8,520	7,124
Total changes in inventories of finished goods	106,210	96,034
Deferred consideration and legal expenses		
Deferred consideration	–	(4,000)
Litigation settlements	–	4,500
Working capital adjustment	–	1,900
Associated legal and advisor costs	–	1,180
Total Deferred consideration and legal	–	3,580
Other expenses		
Bad debts expense	909	525
Restructuring and impairment	2,123	1,211
Other	220	43
Total other expenses	3,252	1,779

	Consolidated entity	
	2014 $'000	2013 $'000
Depreciation and amortisation		
Plant and equipment	1,735	2,856
Leased property, plant and equipment	470	523
Leasehold improvements	325	508
Amortisation of customer contracts/relationships	2,267	2,266
Amortisation of intangible assets	278	122
Amortisation of borrowing costs	86	–
Total depreciation and amortisation	**5,161**	**6,275**
Finance costs		
Interest	902	737
Bank fees	152	183
Total finance costs	**1,054**	**920**

NOTE 9: INCOME TAX

	Consolidated entity	
	2014 $'000	2013 $'000
(a) Components of tax expense:		
Current tax expense in respect of the current year:	2,642	3,015
Deferred tax expense recognised in the current year	3,256	2,415
Adjustments recognised in the current year in relation to the prior year		
	(170)	(547)
Total tax expense	**5,728**	**4,883**
(b) Prima facie tax payable		
The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Profit/loss before tax from continuing operations	17,815	13,600
Prima facie income tax payable on profit before income tax at 30% (2013: 30%)	**5,345**	**4,080**
Add tax effect of:		
- other non-allowable items	1,016	722
- effect of different tax rates in other jurisdictions (i)	(338)	(182)
- share-based payments	791	–
- under provision for income tax in prior years	10	430
	1,479	970
Less tax effect of:		
- other non-assessable items	(653)	(167)
- non-assessable group dividends	(443)	–
	(1,096)	(167)
Income tax expense attributable to profit	**5,728**	**4,883**

(i) The corporate tax rate in New Zealand is 28%.

	Consolidated entity	
	2014 $'000	2013 $'000

NOTE 9: INCOME TAX (cont.)

(c) Current tax

	2014 $'000	2013 $'000
Current tax relates to the following:		
Current tax liabilities/(assets)		
Opening balance	1,613	22,270
Income tax	2,642	3,015
Tax payments	(6,540)	(23,413)
Under/(over) provisions	478	(736)
Exchange rate impact	101	(29)
Tax losses recognised in deferred tax assets	2,995	–
Other	36	506
Current tax liabilities	**1,325**	**1,613**

(d) Deferred tax

	2014 $'000	2013 $'000
Deferred tax relates to the following:		
Deferred tax assets		
The balance comprises:		
Inventories	230	493
Doubtful debts	343	445
Property, plant and equipment	253	243
Accrued expenses	536	399
Provision for annual and long service leave	793	878
Other provisions	376	384
Research and development tax offsets	1,156	–
Tax losses carried forward	3,857	–
Blackhole deductions	345	824
Other	267	42
Total deferred tax assets	**8,156**	**3,708**
Deferred tax liabilities		
The balance comprises:		
Accrued revenue	(1,200)	(1,508)
Property, plant and equipment	(2,184)	–
Operating Leases	(2,285)	–
Other	(1,305)	(78)
Total deferred tax liabilities	**(6,974)**	**(1,586)**
Net Deferred tax assets	**1,182**	**2,122**

(e) Deferred income tax (revenue)/expense included in income tax expense comprises

	2014 $'000	2013 $'000
Decrease/(increase) in deferred tax assets	17,383	(738)
(Decrease)/increase in deferred tax liabilities	(20,639)	(1,677)
Total	**(3,256)**	**(2,415)**

(f) Deferred income tax related to items charged or credited directly to equity

	2014 $'000	2013 $'000
Blackhole deductions	360	360
Total	**360**	**360**

	Consolidated entity	
	2014 $'000	2013 $'000

NOTE 10: DIVIDENDS ON ORDINARY SHARES

(a) Dividends paid during the year

	2014 $'000	2013 $'000
(i) Current Year Interim		
Franked dividends ($nil cents per share) (2013: $nil cents per share)	–	–
(ii) Prior Year Final		
Franked dividends ($nil cents per share) (2013: 20 cents per share) paid out of the proceeds from the sale of the Technology business.	–	56,513

(b) Franking credit balance

	2014 $'000	2013 $'000
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax and deducting franking credits to be used in payment of proposed dividends	488	788

(c) Dividends proposed and not recognised as a liability

Unfranked dividends of 5 cents per share were declared and approved for payment on 19 August 2014 for a payment date of 8 September 2014. Refer to Note 30.

NOTE 11: CASH AND CASH EQUIVALENTS

	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
Cash at bank	12,391	18,803
Restricted cash [(i)]	14,861	21,199
Cash on hand	16	15
	27,268	40,017

(i) Cash amounts provided as part of credit protection reserve – refer note 6.

NOTE 12: RECEIVABLES

	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
CURRENT		
Trade receivables	20,464	17,835
Impairment	(464)	(337)
Sundry debtors	3,072	1,794
	23,072	**19,292**
Finance Lease receivables		
Current	57,617	39,465
Non-current	103,887	76,060
	161,504	**115,525**

NOTE 13: INVENTORIES

	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
Finished goods	16,617	11,672
Consumables	9,273	9,453
Toner in Field	15,071	14,141
	40,961	**35,266**

Finished goods comprises of multi-function devices, printers and related accessories.
Toner in field comprises of unutilized toner held at customer premises.

NOTE 14: OTHER CURRENT ASSETS

	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
Prepayments	3,194	1,453
Other	3,352	2,020
	6,546	**3,473**

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Notes	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
Leasehold improvements			
At Cost		3,093	3,096
Accumulated depreciation		(2,550)	(2,403)
	15(a)	**543**	**693**
Plant and equipment			
At Cost		902	992
Accumulated depreciation		(645)	(564)
	15(a)	**257**	**428**
Furniture and fittings			
At Cost		3,685	3,572
Accumulated depreciation		(3,004)	(2,575)
	15(a)	**681**	**997**
Office computer equipment			
At Cost		9,145	10,112
Accumulated depreciation		(8,106)	(8,398)
	15(a)	**1,039**	**1,714**
Motor vehicles			
At Cost		–	1,296
Accumulated depreciation		–	(620)
	15(a)	**–**	**676**
Leased plant & equipment			
At Cost		736	1,348
Accumulated depreciation		(589)	(779)
	15(a)	**147**	**569**
Total written down value		**2,667**	**5,077**

NOTE 15:
PROPERTY, PLANT AND EQUIPMENT (cont.)

	Notes	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
(a) Reconciliation of the carrying amount of property, plant and equipment at the beginning of the year			
Leasehold improvements			
Carrying amount		693	870
Transfer between classes		–	88
Additions		122	258
Foreign currency translation		53	(15)
Depreciation expense		(325)	(508)
		543	**693**
Plant & equipment			
Carrying amount		428	2,123
Transfer between classes		–	(1,018)
Disposals		(49)	–
Additions		43	35
Foreign currency translation		28	–
Depreciation expense		(193)	(712)
		257	**428**
Furniture & fittings			
Carrying amount		997	1,549
Transfer between classes		–	(294)
Disposals		(78)	(152)
Additions		39	330
Foreign currency translation		59	(25)
Depreciation expense		(336)	(411)
		681	**997**
Office computer equipment			
Carrying amount		1,714	1,741
Transfer between classes		–	558
Disposals		–	(168)
Additions		228	1,199
Foreign currency translation		68	(48)
Depreciation expense		(971)	(1,568)
		1,039	**1,714**
Motor Vehicles			
Carrying amount		676	880
Disposals		(441)	(44)
Additions		–	–
Depreciation expense		(235)	(160)
		–	**676**
Leased plant & equipment			
Carrying amount		569	–
Transfer between classes		–	793
Disposals		–	(15)
Additions		–	353
Foreign currency translation		48	(39)
Depreciation expense		(470)	(523)
		147	**569**

	Consolidated entity	
	2014 $'000	2013 $'000
NOTE 16: INTANGIBLE ASSETS		
Goodwill	162,888	162,457
Net carrying amount	**162,888**	**162,457**
Opening net book amount	162,457	164,790
Adjustment to prior period acquisitions	–	(2,333)
Additions	431	–
Closing net book value	**162,888**	**162,457**
Customer Contracts\Relationships		
Customer Contracts\Relationships on consolidation	31,727	31,727
Accumulated amortisation	(9,734)	(7,467)
Net carrying amount	**21,993**	**24,260**
Opening net book amount	24,260	26,526
Amortisation expense	(2,267)	(2,266)
Closing net book value	**21,993**	**24,260**
Licenses and other intangibles assets		
Licenses and other intangibles at cost	6,598	2,511
Accumulated amortisation	(478)	(457)
Net carrying amount	**6,120**	**2,054**
Opening net book amount	2,054	299
Additions	4,344	1,882
Amortisation expense	(278)	(127)
Closing net book value	**6,120**	**2,054**
Total	**191,001**	**188,771**

For the purpose of impairment testing, goodwill is allocated to the Group's operating divisions. The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

	2014 $'000	2013 $'000
Business Solutions Australia	67,268	68,484
Business Solutions New Zealand	70,019	69,588
Finance Solutions Australia	1,216	–
Finance Solutions New Zealand	24,385	24,385
	162,888	**162,457**

The recoverable amounts of the CGUs are based on their value in use, determined by discounting the future cash flows covering a five year period, based on financial budgets approved by the Board. Key assumptions used in the calculation of value in use were discount rate and the EBITDA growth rate, which are listed in the table as follows.

	Terminal Growth Rate		Discount Rate	
	2014	2013	2014	2013
Business Solutions Australia	2.5%	2.5%	11.6%	11.6%
Business Solutions New Zealand	2.5%	2.5%	10.6%	9.4%
Finance Solutions Australia	2.5%	2.5%	11.6%	11.6%
Finance Solutions New Zealand	2.5%	2.5%	10.1%	9.4%

The discount rate applied was a pre-tax measure based on the risk-free rate obtained from the yield on 10-year bonds issued by the government in the relevant market and in the same currency as the cash flows adjusted for a risk premium to reflect both the increased risk of investing in equities generally and the systemic risk of the specific CGU.

The Board has determined there are no reasonably possible changes that could occur in the two key assumptions that would cause the carrying amount of these CGUs to exceed their recoverable amount.

NOTE 17: PAYABLES

	Consolidated entity	
	2014 $'000	2013 $'000
CURRENT		
Trade payables	27,415	22,301
Other payables	15,411	16,045
Working capital adjustment payable to NEC	–	7,500
	42,826	**45,846**

NOTE 18: BORROWINGS

	Note	Consolidated entity 2014 $'000	Consolidated entity 2013 $'000
CURRENT			
Secured			
Lease and hire purchase liabilities (i)	23	–	70
Other		675	605
		675	**675**
NON CURRENT			
Secured			
Lease and hire purchase liabilities (i)	23	–	31
		–	**31**

(i) Lease and hire purchase liabilities are secured by assets leased or under hire purchase.

DEBT ASSOCIATED WITH FINANCE LEASE RECEIVABLES		
CURRENT		
Loans and borrowings	3,716	33,860
Derivatives – Interest rate swaps	–	1,312
	3,716	**35,172**
NON-CURRENT		
Loans and borrowings	134,614	61,711
Derivatives – Interest rate swaps	1,118	659
	135,732	**62,370**

Information about interest rate risk is detailed in Note 6

	Consolidated entity	
	2014 $'000	2013 $'000

NOTE 19: PROVISIONS

	2014 $'000	2013 $'000
CURRENT		
Employee Benefits	2,291	2,503
Other	863	259
	3,154	**2,762**
NON CURRENT		
Employee Benefits	604	683
Other	722	1,148
	1,326	**1,831**

	Consolidated entity	
	2014 $'000	2013 $'000

NOTE 20: CONTRIBUTED EQUITY

(a) Issued and paid up capital

	2014 $'000	2013 $'000
Ordinary shares fully paid	160,838	172,250
	160,838	**172,250**

The Company does not have authorised capital or par value in respect of its issued shares. All issued shares are fully paid. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

(b) Movement in shares on issue

	2014		2013	
	No. of shares	$'000	No. of shares	$'000
Beginning of the financial year	278,155,477	172,250	282,567,499	200,724
Share buy-backs	(132,583)	(117)	(4,412,022)	(2,141)
Exercise of options	300,000	225	–	–
Tax exempt share plan	517,598	–	–	–
Capital distribution	–	(11,159)	–	(25,000)
Capital raising costs deferred tax asset	–	(361)	–	(1,333)
Balance at the end of the year	**278,840,492**	**160,838**	**278,155,477**	**172,250**

(c) Employee Share Scheme

The Company, in accordance with its Executive Remuneration Framework, continued to offer employee participation in short-term and long-term incentive schemes as part of the remuneration packages for the employees of the companies.

(d) Options

All employees, including Directors, may be issued options at the discretion of the Nomination and Remuneration Committee.

The options are issued for $nil consideration and the strike price and vesting period are set by the Nomination and Remuneration Committee. The options are exercisable in two or three tranches and have an expiry period of up to three years. The total amount of issued options cannot exceed 5% of share capital. The options are not listed on the ASX and any Director issued options are approved at the Annual General Meeting.

During the 2014 financial year there were no additional options granted to employees or Directors.

Options on issue 30 June 2014:

Issued date	Expiry date	Exercise price	Opening 01/07/2013	Issued	Exercised	Lapsed	Closing 30/06/2014
LTIP Issue 1 and 2	01/01/2014	$1.18 – $1.23	1,020,000	–	–	(1,020,000)	–
LTIP Issue 3	15/09/2014	$0.71	750,000	–	(300,000)	–	450,000
			1,770,000	**–**	**(300,000)**	**(1,020,000)**	**450,000**

Options on issue 30 June 2013:

Issued date	Expiry date	Exercise price*	Opening 01/07/2012	Issued	Exercised	Lapsed	Closing 30/06/2013
ESOP Various	31/08/2012	$0.68 – $1.76	1,154,500	–	–	(1,154,500)	–
ESOP Various	31/08/2012	$1.98	1,000,000	–	–	(1,000,000)	–
ESOP Various	31/08/2012	$1.16	100,000	–	–	(100,000)	–
LTIP Issue 1 and 2	01/01/2014	$1.18 – $1.23	1,505,000	–	–	(485,000)	1,020,000
LTIP Issue 3	15/09/2014	$0.84	750,000	–	–	–	750,000
			4,509,500	**–**	**–**	**(2,739,500)**	**1,770,000**

(e) Performance Rights

On 28 June 2013, the Company granted 15,166,053 performance rights to senior employees and key management personnel (Refer to the Remuneration Report, LTIP Issue 5, 6 and 7). Each performance right represents an option to receive one ordinary share subject to the satisfaction or waiver of the relevant vesting conditions. No consideration is payable by the participants for the grant of the performance rights and no consideration is to be paid on the exercise of the performance rights.

Performance rights on issue at 30 June 2014:

Issued Date	Performance Hurdle Date	Opening 01/07/2013	Issued	Lapsed	Vested	Closing 30/06/2014
LTIP Issue 5 & 7	30/11/2014	4,600,327	–	–	–	4,600,327
LTIP Issue 5 & 7	30/11/2015	5,859,333	–	–	–	5,859,333
LTIP Issue 5 & 7	30/11/2016	4,100,332	–	–	–	4,100,332
LTIP Issue 6	01/08/2015	606,061	–	–	–	606,061
LTIP Issue 4	30/06/2014	229,213	–	(229,213)	–	–
Total		**15,395,266**	**–**	**(229,213)**	**–**	**15,166,053**

Performance rights on issue at 30 June 2013:

Issued Date	Performance Hurdle Date	Opening 01/07/2012	Issued	Lapsed	Vested	Closing 30/06/2013
LTIP Issue 5 & 7	30/11/2014	–	4,600,327	–	–	4,600,327
LTIP Issue 5 & 7	30/11/2015	–	5,859,333	–	–	5,859,333
LTIP Issue 5 & 7	30/11/2016	–	4,100,332	–	–	4,100,332
LTIP Issue 6	01/08/2015	–	606,061	–	–	606,061
LTIP Issue 4	30/06/2014	229,213	–	–	–	229,213
Total		**229,213**	**15,166,053**	**–**	**–**	**15,395,266**

	Notes	Consolidated entity 2014 $'000	2013 $'000

NOTE 21: RESERVES AND RETAINED EARNINGS

	Notes	2014 $'000	2013 $'000
Share-based payment reserve	21(a)	3,466	654
Foreign currency translation reserve	21(b)	5,999	2,481
Cash flow hedge reserve	21(c)	(374)	–
		9,091	**3,135**
Retained earnings	**21(d)**	**82,527**	**71,402**

(a) Share-based payment reserve

(i) Nature and purpose of reserve

This reserve is used to record the value of equity benefit provided to employee and directors as part of their remuneration.

(ii) Movements in reserve

	2014 $'000	2013 $'000
Balance at beginning of year	654	654
Share based payments	2,812	–
Balance at end of year	**3,466**	**654**

(b) Foreign currency translation reserve

(i) Nature and purpose of reserve

This reserve is used to record the exchange differences arising on translation of a foreign entity.

(ii) Movements in reserve

	2014 $'000	2013 $'000
Balance at beginning of year	2,481	(961)
Exchange differences on translation of foreign operations	3,518	3,442
Balance at end of year	**5,999**	**2,481**

(c) Cash flow hedge reserve

(i) Nature and purpose of reserve

This reserve is used to record the effective portion of changes in the value of hedging derivatives.

(ii) Movements in reserve

	2014 $'000	2013 $'000
Balance at beginning of year	–	–
Hedge reserve	(374)	–
Balance at end of year	**(374)**	**–**

(d) Retained Earnings

	Notes	2014 $'000	2013 $'000
Balance at beginning of year		71,402	120,351
Net profit attributable to members		11,125	8,121
Share based payments		–	(557)
Total available for appropriation		82,527	127,915
Dividends paid	10	–	(56,513)
Balance at end of year		**82,527**	**71,402**

	Consolidated entity	
	2014 $'000	2013 $'000

NOTE 22: CASHFLOW INFORMATION

(a) Reconciliation of cash flow from operations with profit after income tax

	2014 $'000	2013 $'000
Profit from ordinary activities after income tax	12,087	8,717
Non-cash items		
Profit/(loss) on sales of assets	(19)	(68)
Amortisation of intangibles	2,631	2,388
Depreciation of property, plant and equipment	2,530	3,887
Equity settled share based transactions	2,812	–
Cash flow hedge	(374)	–
	7,580	**6,207**
(Increase)/decrease in assets		
Receivables	(3,780)	(1,516)
Prepayments	(3,073)	(1,621)
Inventories	(5,695)	(3,669)
Deferred tax assets	940	2,785
Lease receivables	(45,979)	(16,080)
Increase/(decrease) in liabilities		
Payables	4,421	(8,127)
Provisions	(113)	(1,113)
Tax provision	6,252	2,756
Tax (paid)/received	(6,540)	(23,413)
Interest paid/(received)	906	2,450
Net cash flow from operating activities	**(32,994)**	**(32,624)**

(b) Reconciliation of cash

	2014 $'000	2013 $'000
Cash balance comprises:		
Cash at bank	**27,268**	**40,017**

(c) Credit stand-by arrangements and loan facilities

	2014 $'000	2013 $'000
Facilities		
Multi-function facility (i)	35,000	25,000
Securitisation and lease finance facilities – NZ (ii) & (iii)	125,456	107,405
Securitisation and lease finance facilities – Australia (iv) & (v)	80,000	25,000
	240,456	**157,405**
Facilities Used		
Multi-function facility	820	1,963
Securitisation and lease finance facility – NZ	94,024	91,290
Securitisation and lease finance facilities – Australia	44,309	5,408
	139,153	**98,661**
Facilities Unused		
Multi-function facility	34,180	23,037
Securitisation and lease finance facility – NZ	31,432	16,115
Securitisation and lease finance facilities – Australia	35,691	19,592
	101,303	**58,744**

(i) The Company has a multi-function facility with the CBA (Australian Senior Debt Facility). Debt facilities include bank bills, business loans, overdraft, equipment finance and contingent liabilities and are available to all members of the consolidated group including the parent. The multi-function facility includes an amount of $1.5m in relation to various guarantees and security deposits provided by the bank on behalf of the Company. This facility matures on 1 January 2017.

(ii) The Group's CBA and Westpac Banking Corporation New Zealand funding facility, securitised by finance lease receivables ("New Zealand Securitisation Facility"), matures on 15 April 2018. The facility limit is NZ$100m.

(iii) The Group's CBA New Zealand Cash Advances Facility, secured by finance lease receivables, matures on 24 January 2016. The facility limit is NZ$35m.

(iv) The Group's CBA and Westpac Banking Corporation Australia funding facility securitised by finance lease receivables ("Australian Securitisation Facility"), matures on 10 February 2018. The facility limit is $65m.

(v) The Group's CBA Senior Facility, secured by finance lease receivables, matures on 23 January 2016. The facility limit is $15m.

NOTE 23: LEASE COMMITMENTS

	Notes	Consolidated entity 2014 $'000	2013 $'000
Lease expenditure commitments			
(a) Operating Leases (non-cancellable)			
(i) Operating leases relate to the lease of land, buildings and office computer equipment			
(ii) Minimum lease payments			
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:			
No later than one year		4,815	5,280
Later than one year but not later than five years		8,701	10,717
Later than five years		124	1,205
		13,640	**17,202**
(b) Finance leases			
(i) Finance leases relates to computer equipment, motor vehicles, furniture, and other office equipment. Lease terms vary from two to five years. Various lease arrangements in place have the option to purchase the assets for a nominal amount at the conclusion of the lease agreement			
(ii) Future minimum lease payment and present value of the net minimum lease payment			
Not later than one year		–	77
Later than one year but not later than five years		**–**	**33**
Total minimum lease payments		–	110
Future finance charges		–	(9)
Present value of minimum lease payments		**–**	**101**
Included in financial statements as:			
Current liability		–	70
Non current liability		–	31
		–	**101**
Finance lease receivable			
(a) Finance leases			
Finance lease receivable relates to assets held under finance leases recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments.			
No later than one year	12	57,617	39,465
Later than one year but not later than five years	12	103,887	76,060
		161,504	**115,525**

NOTE 24:
RELATED PARTY DISCLOSURES

(a) Key Management Personnel Compensation

The key management personnel compensation comprised:

	Consolidated entity	
	2014 In dollars	2013 In dollars
Short-term employee benefits	3,249,404	3,173,874
Post-employment benefits	110,992	90,570
Termination benefits	–	628,195
Other long-term benefits	1,932,330	13,631
	5,292,726	**3,906,270**

(b) Individual directors and executives compensation disclosures

Information regarding individual Directors and executive's compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

Apart from the details disclosed in this note, no Director has entered into a material contract with the Group since the end of the previous financial year and there were no material contracts involving Directors' interests existing at year end.

(c) Loans to related parties

The following table provides the total amount of transactions that were entered into with related parties for the relevant year.

	Consolidated entity	
	2014 $	2013 $
Loans made by CSG Ltd to controlled entities under normal terms and conditions. The aggregate amounts receivable/(payable) from controlled entities by the parent entity at the end of the reporting period were :	49,459,500	67,244,429

(d) Movements in Shares

The number of ordinary shares in the Company held directly, indirectly or beneficially, by each key management person, including their related parties, is as follows:

	Held at 1 July 2013	Purchases	Received on exercise of options	Sales	Ceased as a KMP	Held at 30 June 2014
30 June 2014:						
DIRECTORS						
Mr. Thomas Cowan	19,924,622	–	–	–	–	19,924,622
Mr. Philip Bullock	37,927	–	–	–	–	37,927
Mr. Ian Kew	69,730	–	–	–	–	69,730
	20,032,279	**–**	**–**	**–**	**–**	**20,032,279**

	Held at 1 July 2012	Purchases	Received on exercise of options	Sales	Ceased as a KMP	Held at 30 June 2013
30 June 2013:						
DIRECTORS						
Mr. Thomas Cowan	19,924,622	–	–	–	–	19,924,622
Mr. Philip Bullock	37,927	–	–	–	–	37,927
Mr. Ian Kew	69,730	–	–	–	–	69,730
Mr. Philip Chambers	206,788	–	–	–	(206,788)	–
Mr. Josef Czyzewski	68,334	–	–	–	(68,334)	–
	20,307,401	**–**	**–**	**–**	**(275,122)**	**20,032,279**

NOTE 24: RELATED PARTY DISCLOSURES (cont.)

(e) Transactions with Key Management Personnel

The Group used the corporate advisory services of TDM Asset Management, a firm which Mr. Thomas Cowan is a partner of, during the year for the total amount of $7,500. Amounts were billed based on normal market rates for such services and were due and payable under normal payment terms.

(f) Group Entities

The consolidated financial statements include the financial statements of CSG Ltd and its controlled entities listed below:

	Former Name	Country of Incorporation	Ownership interest 2014 %	Ownership interest 2013 %
Parent Entity				
CSG Limited (i)		Australia		
Subsidiaries of CSG Limited:				
CSG Business Solutions (AUS) Pty Ltd (i)	CSG Communications Pty Ltd	Australia	100	100
CSG Finance Pty Ltd (i)		Australia	100	100
CSG Print Services NZ Limited (iii)		New Zealand	100	100
Anadex Pty Ltd ATF Anadex Trust (i),(ii)		Australia	100	100
Bexton Professional Pty Ltd (i), (ii)		Australia	100	100
Change Corporation Pty Ltd (i), (ii)		Australia	100	100
CSG Enterprise Solutions Pty Ltd (i)	CSG Enterprise Print Solutions Pty Ltd	Australia	100	100
A.C.N. 126 840 542 Pty Ltd (i), (ii)		Australia	100	100
CSG Education Pty Ltd (i), (ii)		Australia	100	100
Delexian Pty Ltd (i), (ii)		Australia	100	100
Aaromba Technologies Pty Ltd (i), (ii)		Australia	100	100
Subsidiary of Aaromba Technologies Pty Ltd:				
Aaromba Technologies WA Pty Ltd (i), (ii)		Australia	100	100
Subsidiaries of CSG Business Solutions (AUS) Pty Ltd:				
CSG Business Solutions (NT) Pty Ltd (i)	Connected Solutions Group Pty Ltd	Australia	100	100
CSG Print Services Pty Ltd (i)		Australia	100	100
CSG Business Solutions (Sunshine Coast) Pty Ltd (i)	Sunshine Coast Office Equipment Pty Ltd	Australia	100	100
CSG Business Solutions (South Queensland) Pty Ltd (i)	Haloid Holdings Pty Ltd	Australia	100	100
CSG Business Solutions (North Queensland) Pty Ltd (i)	Seeakay Pty Ltd	Australia	100	100
Subsidiaries of CSG Enterprise Print Solutions Pty Ltd:				
CSG Enterprise Solutions (Singapore) Pte. Ltd		Singapore	100	–
Subsidiaries of CSG Finance Pty Ltd:				
CSG Finance (NZ) Limited (iii)	Leasing Solutions Limited	New Zealand	100	100
CSG Finance Australia Pty Ltd (i)		Australia	100	100

	Former Name	Country of Incorporation	Ownership interest 2014 %	2013 %
Subsidiaries of CSG Finance Australia Pty Ltd:				
CSG Finance Group Receivables Pty Ltd [i]		Australia	100	100
CSG Finance Australia Trust [iv]		Australia	100	–
Subsidiaries of CSG Print Services NZ Limited:				
CSG Business Solutions Limited [iii]	CSG Management Services Limited	New Zealand	100	100
Konica Minolta Business Solutions New Zealand Limited		New Zealand	90	90
Ubix Business Solutions Limited [iii]		New Zealand	100	100
Subsidiaries of CSG Finance (NZ) Limited:	Leasing Solutions Limited			
CSG Finance (NZ Facility 2) Limited [iii]	Onesource Finance Limited	New Zealand	100	100
CSG Finance (NZ Warehouse) Limited [iii]	Solutions Group Receivables Limited	New Zealand	100	100
CSG Finance New Zealand Trust [v]		New Zealand	100	–

(i) CSG Limited and its Australian subsidiaries are part of a tax consolidated group.

(ii) Dormant company which historically held assets and liabilities for the Technology Solutions Division which was sold in 2012. Member's voluntary liquidation is currently underway.

(iii) Form part of a NZ tax consolidated group

(iv) Created on 5 February 2014

(v) Created on 2 April 2014

NOTE 25: DEED OF CROSS GUARANTEE

CSG Limited and its Australian wholly owned subsidiaries (excluding CSG Finance Entities) are parties to a Deed of Cross Guarantee under which each company guarantees the debts of others.

By entering into the Deed, the participating wholly owned entities have been relieved of the requirements to prepare financial reports and Director's Report under the Class Order 98/1418 (as amended by Class Orders 98/2017, 00/0321 and 01/1087) issued by the Australian Securities and Investment Commission.

The above companies represent a 'Closed Group' for the purpose of the Class Order, and there are no other parties to the Deed of Cross Guarantee that are controlled by CSG Limited, that also represent the 'Extended Closed Group'. Those wholly owned subsidiaries which are included in the Deed of Cross Guarantee are exempt from preparing a financial report and Director's Report under the terms of ASIC Class Order 98/1418 and the Corporation Act 2001.

A consolidated Income Statement, consolidated Statement of Comprehensive Income and consolidated Statement of Financial Position, comprising the Company and controlled entities which are a party to the Deed, after eliminating all transactions between parties to the Deed of Cross Guarantee is set out as follows:

NOTE 25: DEED OF CROSS GUARANTEE (cont.)

	2014 $'000	2013 $'000
Income Statement		
Revenue and income	84,004	97,338
Operating expenses	(85,798)	(80,725)
Profit/(loss) before income tax expense	**(1,794)**	**16,613**
Income tax expense	552	2,736
Net profit/(loss)	**(2,346)**	**13,877**
Statement of Other Comprehensive Income and Retained Earnings		
Profit/(loss) for the period	(2,346)	13,877
Other comprehensive income	–	–
Total comprehensive income for the period	**(2,346)**	**13,877**
Retained profits at the beginning of the year	68,473	111,109
Dividends distributed	**–**	**(56,513)**
Retained profits at the end of the year	**66,127**	**68,473**
Statement of Financial Position		
Current assets		
Cash and cash equivalents	3,102	18,481
Trade and other receivables	18,888	9,710
Inventories	21,827	19,992
Lease receivables	–	4,357
Other current assets	3,241	1,596
Total current assets	**47,058**	**54,136**
Non-current assets		
Lease receivables	–	10,785
Property, plant and equipment	1,011	2,161
Deferred tax assets	572	2,436
Intangible assets	27,990	26,314
Goodwill	68,484	68,521
Investment in subsidiaries	116,638	116,638
Total non–current assets	**214,695**	**226,855**
Total assets	**261,753**	**280,991**
Current liabilities		
Trade and other payables	26,030	28,566
Deferred income	435	863
Borrowings	674	605
Debt associated with lease receivables	–	1,002
Provisions	783	1,450
Total current liabilities	**27,922**	**32,486**
Non-current liabilities		
Debt associated with lease receivables	–	4,406
Provisions	1,212	3,279
Total non–current liabilities	**1,212**	**7,685**
Total liabilities	**29,134**	**40,171**
Net assets	**232,619**	**240,820**
Equity		
Share capital	163,583	172,250
Reserves	2,908	97
Retained profits	66,128	68,473
Total equity	**232,619**	**240,820**

	Consolidated entity	
	2014 $'000	2013 $'000

NOTE 26: EARNINGS PER SHARE

	2014 $'000	2013 $'000
The following reflects the income and share data used in the calculations of basic and diluted earnings per share:		
Profit/(loss)	12,087	8,717
Weighted average number of ordinary shares used in calculating basic earnings per share	278,813,811	280,367,532
Effect of dilutive securities:		
Effect of performance rights and options issued	15,616,061	124,653
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	294,429,872	280,492,185

NOTE 27: AUDITORS REMUNERATION

	Consolidated 2014 $	Consolidated 2013 $
Auditors remuneration parent entity		
Amount received or due and receivable to KPMG:		
Statutory audits and reviews (excluding disbursements)	174,000	145,000
Other services (excluding disbursements)	53,700	12,000
	227,700	157,000
Auditors remuneration overseas subsidiaries		
Amount received or due and receivable to KPMG:		
Statutory audits and reviews (excluding disbursements)	140,893	124,000
Other services (excluding disbursements)	–	–
	140,893	124,000

NOTE 28: SEGMENT INFORMATION

a) Description of Segments

Management has determined the operating segment 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 based on product/service factors and have identified the following reportable segments:

1. 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 is still in its growth phase in terms of developing and building a pipeline of potential business and therefore will be 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.

2. 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.

3. Other

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

NOTE 28: SEGMENT INFORMATION (CONT)

(b) Segment Information

	Consolidated				
	Business Solutions $'000	Finance $'000	Other $'000	Eliminations $'000	Total $'000
2014					
Segment revenue					
External segment revenue	178,533	20,375	417	–	199,325
Inter- segment revenue	–	1,507	–	(1,507)	–
Total	**178,533**	**21,882**	**417**	**(1,507)**	**199,325**
Segment result					
Interest revenue	60	–	88	–	148
Interest expense	427	20	607	–	1,054
Depreciation & amortisation	2,709	650	1,802	–	5,161
Total segment Profit/(loss) before income tax	20,050	10,518	(11,246)	(1,507)	17,815
Total Segment Assets (i)	**196,610**	**215,221**	**213,178**	**(170,808)**	**454,201**
Total Segment Liabilities (i)	**46,368**	**139,870**	**2,951**	**–**	**189,189**

	Consolidated				
	Business Solutions $'000	Finance $'000	Other $'000	Eliminations $'000	Total $'000
2013					
Segment revenue					
External segment revenue	163,684	17,379	3,576	–	184,639
Inter-segment revenue	–	–	11,917	(11,917)	–
Total	**163,684**	**17,379**	**15,493**	**(11,917)**	**184,639**
Segment result					
Interest revenue	–	–	3,370	–	3,370
Interest expense	608	173	139	–	920
Depreciation & amortisation	3,302	606	2,367	–	6,275
Total segment Profit/(loss) before income tax	13,626	8,353	3,538	(11,917)	13,600
Total Segment Assets (i)	**195,512**	**170,087**	**218,341**	**(174,397)**	**409,543**
Total Segment Liabilities (i)	**42,315**	**104,007**	**9,286**	**(4,446)**	**151,162**

(i) Excludes loans to and from CSG Group entities (related parties)

c) Geographical Information

CSG's reporting segments provide sales, support, service and financing to more than 20,000 customers 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.

	Australia $'000	New Zealand $'000	Eliminations $'000	Total $'000
2014				
Revenue	88,005	112,827	(1,507)	199,325
Assets	376,893	356,647	(279,339)	454,201

	Australia $'000	New Zealand $'000	Eliminations $'000	Total $'000
2013				
Revenue	85,493	99,146	–	184,639
Assets	409,750	351,959	(352,166)	409,543

NOTE 30:
SUBSEQUENT EVENTS

Unfranked dividends of 5 cents per share were declared and approved by the Directors for payment on 19 August 2014 for a payment date of 8 September 2014.

NOTE 31:
PARENT ENTITY DISCLOSURES

As at, and throughout the financial year ended 30 June 2014 the parent company of the consolidated entity was CSG Limited. A summary of the financial performance and financial position of the parent entity is detailed below:

	Parent Entity	
	2014 $'000	**2013 $'000**
Result of the parent entity		
Profit for the year	(7,354)	9,049
Total profit and other comprehensive income for the year	**(7,354)**	**9,049**
Financial position of parent entity at year end		
Current assets	49,245	77,682
Total assets	**227,041**	**256,341**
Current Liabilities	2,951	19,342
Total liabilities	**6,167**	**19,512**
Total equity of the parent entity comprising of:		
Issued capital	160,838	172,250
Reserves	2,908	97
Retained earnings	57,128	64,482
Total equity	**220,874**	**236,829**

NOTE 32:
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 statement of claim was provided in October 2013. The Company has filed its defence. The trial is scheduled in December 2014. The Company's position is that it will vigorously defend the claim. It has made no provision for any loss or damage in relation to this claim.

Director's Declaration
CSG LIMITED AND CONTROLLED ENTITIES

DIRECTOR'S DECLARATION

The Directors declare that the financial statements and notes set out on pages 38–75 in accordance with the Corporations Act 2001:

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

(b) give a true and fair view of the financial position of the consolidated entity as at 30 June 2014 and of their performance as represented by the results of their operations, changes in equity and their cash flows, for the 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 has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer to the Directors in accordance with sections 295A of the Corporations Act 2001 for the financial year ending 30 June 2014.

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

Ms Julie-Ann Kerin
Director
Sydney
19 August 2014

Independent Auditor's Report

Independent auditor's report to the members of CSG Limited

Report on the financial report

We have audited the accompanying financial report of CSG Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2014, and consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 32 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement whether due to fraud or error. In note 2, the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements of the Group comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 23 to 33 of the directors' report for the year ended 30 June 2014. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with auditing standards.

Auditor's opinion

In our opinion, the remuneration report of CSG Limited for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

Scott Guse

Scott Guse
Partner

Brisbane

19 August 2014

Shareholding Information
as at 10 September 2014

In accordance with Listing Rule 4.10 of the Australian Stock Exchange Limited, the Directors provide the following shareholding information as at 10 September 2014.

Substantial Shareholders

Name	Number of Ordinary Shares	% of Ordinary Shares
Caledonia (Private) Investments Pty Limited & its associates	63,899,824	22.91
TDM Asset Management Pty Limited & its associates	19,924,622	7.14
Paradice Investment Management Pty Ltd	17,952,035	6.43
Lynden Investments (NT) Pty Ltd in its own capacity and in its capacity as trustee of the Mackenzie Family Trust	15,787,643	5.60
Fisher Funds Management Limited & its associates	13,981,148	5.01

Voting Rights

Fully paid ordinary shares in the Company carry voting rights of one vote per share.

Distribution of Shareholding

Range	Total holders	Number of Ordinary Shares	% of Issued Capital
1 – 1,000	453	129,786	0.05
1,001 – 5,000	638	1,970,446	0.71
5,001 – 10,000	336	2,644,981	0.95
10,001 – 100,000	508	16,544,622	5.92
100,001 – and over	102	258,000,657	92.38
Total	**2,037**	**279,290,492**	**100.00**

Less than Marketable Parcels

297 shareholders hold less than a marketable parcel of shares, being market value of less than $500.

Twenty Largest Shareholders

Name	Number of Shares at 10 September 2014	% of Issued Capital
HSBC Custody Nominees (Australia) Limited	47,038,756	16.84
UBS Nominees Pty Ltd	24,467,158	8.76
National Nominees Limited <DB A/C>	22,424,221	8.03
Citicorp Nominees Pty Limited	21,235,478	7.60
National Nominees Limited	21,117,896	7.56
UBS Wealth Management Australia Nominees Pty Ltd	19,860,317	7.11
Lynden Investments Nt Pty Ltd <The Mackenzie Family A/C>	15,736,096	5.63
RBC Investor Services Australia Nominees Pty Limited <Bkcust A/C>	14,612,971	5.23
J P Morgan Nominees Australia Limited	13,445,806	4.81
Boltec Pty Ltd <Boller Family A/C>	6,456,915	2.31
Manderrah Pty Ltd <William Vicars S/Fund A/C>	6,352,055	2.27
Bow Lane Nominees Pty Ltd	5,083,605	1.82
CJ Holdings Pty Limited <CJ Howard Super Fund A/C>	4,656,779	1.67
HSBC Custody Nominees (Australia) Limited NT-Comnwlth Super Corp A/C>	3,612,430	1.29
HSBC Custody Nominees (Australia) Limited-GSCO ECA	2,722,579	0.97
Equitas Nominees Pty Limited <2874398 A/C>	2,002,094	0.72
Top 4 Pty Ltd <Foundation Invest SF A/C>	1,444,904	0.52
Contemplator Pty Ltd <ARG Pension Fund A/C>	1,293,193	0.46
Ruminator Pty Ltd	1,199,406	0.43
Atkone Pty Ltd	1,023,443	0.37
Total	**235,786,102**	**84.40**

On-Market Buy-Back

There is a current on-market buy-back. Details are disclosed in note 20.

Corporate Directory

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Non-Executive Chairman

Julie-Ann Kerin
Managing Director

Stephen Anstice
Non-Executive Director

Phil Bullock
Non-Executive Director

Ian Kew
Non-Executive Director

Robin Low
Non-Executive Director

Mark Phillips
Non-Executive Director

Company Secretary

Jillian Bannan

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